

Sustainable Innovation For

BEAUTY & MORE

Kolmar Korea 2023 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. This report includes the results of double materiality assessment conducted to identify material issues we have faced. We gather opinions from stakeholders to expand the scope of opinion collection. By transparently disclosing the value and performance of sustainable management pursued by Kolmar Korea in this year, we pledge to actively communicate with our esteemed stakeholders through the annually published Sustainability Report.

Reporting Period and Frequency

The report covers the sustainable management performance and activities from January 1, 2023, to December 31, 2023, with some performances up to the first half of 2024. Quantitative performance includes data from the past three years to enable analysis. Kolmar Korea publishes the Sustainability Report annually, and the publication date for the 2023 Sustainability Report is June 20, 2024.

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), and some consolidated subsidiaries (HK inno.N Co.,Ltd and YONWOO CO.,LTD.) For financial performance, this report covers overseas subsidiaries.

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) and the Task Force on Climate-related Financial Disclosures (TCFD). We report the governance, strategy, risk management, and metrics and targets by reflecting the Sustainability Disclosure Standards of International Sustainability Standards Board (ISSB). Furthermore, we incorporate the index required by Household and Personal Products Standards of 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)

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ABOUT OUR COMPANY

Kolmar Korea is focused on developing new technologies and conducting research with the goal of delivering healthy beauty. Based on our industry-leading R&D capabilities, we will continuously strive to become the global No.1 platform service company.

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CEO Message



“
We will lead the sustainable growth of the K-beauty market based on a deep reflection on the essence and identity of our business for a beautiful future.”

2024. 06
 CEO of Kolmar Korea, **Hyun-kyu Choi**

Dear Valued Stakeholders,

In light of recent rapid temperature increases, abnormal weather patterns, ecosystem destruction due to the climate crisis, the collapse of supply chains caused by the war in Ukraine and conflicts in the Middle East, and changing consumer expectations regarding corporate social responsibility, discussions on a sustainable future in corporate management have become more crucial than ever.

Kolmar Korea, as a leading player in the K-beauty market amidst these growing uncertainties, will pursue various strategies for sustainable growth based on a deep reflection on the essence and identity of our business to create a more beautiful future.

Kolmar Korea has established a greenhouse gas management system in stages to respond to climate change risks. We are transitioning to high-efficiency energy devices, managing the reduction of greenhouse gas (GHG) emissions, and measuring the physical risks that may arise from climate change. We will continue to make various efforts to reduce carbon emissions and actively respond to climate change risks to minimize the negative impacts on corporate management.

To enhance global competitiveness, Kolmar Korea continues to invest in R&D at the top level of the domestic cosmetics industry and focuses on nurturing and securing professional talent. As a result, we have filed a total of 952 patents to date, including the development of materials that inhibit photoaging and natural oils that improve alopecia. We will continue to invest unwaveringly and develop differentiated technologies to ensure that K-beauty becomes not just a trend but a cultural code in the global beauty market.

As part of our efforts to develop products using environmentally friendly materials and sustainable packaging, Kolmar Korea has developed paper sticks that reduce plastic usage by approximately 86%, following the development of paper tubes. To expand clean beauty and sustainable beauty, which are the topics of the recent beauty industry, we will continue to lead in developing products that contribute to solving environmental and social issues.

We ask for your continued interest in Kolmar Korea's changes and challenges, and we will transparently share and communicate our journey towards a sustainable future with all stakeholders who dream of a more beautiful tomorrow than today.

ESG Committee Message



“ All activities of Kolmar Korea seem to stem from the strong will and active consideration of the management regarding ESG. ”

Chairman of ESG Committee
Outside director Hyun-jung Kim

Currently, ESG performance is considered as important as economic performance. The extent to which a company is interested in and responsibly approaches ESG significantly impacts its value and competitiveness. Kolmar Korea's ESG initiatives began with voluntary responsibility, setting its own goals and achieving them through various activities.

In particular, policies and organizational culture related to female employees are considered as No.1 in the industry. Thanks to them, Kolmar Korea's employees are highly engaged in their duties, which is a good example of the success of Kolmar Korea's ESG activities. Additionally, selecting additional topics related to ESG and linking them through communication with clients is a significant differentiator for Kolmar Korea. All of Kolmar Korea's activities reflect the strong commitment and proactive stance of management towards ESG. I hope this approach will continue to expand, leading to Kolmar Korea's value being widely recognized globally.

ESG is an irresistible global trend, and Kolmar Korea's clients will continue to demand ESG-related requirements. From this perspective, Kolmar Korea's ESG management will not only directly impact revenue and profits but also significantly influence investments. Currently, many companies are focusing on regulatory compliance. However, I believe Kolmar Korea should lead the domestic industry and the global market by going beyond regulatory compliance, becoming a leading ESG company. It is important to focus on key ESG topics, set relevant KPIs, and find ways to directly contribute to ESG. Additionally, I hope Kolmar Korea's ESG activities will be widely known through internal and external communication. Internally, it would be beneficial for Kolmar Korea's activities and policies to instill a sense of pride among employees, and externally, it would be desirable if this could be further enhanced through promotion and marketing efforts. For this, the management support is essential. Through education for the management and communication with future generations, Kolmar Korea's ESG activities should be advanced.



“ Rather than staying at regulatory compliance, it is necessary to consider becoming a leading ESG company. ”

Member of ESG Committee
Outside director Thomas Shin

Kolmar Korea PROFILE

Company Information

No. 1 Platform Service Provider

Kolmar Korea, the first in the domestic cosmetics industry to introduce the ODM business model, is becoming a global No.1 platform company by providing a comprehensive service from trend analysis and product planning to development, shipment, and management, based on excellent technology and high-quality standards. Kolmar Korea will continue to grow by delivering healthy beauty to people worldwide through unparalleled research and development, and innovation in cosmetic manufacturing technology to ultimately become a company contributing to a valuable life.

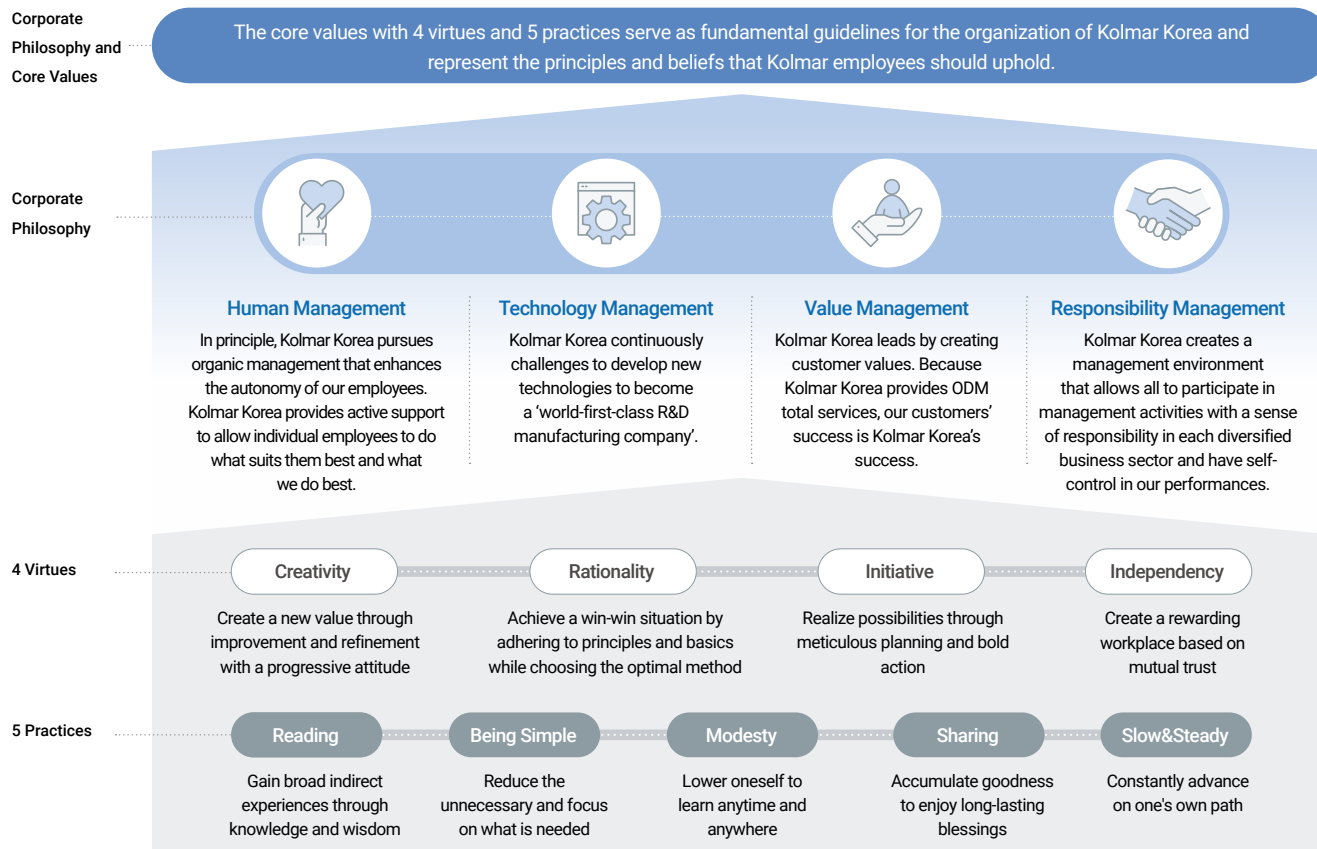
Company Information

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

Key Management Performance (Consolidated)

Unit: billion KRW

Category	2021	2022	2023
Revenue	1,586.3	1,865.7	2,155.7
Operating profit	84.3	73.3	136.1
Net profit	43.5	(4.1)	25.1



Kolmar Korea PROFILE

Company History

Kolmar Korea's 34 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

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

2011-2017

Journey to a 100-year company of sustainable growth

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

2018-2024

Kolmar Korea, Korea's leading platform company

- 2018 01. 30 Kolmar Korea/Kolmar Holdings/Kolmar B&H, selected to be included in KRX300
- 04. 18 Acquired CJ HealthCare(current HK inno.N)
- 10. 11 Constructed HK Kolmar Cosmetic(Wuxi) Co., Ltd. In China
- 2019 07. 31 Launched the 'Kolmar Korea R&D Complex', the first research center in Korea converging cosmetics, pharmaceuticals, and health supplements
- 2020 12. 18 Newly established health & beauty production platform 'PLANIT147'
- 2021 05. 15 Presented a new corporate identity(CI)
- 09. 06 Won the best award of the 4th Korea Accounting Awards
- 2022 05. 17 Acquired the global trademark of "Kolmar"
- 06. 28 Acquired global cosmetics packaging company 'Yonwoo'
- 09. 19 Established Kolmar Mugunghwa History and Culture Center
- 11. 21 First in the cosmetics industry to obtain integrated certification for ISO 37001 & 37301 (Anti-bribery & Compliance Management System)
- 2023 01. 01 Kolmar Korea transitioned to an intermediate holding company
- 01. 19 Acquired Osstem Sejong Factory
- 04. 27 Developed environmentally friendly paper stick
- 06. 29 Published the Sustainability Report
- 10. 19 Entered into a comprehensive share exchange agreement to incorporate 'Yonwoo' as a wholly owned subsidiary
- 10. 27 Achieved 'A' Grade in KCGS 2023 ESG Integrated Evaluation
- 12. 18 Awarded the grand prize in the mid-sized enterprise category at the Korea ESG Management Awards
- 12. 21 Received the Minister of Industry Award for Excellent Experience Site at 2023 K-Girls' Day
- 2024 03. 15 Won the IF Design Award 2024 in the Beauty & Care Main Category for Paper Stick
- 04. 03 Selected as '2024 Faithful Taxpayer Corporation' by Sejong City

Kolmar Korea PROFILE

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. By opening the North American Technology Sales Center in 2023, Kolmar Korea is expanding its presence beyond Korea and reaching out to the global market.

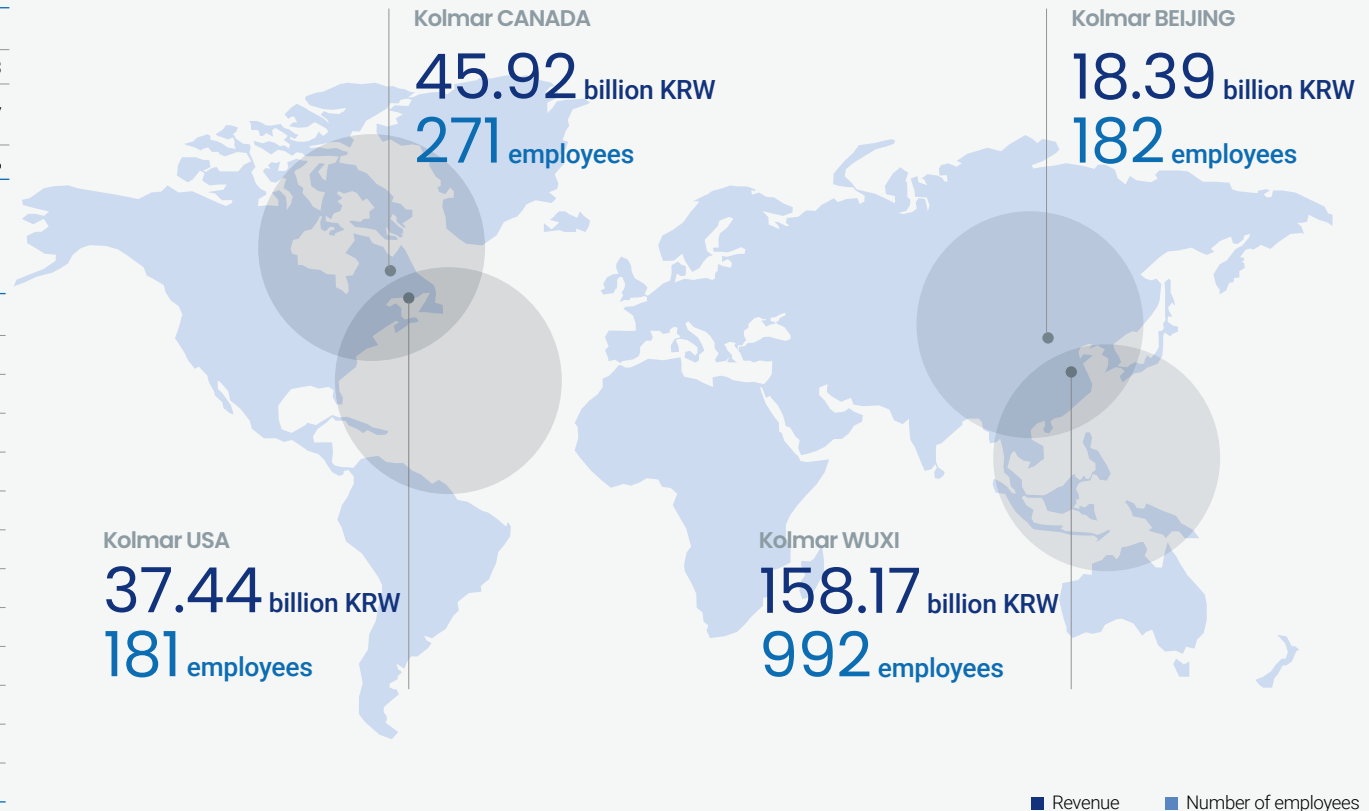
Domestic and International Business Composition

Category	Korea	Overseas	Total
Number of Companies	6	7	13
2023 Consolidated Revenue (Unit: 100 million KRW)	17,430	4,127	21,557
Business Ratio	80.9%	19.1%	100.0%

*Number of Companies: Including Kolmar Korea

**Business Ratio: Based on 2023 consolidated revenue

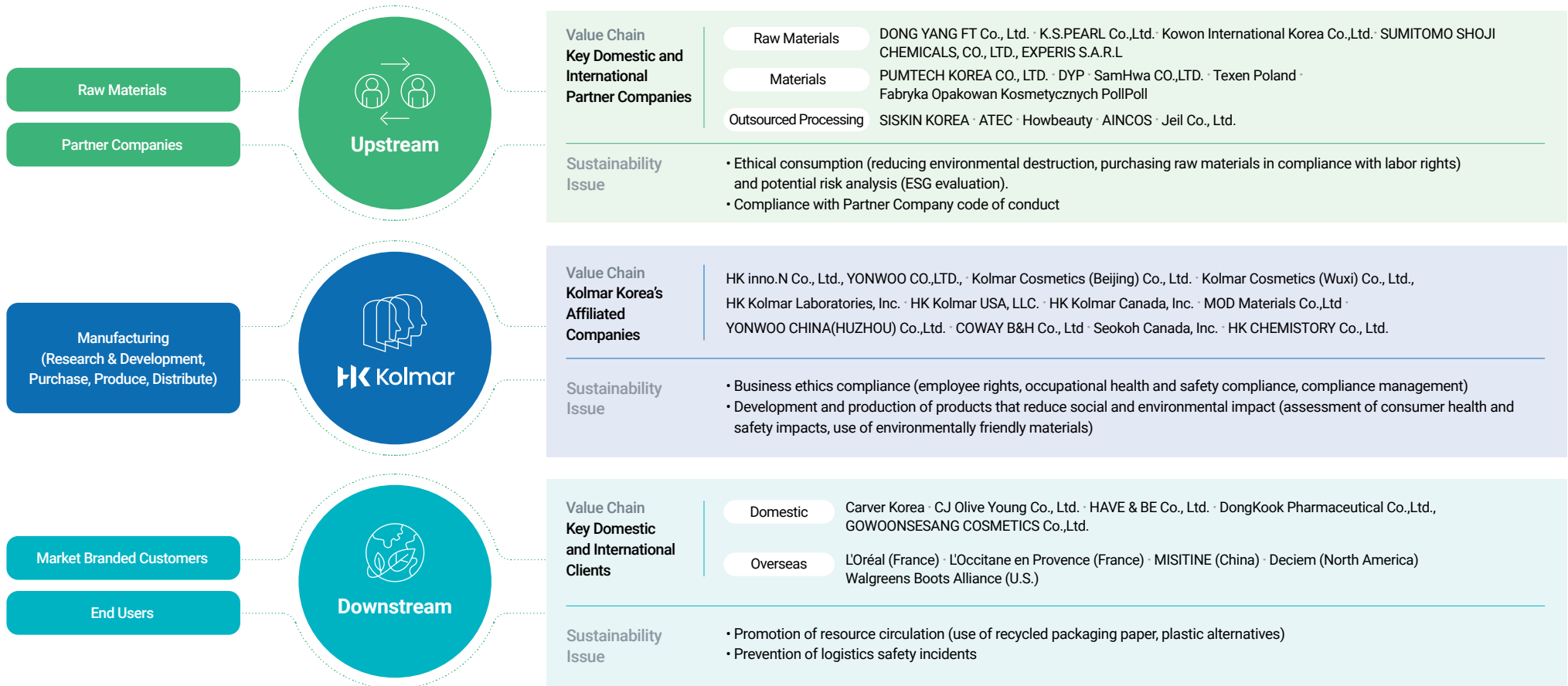
Subsidiary Name	Location
HK inno.N Co.,Ltd	South Korea
YONWOO CO.,LTD.	South Korea
Kolmar Cosmetics (Beijing) Co., Ltd.	China
Kolmar Cosmetics (Wuxi) Co., Ltd.	China
HK Kolmar Laboratories, Inc.	U.S.
HK Kolmar USA, LLC.	U.S.
HK Kolmar Canada, Inc.	Canada
MOD Materials Co.,Ltd	South Korea
YONWOO CHINA(HUZHOU) Co.,Ltd.	China
COWAY B&H Co.,Ltd	South Korea
Seokoh Canada, Inc.	Canada
HK CHEMISTORY Co., Ltd.	South Korea



Kolmar Korea PROFILE

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. While we do not directly engage in downstream activities, we recognize the impact our products have during their use. As a manufacturing and sales company, we are committed to producing sustainable cosmetics.



Kolmar Korea PROFILE

Business Portfolio

Kolmar Korea's business portfolio involves the insight-driven planning, development, and production of products in line with market trends. To meet customer needs, various departments—including sales headquarters and technology research laboratories—collaborate extensively from product requests to development, manufacturing, and shipment. This teamwork enables us to offer a diverse range of product lines, from skincare to point makeup.

Skin

Skin Care

- Skin
- Lotion
- Mist
- Balm
- Ampoule
- Serum
- Essence
- Cream
- Cleanser
- Pack, Peeling
- Facial Oil
- Mask



Makeup

Base Makeup

- Foundation
- BB Cream
- Concealer
- Primer
- Powder Pact
- Powder



Hair/Body

Personal Care

- Body
- Hair



Sun Care

- Sunscreen
- Sun Lotion, Sun Milk
- Sun Cushion
- Sun Stick



Point Makeup

- | | |
|-------------|---------------|
| Lip | Face |
| • Lipstick | • Shading |
| • Lip Balm | • Highlighter |
| • Lip Gloss | • Blusher |
| • Lip Tint | |
| Eye | |
| • Mascara | • Eyebrow |
| • Eyeliner | • Eyeshadow |



Kolmar Korea PROFILE

R&D Highlight

Our world-class researchers use the best endeavors to bring about technological innovation as well as to develop creative products. Our top-tier research teams have studied the fundamentals of beauty and skin health. Kolmar Korea's innovative technologies are being applied to various domestic and overseas cosmetic products.

Skin Care Lab.



Kolmar Korea's technology, the backbone of many domestic and international cosmetics brands, starts from our Skin Care Lab. Our best research team studies the fundamentals of beauty and constructs a rigid base for skin health.

Make-up Lab.



Our Make-up Lab. develops differentiated makeup products based on global trend catching and accumulates formulation research know-how's, realizing the dreams and beauty of people around the world.

Global Research Center



By developing formulations that incorporate various global regulations and trends, and leading global projects through professional technical communication, Kolmar Korea is spearheading the expansion into the global market.

CX(Color Experience) Studio



Through advanced research on color and texture trends, we plan and create leading colors for makeup products, and provide total color services by establishing a global makeup color inventory and developing globally suitable colors.

UV TECH Innovation Lab.



The UV TECH Innovation Lab is accelerating the development of future technologies that will lead the domestic sun care market by developing unique materials with excellent sun protection performance based on our technology that has been leading the innovation of sun care products.

Personal Care Lab.



The Personal Care Lab. provides total solutions that realize the value of 'Healthy Beauty' in the fields of hair, body, and dental care, presenting a healthy and beautiful lifestyle inherent to individuals.

Perfumery Lab.



The Perfumery Lab is an ambient 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 of detail develop and research fragrances that touch the vibes of our customers, from cosmetics to Bio-Pharma and health supplements

U'r Lab.



To communicate with various clients, the User resource Laboratory approaches clients more closely, proposing Kolmar's diverse formulation categories from the client's perspective and communicating promptly to support the successful launch of products.

Convergence Technology Lab.



Our researchers with excellent creativity and expertise in each field promote technological synergy and innovation. We create the new values of a new era through creative fusion and integrated thinking for future technology implementation.

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.

RAS(Regulatory Affairs) Center



A regulatory expert organization to respond accurately and instantly to domestic and global regulatory information and changes, supporting our clients' domestic and global market entry.

Kolmar Korea PROFILE

Enhancing Global Competitiveness

As K-indie brands create a sensation in the global beauty market, Kolmar Korea, which is responsible for manufacturing these indie brands, is also experiencing win-win partnership. Brands that have launched products utilizing Kolmar Korea's technology are showing rapid growth, and Kolmar Korea's revenue last year also reached a record high of 2,155.4 billion KRW on a consolidated basis, marking a 15.5% increase compared to the previous year. Additionally, the operating profit was 136.1 billion KRW, an 85.8% growth from the previous year. In 2023, Kolmar Korea registered and applied for an average of 20 patents per month, and as of April 2024, we have applied for 952 patents and registered 565 patents. Kolmar Korea has achieved successful collaboration in the beauty market and is at the center of creating a K-beauty sensation in the global market.

2023 Key Technologies

Development of skin microbiome anti-aging control technology

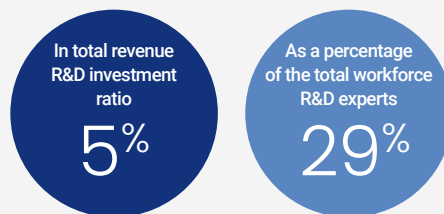
- Developed the world's first targeted delivery system that directly inhibits harmful bacteria within the skin microbiome
- Kolmar Korea's research, unlike existing skin aging inhibition technologies, focused on the skin microbiome to develop differentiated technology
- The research outcomes were introduced at the 33rd International Federation of Societies of Cosmetic Chemists (IFSCC) Congress

Development of natural oil for improving alopecia

- Researched on the correlation between androgenetic alopecia and scalp microbiome, identifying that the imbalance of the scalp microbiome is due to the overall balance rather than a single microorganism
- The research results were presented at the 32nd IFSCC Congress, and the research paper was published in the renowned international journal 'Frontier in Microbiology'
- Developed natural raw materials with proprietary technology to improve the unbalanced scalp microbiome that causes alopecia, and the research outcomes on the improvement of alopecia with natural oil were introduced at the 25th World Congress of Dermatology (WCD)

R&D Intensity and Human Capital

The top company in the domestic cosmetics industry



Patents, Utility Models, and Design

	Patents	Utility Models	Design
Applied	952	67	691
Registered	565	49	627

Development of materials to inhibit photoaging

- Newly established the 'UV TECH Innovation Laboratory' in November 2022, the first in the domestic cosmetics industry to specialize in ultraviolet research
- Developed technology using gold nano rods to simultaneously block ultraviolet (UV) and near-infrared rays (NIR) and developed microbiome to inhibit photo aging
- Recently, in collaboration with Kumoh National Institute of Technology Industry-academic Cooperation Foundation, developed a gold nano rod. This material, which combines gold particles and titanium dioxide at the nanometer scale, blocks UV and NIR. When sunscreen is manufactured using this material, it not only blocks UV but also lowers skin temperature, enabling the development of innovative products distinct from existing ones.
- Continued research on suppressing photo aging from various aspects, including research on suppressing MMP-1 expression caused by UV rays using Lactobacillus obtained from the skin of women in their 20s, which was published in SCI-level journals.

Kolmar Korea PROFILE

Business Innovation




Scope and Background of DT Introduction




To establish a Digital Transformation system for Kolmar Korea that can respond to internal and external environmental changes based on digital experience and data, we have established 15 business solutions centered around SAP S/4HANA, including Customer Relationship Management solutions, Supplier Relationship Management solutions, Identity and Access Management Solutions.

DT Goals

Through digital business innovation, we aim to enhance order competitiveness based on Go-To-Market and collaboration, innovate into a visibility-based SCM Orchestration system, establish a more robust quality management system, secure cost competitiveness/visibility based on asset/preceding activities, and achieve systematic standard information management.

Key Innovations from an ESG Perspective

<p>Security Enhancement</p> 	<ul style="list-style-type: none"> • Enhance data security and personal information security through the encryption of address, resident registration numbers, and business registration numbers • Strengthen account authority management with adoption of Identity and Access Management (IAM) • Prevent the leakage of critical information including internal trade secrets and confidential data for external use and enhance security with planned adoption and establishment of Data Loss Prevention (DLP)
<p>Business Environment</p> 	<ul style="list-style-type: none"> • Create a paperless environment through the introduction of kiosks, barcode digitization, and on-site tablets • Process vouchers without printing receipts through the introduction of e-accounting • Enhance remote work efficiency and reduce business trips through the introduction of Teams for advanced collaboration tools
<p>Governance</p> 	<ul style="list-style-type: none"> • Integrate and newly establish standard information organization to enhance data consistency management system • Newly establish a digital group to strategically secure and nurture DT personnel

<p>Risk Management</p> 	<ul style="list-style-type: none"> • Prevent the fraud and embezzlement due to abuse of authority and mitigate the related risks through Role-Based Access Control of GRC (Governance, Risk, Compliance) solution (equipped with a role-based authority eligibility analysis tool)
<p>Win-win Partnership with Partner Companies</p> 	<ul style="list-style-type: none"> • Enhance real-time communication, work efficiency, and transparency with partner companies through introduction of Supplier Relationship Management (SRM) solution - Comprehensively manage purchasing process (sourcing, quotation, contract, order, receipt, settlement, evaluation, etc.)
<p>Information Provision</p> 	<ul style="list-style-type: none"> • Enhance the profit and loss analysis level through cost optimization centered on planning/standards - Refine profit segments through the revision of allocation rules and clarification of indirect cost allocation

Subsidiary Introduction

HK inno.N Co.,Ltd



ESG Highlight

Under the mission of 'Heal the World for a Better Life' and the vision of 'Global Top Tier Bio-health Company,' HK inno.N Co.,Ltd has established the ESG management strategy direction of 4C (Climate Action, Collective Growth, Community Impact, Compliance Management). Following this strategic direction, we are setting key areas of focus and striving to achieve related performance.

- 01 Establish the Sustainable Management Committee under the Board of Directors
- 02 Measure Scope 3 carbon emissions

- 03 Conduct human rights impact assessments
- 04 Lead the highest level of ESG management in the pharmaceutical and bio industry

'We create a healthy future.'

With a unique perspective on **innovation (Innovative)**, we discover a new **possibility (New)** and connect it to a better **tomorrow (Next)**. Our business stage is limitless. The long-standing desire of humanity for a healthy and beautiful life becomes a reality through the challenges of HK inno.N Co.,Ltd. Since its establishment in 1984, HK inno.N Co.,Ltd has grown into a leading pharmaceutical company in South Korea, possessing technology-driven business competitiveness in the fields of prescription drugs, active pharmaceutical ingredients, and health & beauty care. Based on the capability to develop K-CAB Tab., the 30th new drug in South Korea, into a blockbuster drug, HK inno.N Co.,Ltd is focusing its capabilities on developing innovative new drugs and biopharmaceuticals with high market value. HK inno.N Co.,Ltd aims to become a global bio-health company with excellent product and technological capabilities for a healthier and more beautiful future.

Key Business Areas



Company financial information

Revenue	828,908,232,826 KRW
Net income	47,198,998,992 KRW
Percentage of ownership held by Kolmar Korea	43.01%

Key products



South Korea's 30th new drug for gastroesophageal reflux disease treatment 'K-CAB Tablet'

Undisputed No. 1 in the hangover cure drink market 'Condition'

Steady seller in the health RTD market Oriental Raisin Water(Hutgaesoo)

Subsidiary Introduction

YONWOO CO.,LTD



YONWOO CO.,LTD was established in 1983 and is engaged in the business of manufacturing and supplying cosmetic containers. Through continuous research and development and innovative design, Yonwoo has secured excellent competitiveness as a leading cosmetic container manufacturer in South Korea. It is growing into a 'global comprehensive packaging company' by establishing stable business operations and an efficient business portfolio. Yonwoo will take the lead in developing environmentally friendly products for a sustainable future for the planet and strive to create a better future for all stakeholders.

ESG Highlight

To become 'the most trusted packaging company by clients,' Yonwoo has set an ESG vision of 'a global total packaging company that creates a sustainable society through eco-friendliness and win-win partnership'. It has established and implemented various strategies. Yonwoo is making its efforts to implement systematic ESG management by setting strategic directions and key areas for each E (Environmental), S (Social), and G (Governance), and by establishing major strategic tasks corresponding to key areas.

Key Business Areas

Yonwoo's key products are categorized into pump containers, tube containers, and containers for samples. After successfully developing and commercializing the first cosmetic dispense pump in South Korea, pump containers have grown into the company's key product. Yonwoo's major clients are divided into domestic clients and overseas sales partners. The company supplies to leading domestic brands such as Amorepacific and LG Household & Health Care, while the main export regions are the U.S., Europe, Japan, and China, in the respective order. For overseas exports, Yonwoo combines sales through sales partners and direct sales depending on the region. Based on its competitiveness in design, technology, and product, Yonwoo not only produces and supplies products upon the request by a person who places an order but also continuously proposes new technologies and products to clients through ongoing research and development, providing ideas that can lead to the creation of new products in the market.

Packaging Skin&Personal Care

Packaging Makeup

Company financial information

Revenue	235,902,680,015 KRW
Net income	(9,432,615,051 KRW)
Percentage of ownership held by Kolmar Korea*	100%

*Comprehensive share exchange completed in February 2024

Key products

- Dropper tubes for cosmetics (certified in 2016)
- Vacuum pump for cosmetics (certified in 2016)

SUSTAINABILITY FRAMEWORK

Kolmar Korea strives to engage in sustainable business by proactively identifying potential impacts through double materiality assessment and systematically responding to them. We will continue sustainable management through communication with stakeholders.

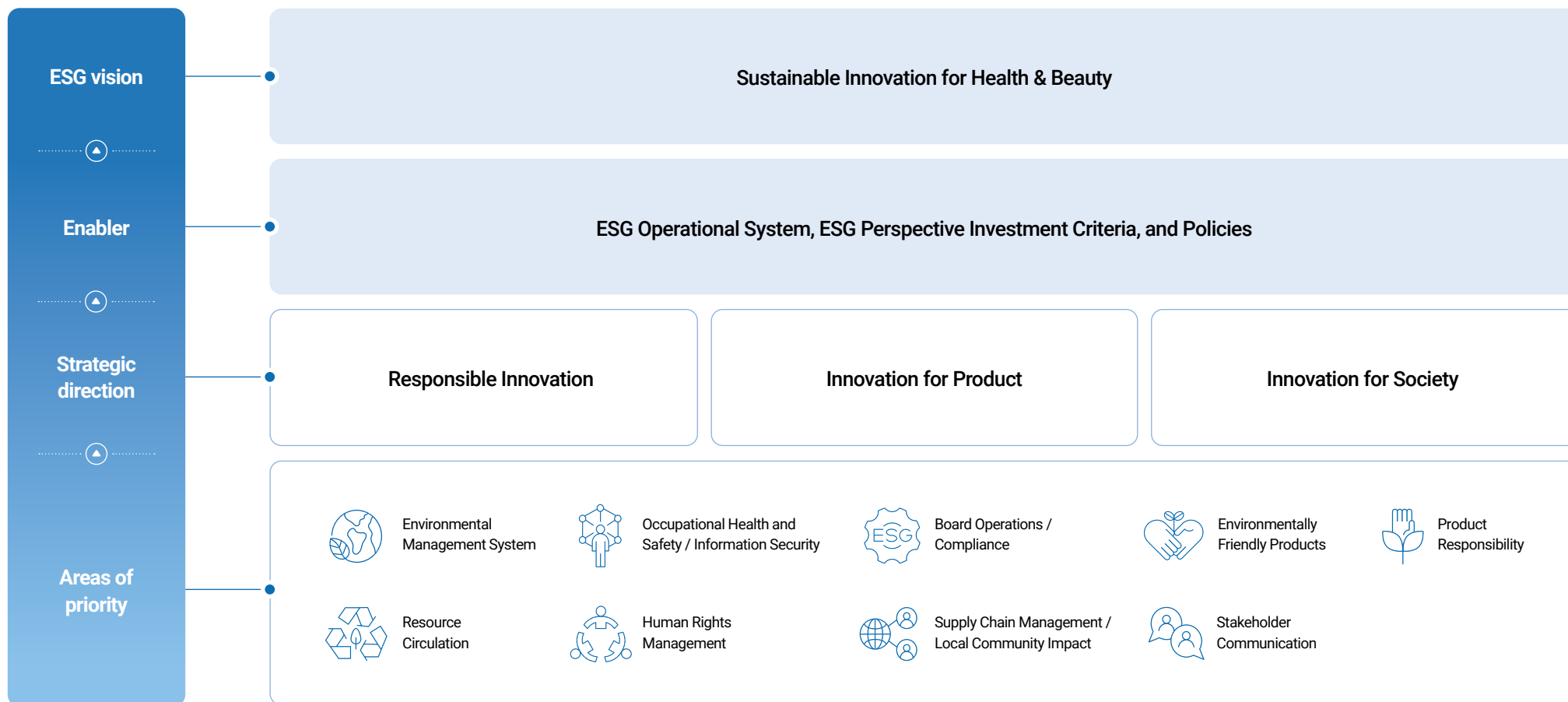
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ESG Management

ESG Strategy

Kolmar Korea has established a mid-to-long term ESG management strategy based on a corporate philosophy that pursues the values of human beauty and health, aiming for sustainable business growth. Kolmar Korea's ESG strategy integrates with the overall business strategy, considering stakeholder demands and setting clear ESG vision and priorities. 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 resource circulation structure that leads to social contributions.



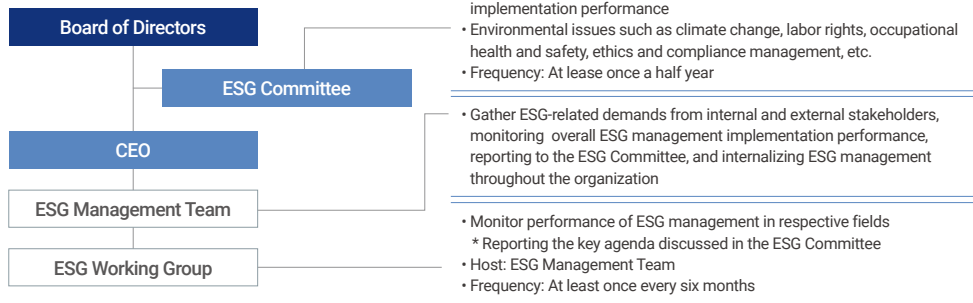
ESG Management

ESG Governance

Kolmar Korea ESG Promotion System

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. In 2022, 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. Centered around the Board of Directors, the highest decision-making body, we regularly monitor, manage, and supervise the performance of ESG management, including climate change, supply chain management, and ethical management, by reviewing materiality assessment results. We also determine the strategy and direction of ESG management.

ESG Management Organizational Structure



Kolmar Korea ESG Committee

To strengthen the board's role in sustainable management, Kolmar Korea established the ESG Committee in 2023. Kolmar Korea's ESG Committee is composed of the CEO and two outside directors. Its role is to deliberate on the direction and performance of key ESG areas such as climate change, supply chain, occupational health and safety, and human rights. In the ESG Committee meeting held in the first half of 2024, the Committee reported on Kolmar Korea's major achievements in 2023, future goals, and the status of response to climate change according to the TCFD disclosure standards.

ESG Committee Operations

2023.05.31	2023.11.20	2024.05.20
<ul style="list-style-type: none"> ESG management strategy and material issues Double Materiality Assessment results Major climate change response achievements 	<ul style="list-style-type: none"> ESG evaluation response and results Implementation rate of ESG strategic tasks Direction of ESG management for 2024 	<ul style="list-style-type: none"> Key ESG achievements in 2023 and future goals Publication of Sustainability Report Disclosures related to TCFD
Attendance rate of 100%	Attendance rate of 100%	Attendance rate of 100%

Sustainable Management Group Statement



“ We will engage all employees in sincere ESG management.”

Sustainable Management Group Leader **Hyun-haeng Huh**

Kolmar Korea is continuously striving to realize practical ESG management. In order to strengthen our capabilities at the global level beyond domestic levels, we are making various efforts to raise ESG awareness through ESG workshops and strategy presentations, and to strengthen research and development from a comprehensive ecological perspective. Recently, we have established Kolmar Korea's ESG standards and directions by establishing strategic tasks and carrying out projects in cooperation with external experts, and as a result of these efforts, we have obtained high ESG ratings. In addition, Kolmar Korea aims to engage in sincere ESG activities with all employees and stakeholders through various campaigns and support for partner companies. Moving forward, Kolmar Korea will strive to become a leading company in ESG management through systematic and genuine activities.

ESG Management

ESG Commitment and Progress



	Strategic Task	2023 Achievements	2026 Goals	2030 Goals
Integrated Environmental Management System	<ul style="list-style-type: none"> Integration of corporate environmental management system and management of environmental impacts (greenhouse gases, waste, water resources, biodiversity, etc.) 	<ul style="list-style-type: none"> Greenhouse gas emissions intensity of 9.3 tCO₂-eq/billion KRW (approximately 10.6% decrease) Waste recycling rate of 83.3% (a slight decrease of 0.6%p compared to the previous year) Water pollutant substance discharge intensity of 5.60kg/billion KRW (approximately 18.2% decrease) Air pollution substance discharge intensity of 1.57kg/billion KRW (approximately 48.5% decrease) 	<ul style="list-style-type: none"> Greenhouse gas emissions intensity of 8.3 tCO₂-eq/billion KRW Achieve waste recycling rate of 85.1% Water pollutant substance discharge intensity of 5.11 kg/billion KRW Air pollutant substance discharge intensity of 1.43 kg/billion KRW 	<ul style="list-style-type: none"> Greenhouse gas emissions intensity 6.9 tCO₂-eq/billion KRW Achieve the waste recycling rate of 87.6% Water pollutant substance discharge intensity of 4.52 kg/billion KRW Air pollutant substance discharge intensity of 1.27kg/billion KRW
	<ul style="list-style-type: none"> Development of reduction strategies and implementation of relevant activities 	<ul style="list-style-type: none"> Achieved company-wide annual water consumption reduction of 3.8% Energy intensity of 0.19 TJ/billion KRW (approximately 9.5% decrease) 	<ul style="list-style-type: none"> Achieve company-wide annual water consumption reduction of about 6.8% Energy intensity of 0.17 TJ/billion KRW 	<ul style="list-style-type: none"> Achieve company-wide annual water consumption reduction of 10.8% Energy intensity of 0.14 TJ/billion KRW
Development of Products Contributing to Environmental and Social Problem-Solving	<ul style="list-style-type: none"> Securing and applying environmentally friendly materials which are independently developed 	<ul style="list-style-type: none"> Substituted with the brachysclereids of pears derived from the by-product of domestic Naju pear juice extraction (for scrubbing) Derived natural arbutin (for whitening) from domestic Naju pear fruits (fallen fruit, by-product) Upcycled cotton flower water (for skincare) from the by-product of Sancheong cotton 	<ul style="list-style-type: none"> Launch products applying proprietary upcycled materials 	<ul style="list-style-type: none"> Develop environmentally friendly raw materials and expand environmentally friendly products
	<ul style="list-style-type: none"> Development of prescription based on environmentally friendly raw materials 	<ul style="list-style-type: none"> First in Korea to obtain 'Premium Environmental Mark' certification for shampoo and body wash (certified by the Ministry of Environment) 	<ul style="list-style-type: none"> Expanded development of rinse-off products with biodegradability over 95% Expanded development of leave-on and rinse-off products with Natural Origin Index of over 90% based on ISO 16128 guidelines 	



ESG Management

ESG Commitment and Progress



	Strategic Task	2023 Achievements	2026 Goals	2030 Goals
Information and Technology Security	<ul style="list-style-type: none"> Strengthening of information security systems 	<ul style="list-style-type: none"> Operated education/training programs on information security/cyber security risk areas Conducted information security education for all employees (100% completion – session added to legally required training) Conducted mock training for malicious emails (mock training and education for 300 persons) Strengthened the information security organization Recruited personnels for security control operations (monitoring data leaks logs/implementing security checks for retirees) 	<ul style="list-style-type: none"> Enhance the information security management system based on critical information Strengthen information security governance Regularly operate risk management with introduction of solutions to strengthen security policies Establish the security monitoring system (Introduction of SIEM) Achieve zero case in information security incidents including client data 	<ul style="list-style-type: none"> Conduct information security assessment and obtain international certifications for information security (ISO 27001)
Sustainable Raw Material Procurement	<ul style="list-style-type: none"> Expansion of sustainable raw material procurement from partner companies Enhancement of partner companies' ESG capabilities Expansion and support of programs for win-win partnership 	<ul style="list-style-type: none"> Purchased 1,570 tons of RSPO-certified products Utilized 52% of RSPO-certified raw materials (231 out of 446 items) Provided 20.4 billion KRW for win-win partnership support expenses Provided free ESG Management education and consulting programs to partner companies Provided free credit rating education and consulting to partner companies 	<ul style="list-style-type: none"> Purchase over 60% RSPO-certified raw materials Provide 22 billion KRW for win-win partnership support expenses Conduct more than 10 win-win partnership programs 	<ul style="list-style-type: none"> Utilize over 80% RSPO-certified raw materials Conduct 100% ESG assessment for all partner companies
Product Safety and Quality Responsibility	<ul style="list-style-type: none"> Product safety and equality responsibility Product environmental impact assessment and management system Enhancement of chemical substance management system 	<ul style="list-style-type: none"> Established 100% quality management test standards and methods for high-risk raw materials harmful to human health Achieved an aggregated use of hazardous chemicals of 6.07 kg/billion KRW (approximately 18.9% decrease) 	<ul style="list-style-type: none"> Establish 100% quality management test standards and methods for non-biodegradable chemicals Achieve an aggregated use of hazardous chemicals of 5.54 kg/billion KRW 	<ul style="list-style-type: none"> Conduct regular environmental impact assessments Achieve an aggregated use of hazardous chemicals of 4.9 kg/billion KRW



ESG Management

ESG Commitment and Progress



	Strategic Task	2023 Achievements	2026 Goals	2030 Goals
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"> Achieved employment rate of employees with disabilities 1.58% (increase of 0.89%p) Held the female leadership program three times (Leadership lecture for nurturing Kolmar Group female leaders) 	<ul style="list-style-type: none"> Gradually increase the employment rate of employees with disabilities (achieving 1.65%) Maintain operating educational programs for nurturing female managers (Biannual) 	<ul style="list-style-type: none"> Conduct annual human rights impact assessments and improve human rights risks Achieve a ratio of 30% for female managers Support operating the female leadership programs of external partner companies
Enhancement of Occupational Health and Safety Management	<ul style="list-style-type: none"> Advancement of occupational health and safety management system Enhancement of partner companies' ESG capabilities 	<ul style="list-style-type: none"> Achieved 100% in identifying and improving hazardous risk factors Conducted EHS safety inspections and constant risk assessments Identified risk factors: 256 cases Trained factory supervisors, increased by 115% compared to the previous year Achieved 100% implementation rate for risk assessment Occupational disease incidence rate: 0% 	<ul style="list-style-type: none"> Achieve 100% in identifying and improving hazardous risk factors Acquire occupational health and safety management system certification: 1 case Achieve risk assessment implementation rate of 200% Implement 100% worker participation in safety culture activities Establish Health and safety DATA management systems: 2 cases Achieve occupational disease incidence rate of 0% 	<ul style="list-style-type: none"> Identify and improve 500 potential risk factors Enhance IT-integrated occupational health and safety management system (establish web/mobile system, install AI sensors and cameras)
Local Community Impact	<ul style="list-style-type: none"> Expansion of impact programs to address local community issues 	<ul style="list-style-type: none"> Donated 862 million KRW Employees participated in 1,222 hours of volunteering Developed and donated the first social contributing products 	<ul style="list-style-type: none"> Achieve accumulated development of 2 social contributing products and a 10% annual increase in manager participation in social contributions 	<ul style="list-style-type: none"> Measure the social value and impact of each corporate social responsibility program
ESG Performance Disclosure and Enhanced Communication	<ul style="list-style-type: none"> Expansion of ESG management communication efforts 	<ul style="list-style-type: none"> Responded to climate change-related disclosures Published the first sustainability report on a consolidated basis following the transition to an intermediate holding company 	<ul style="list-style-type: none"> Enhance the consolidated disclosures Systemize ESG performance index management 	<ul style="list-style-type: none"> Response to domestic and international disclosure standards Establish an integrated ESG platform



ESG Management

ESG Commitment and Progress



	Strategic Task	2023 Achievements	2026 Goals	2030 Goals
Strengthening Compliance and Ethical Management	<ul style="list-style-type: none"> Establishment of an integrated ESG risk management system 	<ul style="list-style-type: none"> Reduced 90% of non-conformities and recommendations from ISO 37001, 37301 post-inspection results 	<ul style="list-style-type: none"> Achieve 'A' grade in CP rating 	<ul style="list-style-type: none"> Achieve 'AA' grade in CP rating
		<ul style="list-style-type: none"> Issued compliance letter four times a year 	<ul style="list-style-type: none"> Company-wide regulations and guidelines inspection 	<ul style="list-style-type: none"> Achieve 100% participation in compliance training for employees
Governance	<ul style="list-style-type: none"> Enhancement of board and committee functions 	<ul style="list-style-type: none"> Implemented independence, expertise, diversity, and efficiency 	<ul style="list-style-type: none"> Implement independence, expertise, diversity, and efficiency 	<ul style="list-style-type: none"> Expand diversity among outside directors
		<ul style="list-style-type: none"> Conducted two programs to enhance the expertise of outside directors 	<ul style="list-style-type: none"> Conduct programs to enhance the expertise of outside directors twice a year 	<ul style="list-style-type: none"> Conduct programs to enhance the expertise of outside directors twice a year
		<ul style="list-style-type: none"> Evaluated performance evaluations for board members and outside directors 	<ul style="list-style-type: none"> Evaluate performance evaluations for board members and outside directors twice a year 	<ul style="list-style-type: none"> Evaluate performance evaluations for board members and outside directors twice a year



ESG Management

ESG Policy

Kolmar Korea discloses its policies for sustainable management. Detailed information on each policy can be found through the links provided below.








[ESG Policy](#)



Double 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 material issues, Kolmar Korea aims to enhance management transparency, efficiency and establish trustworthy relationships.

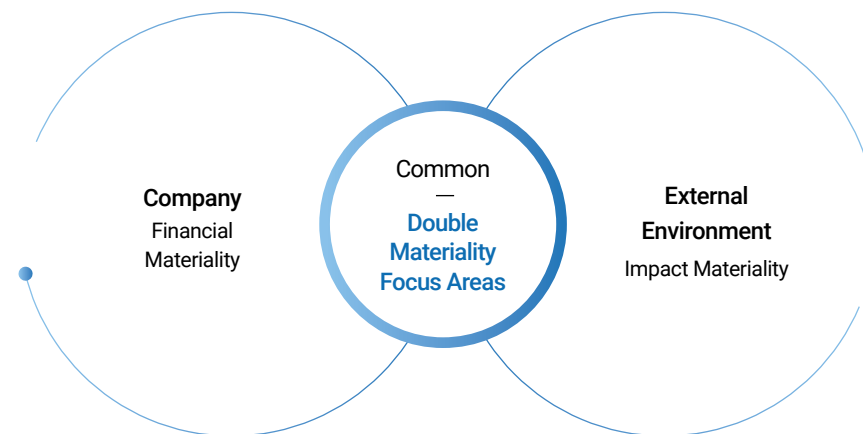
Stakeholders	Key Concerns	Key Activities	Communication Channels and Frequency
Clients 	<ul style="list-style-type: none"> Product and service quality Product safety Product information accuracy 	<ul style="list-style-type: none"> Addressing customer issues Providing tailored product design and development services Operating multiple channels (blogs, YouTube, etc.) and strengthening communication Enhancing convenience for eco-friendly consumption (providing eco-labeling information, etc.) 	<ul style="list-style-type: none"> Website (Frequently) 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 	<ul style="list-style-type: none"> Annual General Meeting of Shareholders (Once a year) IR Meetings (Frequently) Investors/Analysts Conference Calls (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 	<ul style="list-style-type: none"> Local Community Communication Forum (Twice a year) Corporate Social Responsibility Projects and Initiatives (Frequently) Executive and employee Volunteer Activities
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 (social contribution activities) 	<ul style="list-style-type: none"> NGO Meetings (Frequently)
Government Agencies 	<ul style="list-style-type: none"> Compliance Fair trading Occupational health and safety 	<ul style="list-style-type: none"> Strengthening internal control systems Establishing fair trading practices and transparent corporate information disclosure 	<ul style="list-style-type: none"> Fair Trade Commission, Korea Commission of Corporate Partnership (Frequently)
Partner Companies 	<ul style="list-style-type: none"> Fair trading Win-win partnership 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 supply chain ESG, safety and the environment 	<ul style="list-style-type: none"> Business Meetings with Partner Companies (Monthly) K-SCM Portal (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 Enhancement of occupational health and safety 	<ul style="list-style-type: none"> Labor-management Council (More than four times a year) Occupational Health and Safety Committee Internal and external grievance channels (Frequently) Various meetings and events, etc. ESG/Compliance Letter

Double Materiality Assessment

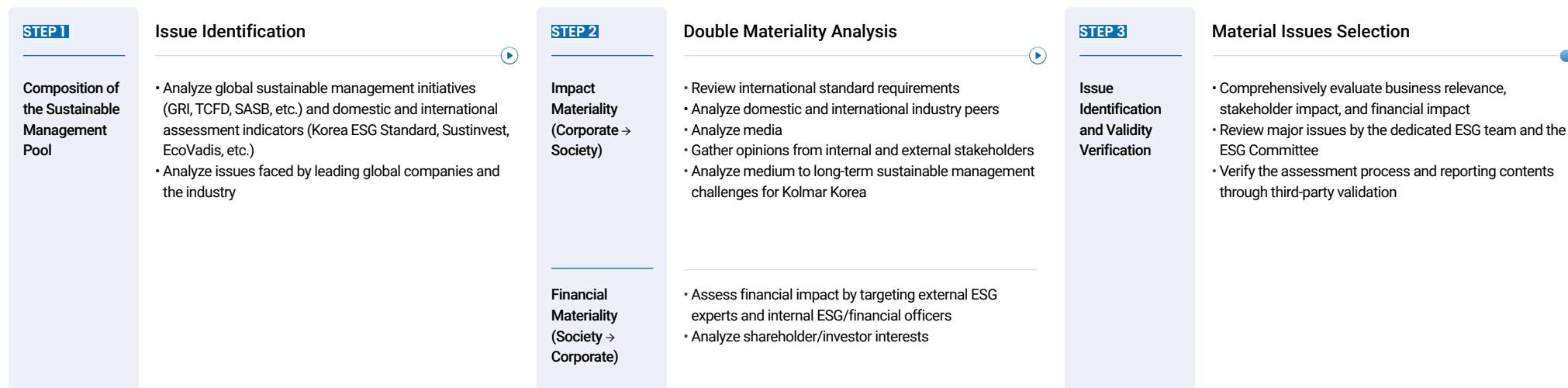
Double Materiality Assessment

Double Materiality Assessment Results

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. 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 and EU CSRD-ESRS to establish a comprehensive sustainability pool. From February 27 to March 4, 2024, Kolmar Korea conducted a survey targeting its internal and external stakeholders. Based on the results of this survey, we comprehensively measured societal and environmental impacts as well as financial implications, and identified a total of 8 material issues.



Assessment Process

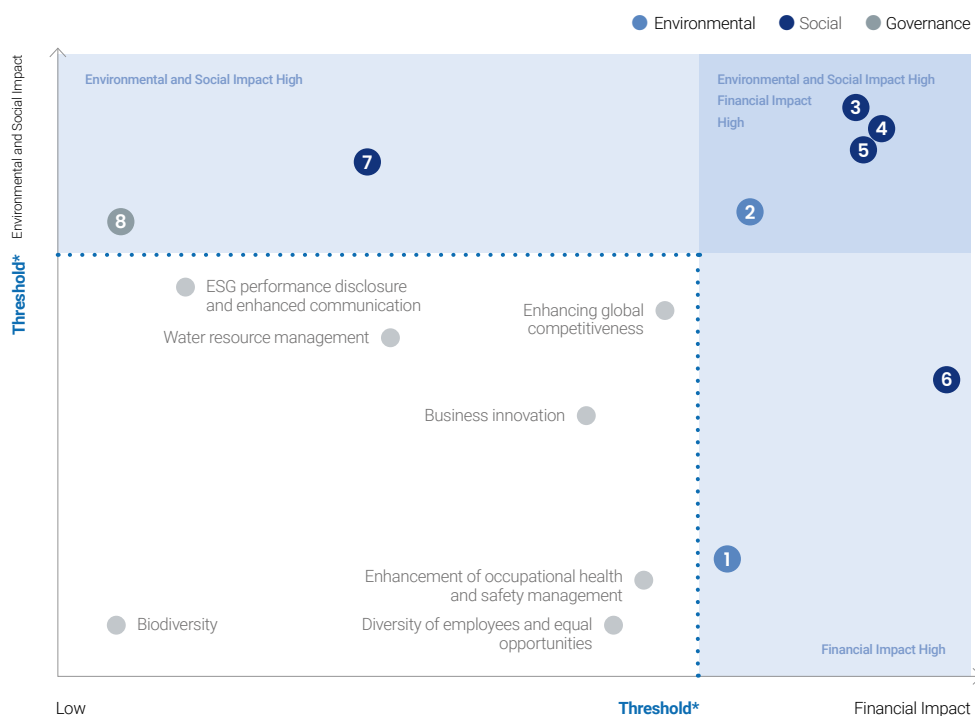


Double Materiality Assessment

Double Materiality Assessment

Double Materiality Assessment Results

Kolmar Korea has identified 8 material issues, including the product safety and quality responsibility, information and technology security, climate change risk, 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.



* Threshold: Issues where the environmental and social impact score exceeds the reporting benchmark of 71 out of a total score of 100 / Issues where the financial impact score exceeds the reporting benchmark of 65 out of a total score of 100

List of Comprehensive Material Issues

Category	No.	Material Issues	Environmental-Social	Financial	Changes	GRI Index
E	1	Waste Management and Circular Economy	○	◐	Maintained	306-2, 306-3, 306-4, 306-5
	2	Response to Climate Change Risk	●	●	Maintained	201-2, 302-1, 302-2, 302-3, 302-4, 305-1, 305-2, 305-3, 305-4, 305-5, 305-7
S	3	Product Safety and Quality Responsibility	●	●	Maintained	416-1, 416-2
	4	Sustainable Procurement of Raw Materials	●	●	Maintained	-
	5	Development of Products Contributing to Environmental and Social Problem-solving	●	●	Maintained	-
	6	Information and Technology Security	◐	●	Maintained	418-1
G	7	Healthy Organizational Culture	●	○	New	-
	8	Strengthening Compliance and Ethical Management	◐	○	Maintained	205-2, 205-3

Items excluded from material issues compared to the previous year: Enhancement of Occupational Health and Safety Management, Water Resource Management, Business Innovation, ESG Performance Disclosure and Enhanced Communication, Enhanced Global Competitiveness

Double Materiality Assessment

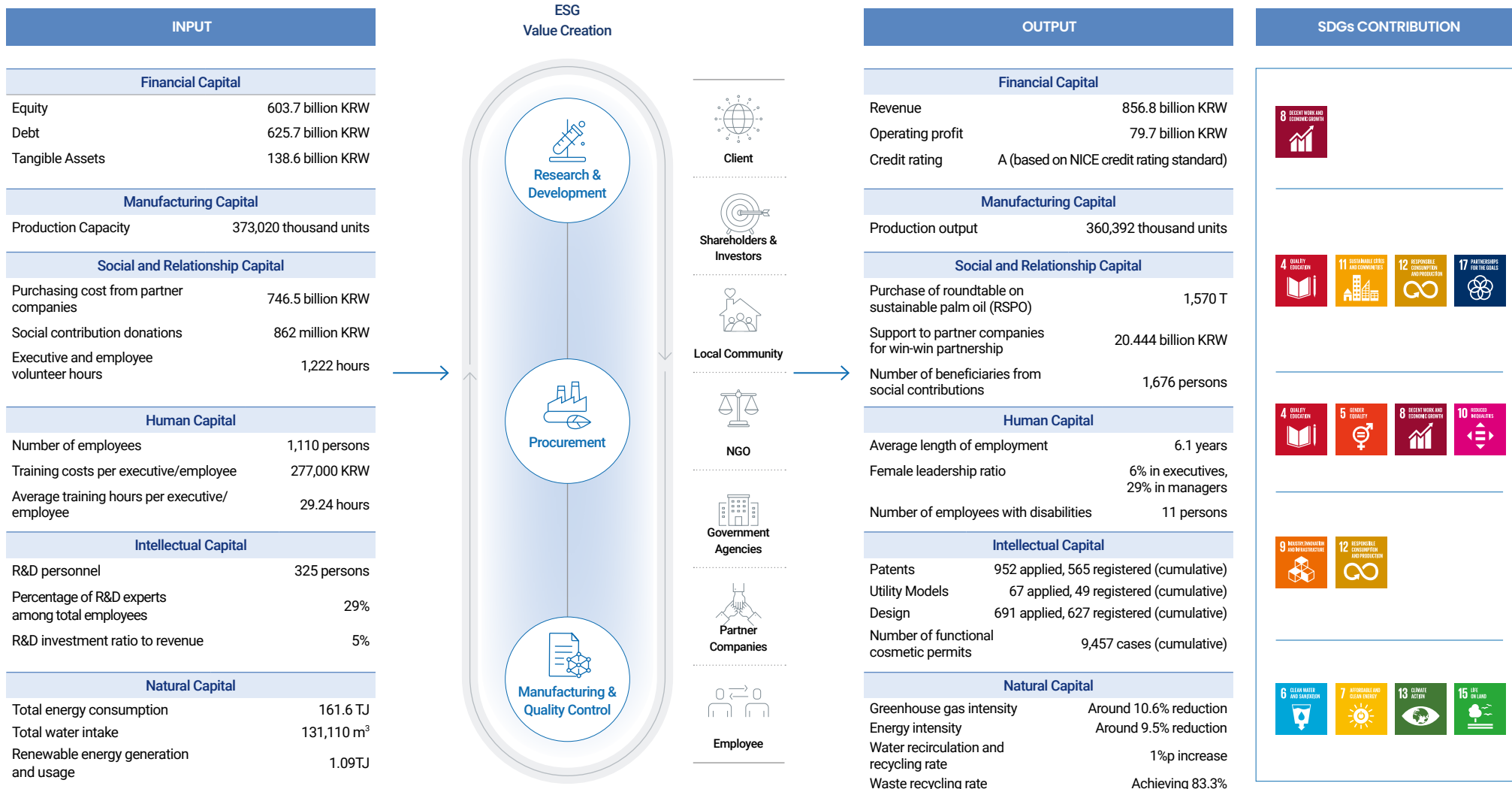
Double Materiality Assessment

Definition of Material Issues and Related Impact

No.	Category	Material Issues	Corporate → Society/Environment (Inside-Out perspective) The impact of a company on external society/environment	Corporate ← Society/Environment (Outside-In perspective) The impact of external society/environment on the company's finances	Reporting location
1	Environmental	Waste management and circular economy	<ul style="list-style-type: none"> (If waste is not properly discharged and treated) Environmental pollutions, large-scale leaks lead to social handling costs 	<ul style="list-style-type: none"> Incur costs for facility investment and operation for the legal treatment of waste Non-compliance with waste treatment regulations results in fines and restoration costs or costs related to lawsuits of local community 	p.66-72
2	Environmental	Response to climate change risk	<ul style="list-style-type: none"> GHG emissions due to energy consumption in the procurement, production, and transportation of raw and sub-materials Direct and indirect greenhouse gas emissions from product manufacturing activities at domestic and international business sites 	<ul style="list-style-type: none"> Increase in transportation costs for raw and sub-materials due to increase in energy prices in response to climate change (If included in regulatory frameworks such as Emissions Trading Systems due to increasing greenhouse gas emissions) a risk of liabilities/expenditures arising from the need to purchase additional emission permits in case where the emission allowance exceeds the permitted limit 	p.31-35, p.120-126
3	Social	Product safety and quality responsibility	<ul style="list-style-type: none"> Products with Hazardous substances reduction managed above standards contribute to minimizing the negative impacts on health of clients and employees compared to existing products Enhanced product safety reduces the likelihood of occurrence of product safety incidents and damage of consumers 	<ul style="list-style-type: none"> Vegan cosmetics, cosmetics minimize hazardous substances, and other products considering consumer needs and safety Increase in corporate value and profits resulting from the production of products that consider consumer needs and safety, such as vegan cosmetics and cosmetics with little harmful substances. 	p.53-58
4	Social	Sustainable procurement of raw materials	<ul style="list-style-type: none"> Use of palm oil with RSPO certification reduces environmental and social impact Purchasing gold only from refineries with RMPA certification reduces social impact 	<ul style="list-style-type: none"> (If unable to enhance the integrity of the supply chain) Exposure to reputation risk due to interruption caused by decrease in production volume and delayed production lead to times resulting from incurred transition costs for securing and establishing a new supply chain 	p.42-52
5	Social	Development of products contributing to environmental and social problem-solving	<ul style="list-style-type: none"> Development of products considering sustainability enhances social value and minimizing environmental impact 	<ul style="list-style-type: none"> Development and application of eco-friendly formulation technology and expansion of applicable items enhances corporate image and increasing sales through the 	p.76-78
6	Social	Information and technology security	<ul style="list-style-type: none"> (In case of information leaks) Leaked stakeholder information resources may cause privacy violations and potential crimes 	<ul style="list-style-type: none"> (In case of information leaks) Financial loss due to external leaks of core technology and costs incurred by strengthening the information security management system 	p.37-41
7	Social	Healthy organizational culture	<ul style="list-style-type: none"> With the growing trend of emphasizing work-life balance, the establishment of related systems contributes to enhancing employee satisfaction and building an advanced corporate culture 	<ul style="list-style-type: none"> Improvement in business performance and revenue growth is expected through increased motivation and satisfaction of internal employees 	p. 82-83
8	Governance	Strengthening compliance and ethical management	<ul style="list-style-type: none"> (In cases of corrupt practices, bribery, money laundering, etc.) Decreases stakeholders trust and creates an imbalance between the economic and social interests of different stakeholders 	<ul style="list-style-type: none"> Prevention of financial costs that may arise from legal violations through adherence to laws and initiatives Internalization of ethical management leads to increased positive feedback from stakeholders and capital inflow 	p.104-108

Sustainable Value Creation

Sustainable Value Creation



FOCUS AREAS

Kolmar Korea is intensively managing the material issues derived from the Double Materiality Assessment. We will manage potential risks and set and achieve goals through Kolmar Korea's approach to these material issues.

- 31 Response to Climate Change Risk
- 37 Information and Technology Security
- 42 Sustainable Procurement of Raw Materials
- 53 Product Safety and Quality Responsibility



Response to Climate Change Risk

Globally, regulations related to the response to climate change are being strengthened, and these regulations are significantly impacting the cosmetics industry, which has a worldwide supply chain. The United Nations (UN) has announced plans to complete the legally binding 'UN PLASTIC TREATY' by 2024 to reduce plastic pollution, and discussions on this matter are actively ongoing. Particularly, policies regulating plastic production are being implemented, especially in European Union (EU) countries, leading to increased efforts within the cosmetics industry to enhance the sustainability of product packaging. Additionally, there is a growing trend in Europe and other countries to reject products with high carbon emissions, encouraging the cosmetics industry to independently reorganize their business environments to pursue carbon neutrality. Various efforts to reduce energy usage and increase recycling rates such as the use of renewable energy and the introduction of effluent recycling facilities will be necessary. Risks from climate change affect a wide range of areas in the cosmetics business, including clients and product production, making it crucial to quickly identify these risks and take proactive measures.

Kolmar's Approach

	<p>MOUs for the development of raw materials related to regulatory compliance, Engaging in continuous research and development activities for raw materials</p>		<p>Introducing renewable energy and continuously improve processes (membership in K-RE100)</p>
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Key Achievements

<p>Approximately 143 tCO₂-eq reduction in greenhouse gas through installation of solar energy generation facilities at the Sejong Factory</p>	<p>Approximately 250 MWh reduction in electricity and approximately 119 tCO₂-eq reduction in greenhouse gas by transitioning to high-efficiency equipment</p>
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INTERVIEW

“
Kolmar Korea is consistently engaging in activities to meet client needs and environmental initiatives both internally and externally. It would be great if Kolmar Korea could become a truly recognized environmentally friendly company.
 ”

Environment & Safety Team
 Manager **Hong-seok Seo**



Kolmar Korea's management and employees are highly interested in the ESG environmental sector. To meet this interest, Kolmar Korea expanded its solar energy self-generation facilities in 2022, utilizing renewable energy for part of the energy used at the Sejong Factory. Although this project required significant investment, Kolmar Korea's bold investment has greatly improved the performance of renewable energy usage. Furthermore, we have established a carbon neutral Road map and specific plans to achieve carbon neutrality. As international trends and consumer needs in sustainability are strengthened, we believe it is necessary to introduce a smart integrated environmental system to help Kolmar Korea achieve practical carbon neutrality. In particular, to faithfully respond to climate change and environmental regulations, many teams, including our Environment & Safety Team, are making multifaceted efforts, such as obtaining environmental certifications. Through consistent activities, we hope to meet client needs and widely publicize Kolmar Korea's environmental activities both internally and externally, allowing Kolmar Korea to become a truly environmentally friendly company.

Response to Climate Change Risk

Governance Climate Change Governance

ESG Committee

Kolmar Korea established the ESG Committee under the board of directors, the highest decision-making body, in 2023. This committee has identified key environmental areas such as climate change, water resources, and waste as material issues that impact business activities and financial performance. Accordingly, policies, goals, performance, and strategies related to these key environmental areas are reported to the CEO, and the ESG Committee holds regular meeting twice a year to resolve and report on major environmental issues.

Corporate-wide Environmental Management Committee (ESG Working Group)

To respond to climate change risks, Kolmar Korea's Environment & Safety Team monitors domestic and international greenhouse gas regulations and policy trends, analyzes company-wide emission trends, and regularly discusses climate change-related issues and risks with high likelihood of occurrence through the ESG Working Group. Also, identified material issues are reported to the CEO and managed and supervised through the ESG Committee, allowing for evaluation and management of identified key risks.

Environment & Safety Team and ESG Management Team

The Environment & Safety Team and the ESG Management Team have been organized to strengthen the environmental management and ESG management system. The Environment & Safety Team is responsible for practical tasks in various environmental areas, including climate change, water resources, and waste, and aims to improve environmental performance. The ESG Management Team handles practical tasks related to planning and performance management across overall ESG, and performs tasks to establish the ESG management system through the efficient operation of the ESG Committee and the company-wide ESG Council.

Reporting Agenda on Response to Climate Change

The ESG Committee reports and makes decisions on strategies, implementation, and performance related to response to climate change. The discussed matters are regularly reported to the Board of Directors and are considered in Kolmar Korea's management strategy.

Date of Meeting	Agenda	Remarks
2023.05.31	• Status of ESG management initiatives (including response to climate change)	Board of Directors
2023.05.31	• ESG management strategy and material issues (including response to climate change) • Major responses to climate change risks	ESG Committee
2023.11.20	• Implementation rate of ESG strategic tasks (greenhouse gas, TCFD disclosure, etc.) • Strategy to respond to climate change	ESG Committee
2024.03.12	• Double Materiality Assessment results (response to climate change risk) • Performance related to climate change (greenhouse gas, renewable energy, pollutants, etc.)	Board of Directors
2024.05.20	• Key ESG achievements in 2023 and future goals (related to climate change) • TCFD-related disclosure	ESG Committee
2024.05.30	• Key ESG achievements in 2023 and future goals (related to climate change) • TCFD disclosure (Governance/Strategy/Risk Management/Metrics and Targets)	Board of Directors



ESG Committee

Response to Climate Change Risk

Strategy Greenhouse Gas Emissions and Energy Management

Greenhouse Gas Management System

Kolmar Korea recognizes the severity of the rapidly changing climate crisis and is continuously striving to reduce greenhouse gas emissions resulting from corporate activities. We established an inventory of greenhouse gases for both direct (Scope 1) and indirect (Scope 2) emission and calculated and verified by broadening categories from three to six for Scope 3 emissions, which is other indirect greenhouse gases. We plan to gradually expand the calculation and verification of overseas operations and remaining Scope 3 emissions in order to broaden the scope in the future. Furthermore, considering the continuous trends and the global climate change crisis, we have established a Carbon Neutrality Roadmap taking into account that our industry is not characteristically associated with high greenhouse gas emissions or significant energy usage. This roadmap aims to achieve 100% reduction in Scope 1 and 2 emissions by 2050, based on the level in 2023. Accordingly, we strive towards zero carbon emissions through various ways such as expanded renewable energy usage, investments in high-efficiency equipment and energy transition.

Joining Climate-Related Initiatives

Kolmar Korea recognizes the significance of the global climate change crisis and actively participates in environmental initiatives. Since joining K-RE100 in April 2022, we have been continuously implementing its requirements. Additionally, by voluntarily participating in the Carbon Disclosure Project (CDP), one of the global environmental initiatives, we are striving to disclose and respond to climate change information. Furthermore, we are making efforts to actively meet disclosure requirements by identifying related risks in consideration of international standards such as the Taskforce on Climate-related Financial Disclosures (TCFD), the Sustainability Accounting Standards Board (SASB), and the UN Sustainable Development Goals (SDGs).

Introduction and Expansion of Renewable Energy Facilities

Kolmar Korea joined K-RE100 in 2022 and has been continuously promoting the introduction of renewable energy. Solar energy generation facilities have been installed at the Sejong Factory, and utilized for internal electric power operations. In 2023, we reduced greenhouse gas emissions by approximately 143 tCO₂-eq. Additionally, when investing in new business sites in 2023, we pre-checked the presence of renewable energy generation facilities to ensure environmentally friendly investments. For new business sites, we acquired permits for power generation projects and are operating power generation through solar energy generation facilities. In the future, we will actively consider gradually expanding the use of renewable energy to reduce greenhouse gas emissions and transition from fossil fuel-based energy.



Panoramic View of Sejong Factory

Response to Climate Change Risk

Strategy GHG Emissions and Energy Management

Transition to High-Efficiency Energy Equipment

Kolmar Korea is promoting activities to continuously reduce greenhouse gas (GHG) emissions and is consistently promoting the transition and introduction of high-efficiency equipment at each business site. By replacing devices such as LEDs, we have reduced annual electricity usage by approximately 250 MWh and decreased GHG emissions by approximately 119 tCO₂-eq. This year, we expect to further reduce electricity usage by approximately 69.5 MWh and GHG emissions by approximately 32 tCO₂-eq through additional replacements. Additionally, we plan to invest in utility facility improvements to reduce electricity usage by approximately 60 MWh and GHG emissions by approximately 28.6 tCO₂-eq. We will continue to invest in and improve activities to reduce energy usage through various reduction activities each year.

Greenhouse Gas Emission Reduction Management

Kolmar Korea recognizes the severity of the global climate change crisis and is engaged in various activities to monitor and reduce energy usage and GHG emissions. In particular, through energy diagnostic activities, we are continuously striving to improve performance and achieve goals by actively reviewing and improving the introduction of high-efficiency equipment, enhancing and transitioning energy management systems, and using renewable energy. Based on this, we aim to actively participate in overcoming the global climate crisis by managing intensity (based on revenue) performance and implementing a roadmap for achieving mid- to long-term carbon neutrality.

Risk Management Climate Change Risk Management Process

Climate Change Risk Management

Kolmar Korea recognizes the impact of climate change risks on the company as a critical factor. Climate change risks can influence in various forms depending on the industry characteristics and the location of business sites. Accordingly, Kolmar Korea manages the climate change risks in an integrated manner by prioritizing their impact and likelihood of occurrence within the company-wide integrated risk management system. The climate change risk management system aims to minimize risks arising from climate change through four processes: monitoring, identification, assessment, and management.

Climate Change Risk Measurement

Kolmar Korea has classified the risk system and measured risks to proactively respond to climate change risks and minimize negative impacts amidst the rapidly changing climate crisis. In particular, based on the classification system of the TCFD guidelines, we have used the S&P Tool to more accurately measure the physical risks. Based on this, we measure and manage the risks in a well-organized system such as identification of risk and opportunity factors, understanding of financial impacts and establishment of strategy in areas of strategy and risk management.

Response to Climate Change Risk

Metrics and Targets Greenhouse Gas Emissions Performance and Goals for 2030

GHG Intensity

Category	Unit	2022	2023	2024 Goals	2030 Goals
GHG intensity*	tCO ₂ -eq/billion KRW	10.4	9.3	9.0	6.9
Energy intensity*	TJ/billion KRW	0.21	0.19	0.18	0.14

* For GHG and energy intensity, some data have been changed due to the achievement of the 2023 goals (3%) and modifications/adjustments in the data management scope

GHG Emissions

Category	Unit	2021	2022	2023
Scope 1, 2	tCO ₂ -eq	7,215.3 *	7,523.2 *	7,983.4
Scope 3**	tCO ₂ -eq	-	1,837.7	21,812.1

* Some data have been changed due to modifications/adjustments in the data management scope (2021, 2022 Scope 1+2)

** Increase in emissions due to the expansion of activity scope

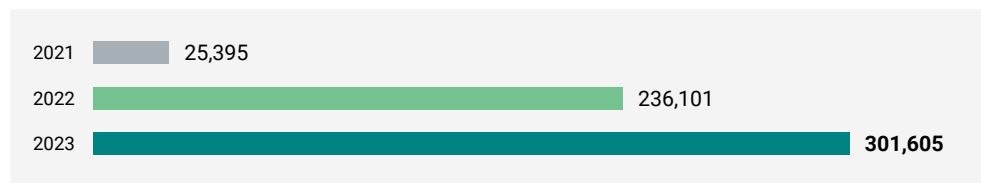
Energy Usage Trends

Category	Unit	2021	2022	2023
Energy usage	TJ	145.1 *	152.1 *	161.6

* Some data has been changed due to modifications/adjustments in data management scope (2021, 2022)

Renewable Energy Generation Status (Sejong Factory)

(Unit: kWh/year)



SUBSIDIARIES (HK inno.N Co.,Ltd, YONWOO CO.,LTD.)

GHG Intensity

Category	Unit	2021	2022	2023
GHG Intensity	HK inno.N Co.,Ltd	43.0	38.9	42.7
	YONWOO CO.,LTD.	60.1	67.4	72.4
Energy Intensity	HK inno.N Co.,Ltd	0.88	0.79	0.87
	YONWOO CO.,LTD.	1.24	1.38	1.49

GHG Emissions

Category	Unit	2021	2022	2023
Scope 1, 2	HK inno.N Co.,Ltd	33,135	32,908	35,386
	YONWOO CO.,LTD.	16,804	15,024	16,499

Energy Usage Trends

Category	Unit	2021	2022	2023
Energy Usage	HK inno.N Co.,Ltd	676	670	721
	YONWOO CO.,LTD.	347	308	339

Response to Climate Change Risk

SUBSIDIARY CASE

Climate Change Response System

Establishment of ESG Management Decision-Making System



HK inno.N Co.,Ltd has established a systematic environmental management system to strengthen ESG management. Through regular Board of Directors meetings and the Sustainable Management Committee, it systematically manages climate change and environmental management issues. In addition, the ESG Management Committee and the Safety and Environment Committee, which are directly operated under the management, are held bi-monthly to efficiently share decision-making and activity performances. Furthermore, within the Safety Management Office overseeing company-wide environment, safety, and health initiatives, HK inno.N Co., Ltd. has established the Safety and Environment Planning Team, an organization which focuses on environment, to promote environmental management.

Led by the Safety and Environment Planning Team, it operates Environmental Management Cross Functional Teams (CFT) with working groups at production business sites responsible for major tasks in operating energy and greenhouse gas to respond to greenhouse gas measurement and third-party validation. With company-wide decision-making organizations, HK inno.N Co.,Ltd is set to implement a carbon-neutral roadmap in the first half of 2024, and will promote climate change response tasks such as reviewing and approving major investment activities for greenhouse gas reduction and energy-saving.



Yonwoo is making efforts to respond to climate change and strengthen its environmental management. It operates an environmental council to ensure close cooperation with relevant departments and regularly reports and reviews major environmental management issues and achievements to the highest decision-making body, the Board of Directors. Based on this process, strategic approaches such as mid- to long-term plans and carbon emission reductions are determined, promoting effective climate change responses through various methods. Additionally, plans are underway to enhance the management system to strengthen its capabilities in implementing environmental management strategies.

Carbon Neutral Roadmap Establishment and Greenhouse Gas Emissions Management



As a corporate citizen, HK inno.N Co.,Ltd meets the social demands that require corporate responsibility and actively engages in carbon reduction activities to address the global climate crisis. In 2023, it began its efforts to pursue carbon neutrality by joining K-RE100, and in the first half of 2024, it established a carbon-neutral roadmap to achieve net-zero greenhouse gas emissions. To achieve this, it has prioritized a renewable energy portfolio transition, promoting greenhouse gas reduction through solar energy generation and PPA contracts. Additionally, it has invested in technology for energy efficiency and integrally operated air compression facilities. From 2021 to 2022, it measured Scope 3 emissions and conducted third-party validation to strengthen our greenhouse gas inventory management system. HK inno.N Co.,Ltd will strive to actively contribute to achieving the goals of the national Nationally Determined Contributions (NDCs) and the Intergovernmental Panel on Climate Change (IPCC) that limit global warming to 1.5°C through greenhouse gas emission management and the implementation of the carbon-neutral roadmap.



Yonwoo has established mid- to long-term plans to respond to climate change and set greenhouse gas reduction goals for carbon neutrality. These goals comply with the government's climate change response policies. It is actively pursuing Net Zero by 2050, continuously monitoring greenhouse gas emissions and energy usage on a monthly basis, and reporting these findings to management every month. Based on this data, Yonwoo establishes improvement plans and promotes continuous improvement activities.

Information and Technology Security

According to current laws, the information handled by the company must be managed securely. The acquisition, use, or disclosure of information that constitutes the company's trade secrets is punishable under the Unfair Competition Prevention Act. Information produced through the company's research and development is classified as a critical asset and is closely linked to the company's revenue. To prevent potential damages, it is crucial to proactively safeguard important company information and to protect it securely.

Additionally, Kolmar Korea, which has a diverse range of clients with the growth of the domestic cosmetics market, has an obligation to securely store client information and use it lawfully and appropriately within the scope necessary for its purpose. The leaks of client information can severely impact the company's credibility, and as the volume of data increases, it becomes even more important to store it efficiently and securely.

Kolmar's Approach



- Introduced solutions such as Enterprise Content Management (ECM), document security, and blocking harmful websites
- Installed security programs on all employees' PCs
- Designated Clean Office Day to conduct regular random inspections of office spaces and address any complacency toward safety among employees

Key Achievements

Unification of client and partner company access channels (Digital Transformation Project) through the establishment of a new client and partner portal system

Security education for all employees and Campaigns to raise security awareness and company-wide response

INTERVIEW

“ We will continuously strive to achieve a level of information security that is recognized both internally and externally, in alignment with the company's commitment to ESG.



Management Information Team
Senior Manager **Sang-pil Shin**



Kolmar Korea has been investing significantly in establishing an information security system that aligns with the company's growth. Over the past 2-3 years, we have successfully completed a long-term project to introduce top-tier solutions in the field of information security. Although the project required substantial time and financial budgets, we believe the achievement is a result of the management's commitment to information security and the participation of our employees. In particular, we take great pride in the fact that in 2023, we enhanced the overall security review level by introducing high-end solutions in all areas requiring information security, such as ransomware, Digitalization (DT) system, and ERP.

The foundation of information security is awareness improvement. We are providing relevant training to ensure that all employees recognize the importance of information security and can directly respond to external threats. Through this training, we aim to protect the company's critical assets and prevent legal issues arising from the use of client and employee information. The Management Information Team will continue to strive to achieve a level of information security that is recognized both internally and externally, in alignment with the company's commitment to ESG.

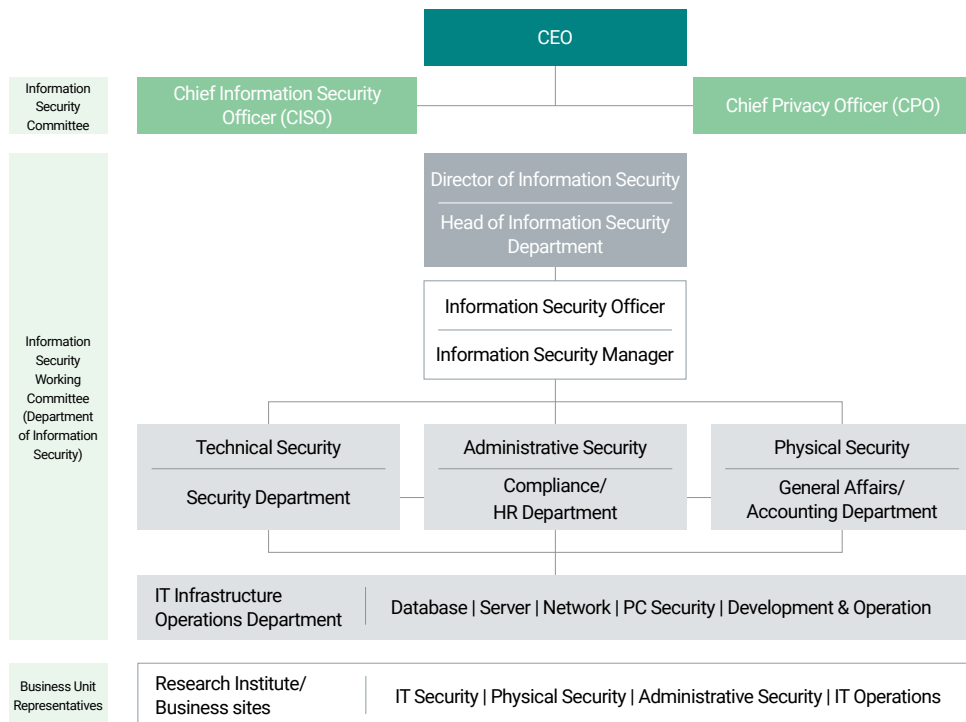
Information and Technology Security

Governance Information Security Governance

Information Security Committee

To practically operate the information security activities, Kolmar Korea conducts regular business meetings with the objective to improve security with the Chief Information Security Officer (CISO), Director of Information Security (team leader level), and Information Security Officer. The Information Security Officer/Director of Information Security continuously reports the progress of discussed improvement-needed items to the Chief Information Security Officer (CISO) to strengthen the information security system.

Information Security Organizational Structure



Strategy Information Security Management System

Information Security Policy

Kolmar Korea establishes and implements various information security policies to ensure safe information security. By establishing three key guidelines for information security (administrative, technical, and physical guidelines), we prevent the leakage of critical company information and improve security vulnerabilities using solutions such as the Enterprise Content Management (ECM), document security, and blocking harmful websites. We also regularly update our 'Privacy Policy' and have it reviewed by the legal team to strengthen our customer information security policy.

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

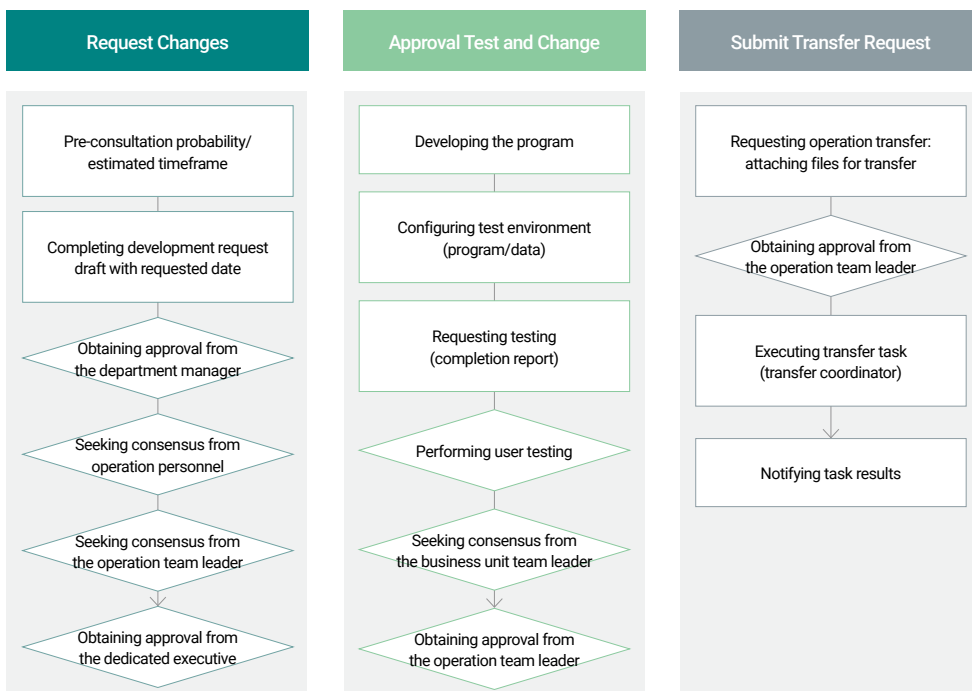
Information and Technology Security

Strategy Information Security Management System

Procedure for System Policy Changes

To prevent information leakage, Kolmar Korea stipulates operating procedures for modifying and updating business systems and software. If a policy change is necessary, it must be requested to the information security officer and approved by the general manager before any registration, change, or deletion of the policy can be applied. The information security officer reviews the adequacy of the system policy once a year to confirm its effectiveness.

Procedure for Information Security System Policy Changes



Security Program

Kolmar Korea, in collaboration with Kolmar Holdings, has initiated a project to establish a new data leak prevention security solution (PC EndPoint DLP) to enhance visibility in preventing data leaks. The initiative aims to minimize security risks by conducting comprehensive analyses of external data transfers, thereby protecting critical business secrets and client information from being leaked.

Security Inspection Criteria

Category	Compliance Requirements	Inspection Criteria
Personal PC	Setting PC passwords	Verification of unset PC passwords
Personal Space	Prohibition of exposing storage media on the desk	Exposed storage media (USB, external hard drives, tablet PCs, etc.)
	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

Client Data Protection

As part of the Digital Transformation project in August 2023, Kolmar Korea has newly established a client and partner portal system to unify access channels for clients and partner companies. The portal system includes a privacy policy that is actively managed, and we comply with technical safeguards, such as personal information storage encryption, and supplementary measures to prevent hacking, ultimately ensuring compliance with technical security controls for important data.

Information and Technology Security

Strategy Information Security Management System

Security Management

Kolmar Korea enhances the information security awareness of all employees by incorporating an information security course into the legally required training and conducting regular mock malicious email training. In addition, we designate Clean Office Day to conduct random inspections of office spaces and recommend security updates. In collaboration with Kolmar Holdings, we have established PC EndPoint DLP security solutions to minimize external leakage of important data. Through these efforts, we aim to strengthen security awareness and prevent security incidents.

Information Security Training

Kolmar Korea aims to ensure that all employees complete information security training by adding an information security course to the legally required training in October 2023, making it mandatory to enhance the security awareness of all employees. Additionally, we are conducting a mock malicious email training (scheduled for December 2023) to enable employees to independently respond to external threats, and we plan to continue these operations.

Security Inspection Campaign

Kolmar Korea designates Clean Office Day to conduct regular random inspections of office spaces. Through this initiative, we assess 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 address security vulnerability improvement activities.

Risk Management Information Security Risk Management

Introduction of Web Vulnerability Diagnosis Solution

To manage and improve the web vulnerabilities of our client portal system and partner collaboration SRM system, which are main access routes for clients, we are introducing a web vulnerability diagnosis solution. This initiative aims to identify the optimal solution for web vulnerabilities and continuously perform risk management to respond to external security threats.

Information Security Exception Approval Procedure Regulations

Kolmar Korea has established regulations for the information security exception approval procedure, which apply to the operation and management of all security systems used by the company. If a policy change is required during business operations, the Information Security Officer shall review the request, and the responsible person shall approve it, making the registration, modification, or deletion of security policies possible. The Information Security Officer regularly conducts security reviews of exception approval histories through the system that prevents the leaks of data to respond to leakage incidents.

Security Monitoring Process Operation

Kolmar Korea operates a security control process to prepare for information leaks, by performing daily, weekly, and monthly internal data leak monitoring. To address external cyber security threats, we have contracted a specialized service provider for 24-hour intrusion response monitoring services. When an external threat is detected, it is immediately shared with the Information Security Officer for a joint response. Furthermore, according to the organizational structure for information security, the Information Security Officer manages and reports major monitoring issues to the Chief Information Security Officer (CISO) and the Director of Information Security (team leader level).

Information and Technology Security

Metrics and Targets

Information Security Goal Management

Strengthening Information Security Governance

To improve employees' awareness of information security, we regularly create and post security bulletins and conduct annual information security training. Recently, we have introduced a new Data Loss Prevention (DLP) system to enhance our core information management system. Our ongoing efforts include continuous upgrades to our information security management system based on core information, with the long-term goal of obtaining ISO27001, an international standard certification for information security.

Strengthening IT Security Audits

Kolmar Korea conducts quarterly IT security audits on major internal and external information systems. Through these IT security audits, we identify and address areas for improvement in security, thereby fortifying our management system to safeguard Kolmar Korea's information from internal and external threats.

Sustainable Procurement of Raw Materials

Recently, cosmetic consumers are hesitant to purchase and use products that cause environmental and social issues. Globally, 'clean beauty' is emerging as a leading trend in the beauty market. In response, the domestic and international cosmetics industry is researching certifications for sustainable raw materials and environmentally friendly manufacturing methods, aiming to continuously reflect sustainability and ethical values in their products. Additionally, numerous NGOs are intensifying their monitoring of the transparency and reliability of the entire process from production to distribution and sales of products. Due to these international movements, the cosmetics industry, including Kolmar Korea, is actively expanding the purchase ratio of palm oil certified by the Roundtable on Sustainable Palm Oil (RSPO) and managing the activities of partner companies to form a sustainable supply chain.

Kolmar's Approach



(For gold usage) Only purchasing from refineries that have obtained Responsible Minerals Assurance Process (RMAP) certification
Announcing sustainable procurement policy for partner companies (reflecting global standards)
Expanding win-win partnership through support for ESG management education and consulting for partner companies

Key Achievements

Officially became a member of RSPO in the first half of 2023
RSPO-certified raw material usage ratio of 52% in 2023

Through joint research initiatives and development support with partner companies
"Recycle Package" patent registration (5 cases)"

INTERVIEW

“
Based on transparency and responsibility, we will establish sustainable purchasing and supply chains, and strive for the development of the Korean cosmetics industry through win-win partnership with our partner companies.
”



Global Sourcing Platform Team
Manager **Jun-young Chi**

As the 'clean beauty' trend in the cosmetics markets aligns with Kolmar Korea's commitment to ESG management, the Global Sourcing Platform Team is focusing on sustainable procurement of raw materials and supply chain management. In particular, we are expanding the use of RSPO-certified raw materials when using palm oil, a key raw material for cosmetics. To achieve this, we have set internal goals and are continuously striving to achieve them.

Additionally, Kolmar Korea is promoting win-win partnership with partner companies by providing ESG consulting and education to establish a sustainable supply chain. We believe that these efforts have significantly contributed to the rise in Kolmar Korea's win-win growth index assessment this year. At Kolmar Korea, we aim to expand the culture of ESG awareness and materiality among partner companies as part of the initial phase of ESG management. Therefore, we plan to expand practical ESG education and consulting to partner companies, hoping that a proactive culture of ESG will be disseminated from Kolmar Korea to its partner companies.

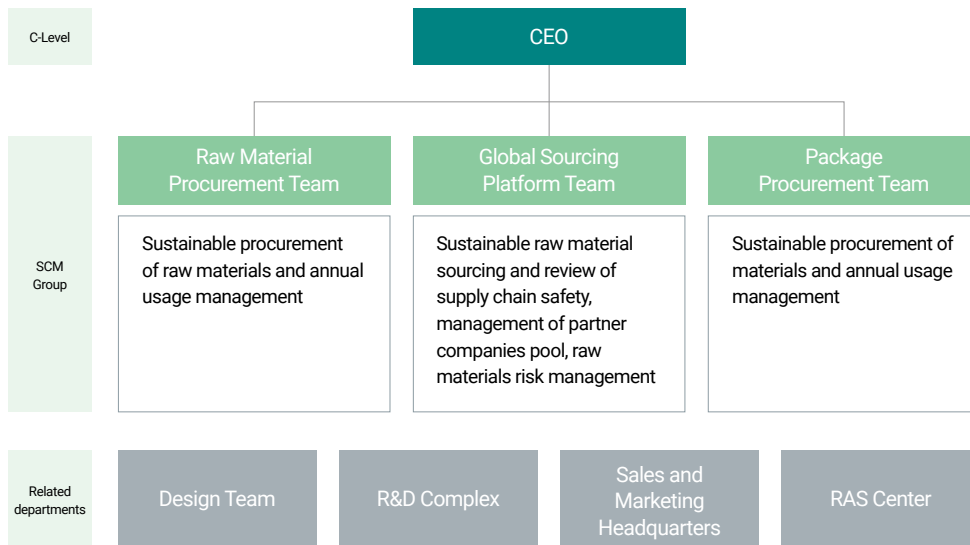
Sustainable Procurement of Raw Materials

Governance Supply Chain Management Governance

Sustainable Procurement of Raw Materials Operation System

The SCM Group leads the operations related to Kolmar Korea's sustainable procurement of raw materials. Within the SCM Group, there are the Raw Material Procurement Team, Global Sourcing Platform Team, and Package Procurement Team, along with other relevant departments such as the Sales and Marketing Headquarters and the RAS Center. These departments collaborate to secure sustainable raw materials by performing various roles, such as partner company and raw material risk management or certification and document review.

Sustainable procurement of raw materials operation system

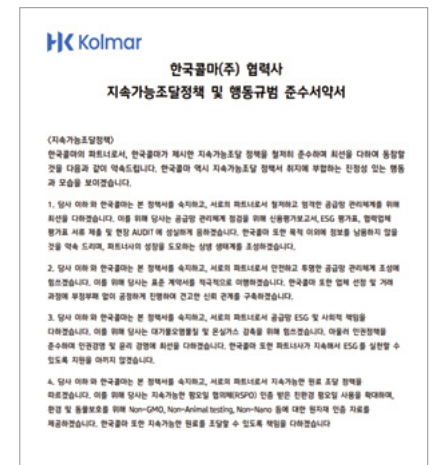


Strategy Supply Chain Management System

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 raw materials 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 win-win partnership. It aims to enhance the integrity of the supply chain by ensuring compliance with contractual obligations, managing key partner companies and evaluating ESG factors to determine the suitability of transactions. Furthermore, to ensure partner companies to participate in Kolmar Korea's sustainable procurement policy and recognize the importance of sustainable supply chain management, we have established a "Sustainable Procurement Policy Compliance Pledge". Kolmar Korea continuously strives to establish partnerships with traceable partner companies that align with human rights and environmental standards for the sustainable sourcing of safe raw materials.

During 2023, the number of companies that signed supply contracts including the "Sustainable Procurement Policy Compliance Pledge" totaled 923 (319 for raw materials and 604 for packaging). Kolmar Korea has been including the Sustainable Procurement Policy Compliance Pledge in supply contracts since August 2023. To conduct transactions with Kolmar Korea, it is mandatory to sign the Sustainable Procurement Policy Compliance Pledge, and transactions are not conducted without the signature. In this way, Kolmar Korea is making efforts to comply with the sustainable procurement policy with all partner companies (Kolmar Korea partner company portal site SRM opened in August 2023).

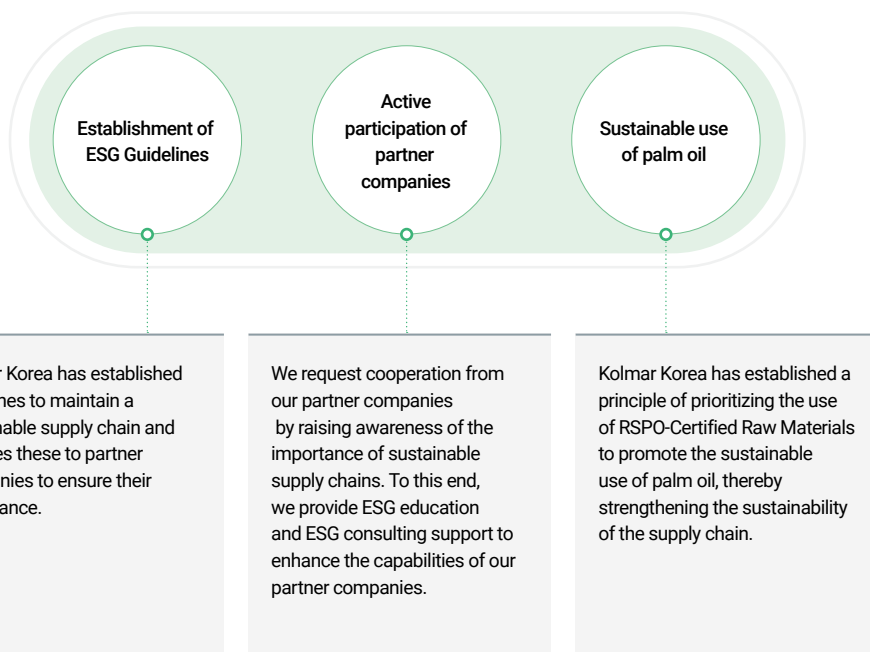


Sustainable Procurement of Raw Materials

Strategy Supply Chain Management System

Sustainable Supply Chain Management Strategy

Kolmar Korea prioritizes supply chain management from a sustainability perspective, addressing issues related to human rights and environmental concerns that arise across the value chain. To mitigate human rights and environmental risks across the value chain, we are leading the way in ensuring the safe and transparent supply of raw materials. For this purpose, we have established a sustainable supply chain management strategy. Kolmar Korea shares its sustainable procurement policy not only internally but also with partner companies, emphasizing the importance of supply chain responsibility. To this end, Kolmar Korea is implementing the following practices.



Expansion of RSPO-Certified Palm Oil Usage

Kolmar Korea is expanding the use of palm oil certified by the Roundtable on Sustainable Palm Oil (RSPO) to ensure the sustainable supply of raw materials. We verify the origin of raw materials and actively use raw materials manufactured with RSPO-certified palm oil when identified as palm-based. Our goal is to gradually increase this proportion, aiming to use 100% RSPO-certified palm oil by 2030. Additionally, we are continuously working to reduce waste generation and air pollutant emissions during the manufacturing and transportation of raw materials.

SUBSIDIARY CASE

Sustainable Supply Chain Management



HK inno.N Co.,Ltd reviews major resolutions related to supply chain issues through key supply chain management councils. We regularly operate key decision-making meetings related to supply chain management under the business, production, and sales & marketing sectors for each business area, making final decisions on supply and sales to ensure smooth management of partner companies.

HK inno.N Co.,Ltd operates an integrated purchasing management system called SRM (Supplier Relationship Management) to establish a sustainable supply chain. Through this system, we conduct financial evaluations from the initiation stage of new transactions, assessing factors such as revenue growth rate, debt ratio, credit rating score, and dependency on borrowings of the supply chain.

We are enhancing the efficiency of electronic contracts and order management tasks by introducing a bidding system for the competitive procurement of raw and sub-materials. Additionally, to promote sustainable cooperation with partner companies, we comprehensively incorporate the results of capability assessments related to ESG issues such as ethics, safety, health, human rights, and the environment into the evaluation of new transaction registrations through On-buddy, thereby managing supply chain risks in an integrated manner.

Sustainable Procurement of Raw Materials

Strategy Partner Company Management

Supplier (Partner Company) Management System SRM (Supplier Relationship Management)

Kolmar Korea launched the 'SRM' Supplier (Partner Company) Management System portal site in August 2023 to ensure sustainable supply chain management. The SRM site is a portal where Kolmar Korea and its partner companies can mutually check proposals, contracts, bids, orders, closures, and evaluation results. Through the launch of this site, we monitor potential risks across the supply chain to effectively mitigate them and transparently disclose fair and equitable transactions. Additionally, in 2024, Kolmar Korea will revise the Partner Company Sustainable Management Compliance Pledge and Code of Conduct Guidelines to promote the participation of partner companies in the sustainable procurement policy and to raise awareness of the importance of the Code of Conduct. This Code of Conduct defines a broad range of areas, including ethical management, human rights management, safety management, and management systems. Through these activities, Kolmar Korea continuously strives for responsible supply chain management and fair trade.

Partner Companies Code of Conduct

Kolmar Korea complies with domestic and international regulations in bidding, outsourcing, and contract execution, and requests partner companies to adhere to the 'Kolmar Korea Partner Company Code of Conduct Guidelines.' Through this, Kolmar Korea expects to work together with partner companies to meet social ethical standards and will fulfill its responsibility to build partner companies that can achieve win-win partnerships through continuous mutual improvement.



2023 Partner Company Data

Total number of partner companies

1,064 companies

Number of new partner companies registered

101 companies

Number of partner company ESG assessments

812 companies

Investment amount in win-win partnership programs for partner companies ¹⁾

30 million KRW



1) Investment amount in win-win partnership programs for partner companies: ESG education for partner companies, ESG consulting, Credit rating education/consulting

Sustainable Procurement of Raw Materials

Evaluation of Partner Companies and Quality Management

Kolmar Korea efficiently selects and manages the raw materials, packaging, and production outsourcing companies necessary for product manufacturing. Partner companies are graded and reviewed based on scores in various categories such as new product development, client requirements, production capacity, technical capabilities, and quality standards. The final selection is made through the collection of information, review of supporting documents, and evaluation of partner companies. Kolmar Korea ensures objectivity in evaluating partner companies by involving relevant departments such as the Purchasing Department, Development Department, and Quality Department. The selected partner companies are registered and managed in Kolmar Korea's Partner List and are regularly evaluated on quality, delivery, environment, and social responsibility according to Kolmar Korea's annual plans. Additionally, Kolmar Korea provides quality training and support to the selected partner companies to enhance their quality capabilities and industry competitiveness, maintaining a trust-based relationship and establishing a win-win partnership for win-win growth.

Handling Complaints from Partner Companies

Classification	Content
Partner Companies Meetings	<ul style="list-style-type: none"> • A platform where key executives of Kolmar Korea and partner companies listen to the grievances and voices of the partner companies • Held four times a year • Number of complaints received in 2023: 0
Report on the Website	<ul style="list-style-type: none"> • Partner companies' reporting portal to curb stakeholders' unethical behavior • Non-disclosure of the informant's personal information and report without the informant's consent • Number of complaints received in 2023: 0 • Report Category: <ol style="list-style-type: none"> 1. False Advertising, intellectual property infringement, personal information security violations 2. Workplace harassment, gender equality violations, corruption including embezzlement of company assets, leakage or improper use of company intellectual property 3. Illegal acceptance of money or valuables from partners, unfair practices, collusion with competitors, and improper solicitation towards stakeholders 4. Document and accounting manipulation, actions against the interests of shareholders and the company 5. Violations of environmental and human rights protection, violations of win-win partnership with the local community 6. Other violations of ethical management

SUBSIDIARY CASE

Establishment of Partner Companies Code of Conduct



HK inno.N Co.,Ltd aims to promote sustainable growth with partner companies across all business operations by establishing the 'Partner company code of conduct' and posting it on the website. The Partner company code of conduct includes standards covering four ESG areas that partner companies must adhere to: ethics, human rights, health and safety, and environment. HK inno.N Co.,Ltd requires partner companies to comply with the Partner company code of conduct and further collects a 'Compliance and Anti-Corruption Pledge' from all partner companies, demonstrating their commitment to ethical management values and working together to fulfill social responsibility.

Sustainable Procurement of Raw Materials

Strategy Strengthening ESG Management in Supply Chain

Strengthening ESG Management of Partner Companies

Kolmar Korea is the first cosmetic ODM company to support the ESG management activities of partner companies. To support the ESG management activities of partner companies, we entered into a 'Business Agreement to Strengthen ESG Competency of Partner Companies' with NICE Information Service Co., Ltd. in 2021. In 2022, we commenced the joint development of ESG evaluation indicators for partner companies. Using these ESG evaluation indicators, 23 partner companies were evaluated in 2022, and 812 partner companies were evaluated in 2023. 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.

Establishment of ESG Evaluation System

Kolmar Korea has established an ESG evaluation system that allows partner companies to review ESG management and practice sustainable management. We shared the ESG evaluation indicators developed with NICE Information Service Co., Ltd. with partner companies to facilitate easy ESG evaluations. The number of partner companies that conducted these ESG evaluations was 23 in 2022 and 812 in 2023. The indicators consist of a total of 34 questions: 12 questions for the Environmental (E), 12 questions for Social (S), and 10 questions for Governance (G). The Environmental section includes 'greenhouse gas, water management, waste management', the Social section includes 'human rights, labor safety, serious accidents', and the Governance section includes 'ethics, compliance, Board of Directors'. In 2023, a total of 812 partner companies conducted ESG evaluations, and based on the evaluation results, rewards and penalties were assigned. Excellent partner companies were given priority in bidding opportunities and allocation volumes, and payment terms were reduced. For underperforming partner companies, tasks for continuous improvement in each sector were presented.

ESG Management Education for Partner Companies

Kolmar Korea is conducting ESG training for partner companies in collaboration with NICE Information Service Co., Ltd. This training is conducted by ESG management experts and external specialists, and it is provided to partner companies free of charge. Additionally, educational materials are distributed to ensure that partner companies can directly use and apply them in practical work. The number of partner companies that participated in ESG management training was 20 in 2022 and 30 in 2023.

Partner Companies' ESG Consulting

Kolmar Korea is providing ESG consulting for partner companies in collaboration with NICE Information Service Co., Ltd. This consulting is conducted by ESG management specialists and third-party evaluation agencies. The consulting is tailored 1:1 for each partner company, offering customized solutions for each business. The improvements identified through this consulting are supported to ensure remediation and action. Thirteen companies participated in this program in 2023.

Status of ESG Management Evaluation of Partner Companies

Evaluation Targets



Raw Materials, Packaging, and Outsourced processing Partner Companies

Evaluation Areas

- Environmental (12 items): greenhouse gas, water management, waste management
- Social (12 items): human rights, labor safety, serious accidents
- Governance (10 items): ethics, compliance, BoD indicators

Partner Companies' ESG Management Diagnostic Metrics

Sustainable Procurement of Raw Materials

Strategy Sustainable Procurement of Raw Materials

Expansion of RSPO Certification and Sustainable Palm Oil Procurement

Kolmar Korea is actively increasing its procurement of RSPO-certified palm oil, ensuring adherence to rigorous environmental, human rights, social, and ethical standards. We are committed to expanding the adoption of the Roundtable on Sustainable Palm Oil (RSPO) across our operations. Palm oil is a major source of glycerin, which is widely used in cosmetic manufacturing, and is used in over 70% of cosmetic prescriptions. In pursuit of this goal, Kolmar Korea officially became a member of RSPO (License number: 4-1490-23-100-00) in January 2023 and is aiming to achieve 100% usage of RSPO-certified palm oil by 2030. The usage rate of RSPO-certified raw materials in 2023 is 52%, which is a 5% increase compared to the 47% usage rate in 2022.

Meanwhile, the total number of palm oil-based raw material items in 2023 is 446, of which 231 items are RSPO-certified. The RSPO purchase amount in 2022 was 20.9 billion KRW, and the RSPO purchase amount in 2023 is approximately 25.4 billion KRW. Moving forward, Kolmar Korea plans to expand the purchase of RSPO-certified palm oil to achieve the 2030 goal.

Kolmar Korea Joining RSPO Association



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

2) RSPO-Certified Raw Materials: Purchased raw 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. Kolmar Korea only purchases minerals falling under the category of 3TG for gold. In 2023, based on total raw material purchases in kilograms, gold raw materials account for approximately 0.006%. Gold raw materials are prescribed for only some items upon customer request. Although the amount of gold used is minimal when considering the total purchase volume, Kolmar Korea is aware of and manages the issue of responsible mineral sourcing.

RMI RMAP Registration

Metal	ID	Refinery Location	RMAP Certification
Gold	CID001078	South Korea	RMI

Sustainable Procurement of Raw Materials

Strategy A Win-Win Growth Supply Chain

Strengthening Partnership Joint Development of Environmentally Friendly Packaging

Kolmar Korea is promoting a win-win partnership with partner companies and is accelerating the development of environmentally friendly containers by working together on creating reusable packaging. In 2023, we conducted joint research initiatives and development with a total of five partner companies and registered a patent for the 'Recycle Package,' resulting in a total revenue of 4,707 million KRW.

Representative Development Patent Products

SQUARE PAD Kolmar Korea developed the square pad container through a business agreement with Il Chang Industrial, and it was launched by Company L in August 2022. This container initially used PETG material for the outer container and PP material for the refillable inner container. To enhance recyclability, the outer container material was later changed to PP, and since February 2023, it has been sold as an ALL PP type.

PACKAGING CONTAINER DEVELOPMENT Kolmar Korea has been consistently developing products using sustainable packaging since 2020. We have modified and developed the packaging materials for existing items to specifications suitable for ease of recycling.

Item	Existing	New
Company B's Chamomile Toner 200mL	Transparent injection + Gradient matte coating +2-color Printing	PET Alkali/water soluble adhesive label
Company B's BHA Peeling Ampoule 30ml	Glass Matte Coating 2-color Printing	PET Alkali/water soluble adhesive label
Company B's Bamboo Moisture Ampoule 30ml		
Company B's Cica Full Apple 1st, 2nd Generation 30ml		
Company B's Vita Ampoule 30ml	-	PET Alkali/water soluble adhesive label + Metal-Free pump mechanisms
Company B's Chamomile Mild Acidic Lotion 150ml		

Patent Product List

Item	Country	Patent Number
Clear Cushions	South Korea	10-2164710
	Hong Kong	40048300
	China	ZL202090000231.1
	China	ZL202010626711.5
Paper Tubes	U.S.	11,827,437
	Taiwan	1807418
		M625002
		1821734
	South Korea	10-2466602
		10-2397150
		10-2279627
	China	ZL202220385402.8
		ZL202122370482.8
		ZL202121839472.8
South Korea	10-2225755	
Square Pad	South Korea	20-0496167

Revenue Achieved through Joint Development of Environmentally Friendly Packaging

Partnerships Classification	Developed Products	Unit	Achieved Revenue *
Kolmar Korea-ILLUPACK	Clear Cushions	million KRW	100
Kolmar Korea-DAEJIN	Paper Tubes	million KRW	9
Kolmar Korea-ATEC	ALL PP Pads	million KRW	32
Kolmar Korea-YONWOO	Paper Tubes	million KRW	4.4
Kolmar Korea-IL CHANG INDUSTRIAL	Square Pad Container (Refill Type)	million KRW	4,561

* Achieved revenue: Joint development packaging purchase amount

Sustainable Procurement of Raw Materials

Financial Support from Win-Win Growth Fair Trade Agreement

Kolmar Korea is providing stable financial support to its partner companies. To this end, in 2023, we entered into Win-Win Growth Fair Trade Agreements with 10 partner companies and made cash payments totaling 15.2 billion KRW to the companies involved. Furthermore, we reduced the payment term under the Win-Win Growth Fair Trade Agreement from 60 days to 45 days, contributing to our partners' stable fund management. Kolmar Korea aims to increase our partners companies' financial stability and continue sustainable transactions through continuous financial support for partner companies.

Operation of Win-Win Growth Education and Consulting Programs for Partner Companies

Kolmar Korea is supporting education and consulting programs for partner companies to promote win-win partnership. The education programs cover a wide range of areas, including ESG management, credit rating, raw material seminars, sustainability seminars CONNECT FOR GREEN, Digital Transformation electronic procurement system training, and partner company safety education. The consulting field mainly involves ESG management and credit rating. These programs are provided to partner companies free of charge.

ESG Management Education and Consulting for Partner Companies

Kolmar Korea supported partner companies by collaborating with NICE Information Service Co., Ltd. to provide ESG management education and consulting in 2023. Through this initiative, we informed partner companies about the materiality of ESG management and enhanced their understanding. Additionally, we offered in-depth ESG consulting and tailored solutions to address their specific needs. In 2023, 30 companies received ESG management education, and 13 companies received ESG consulting. Kolmar Korea plants to continue to support partner companies in practicing and sustaining ESG management.

Credit Rating Education and Consulting for Partner Companies

Kolmar Korea supported partner companies by collaborating with NICE Information Service Co., Ltd. to provide credit rating education and consulting in 2023. By preparing education on topics that are challenging for small and medium-sized partner companies to address, Kolmar Korea, along with NICE Information Service Co., Ltd., strived to enhance the capabilities of partner companies. Through credit rating education, we improved partner companies' understanding of the materiality of credit ratings and financial and management control. Additionally, we provided credit rating consulting to partner companies, offering solutions to enhance financial stability and identifying areas for maintenance and improvement. In 2023, 41 companies received credit rating education, and 11 companies received credit rating consulting. Kolmar Korea will continue to support the financial stability and health of our partner companies.



Credit Rating Education and Consulting for Partner Companies

Sustainable Procurement of Raw Materials

Operation of Win-Win Growth Education and Consulting Programs for Partner Companies

Raw Material Seminar

Kolmar Korea held a seminar with 9 partner companies (raw and sub-material partner companies) to share and discuss new raw materials and formulations presented at the 2023 IN-cosmetics Global in Barcelona. This seminar particularly highlighted the introduction of numerous raw materials, including the Silver Award-winning bio-polymer and the natural skin softener, which won in the MakeUp Bar category. Through this seminar, Kolmar Korea researchers were able to learn about new trends in cosmetic raw materials, and partner companies had a valuable opportunity to introduce their new raw materials to many researchers. Moving forward, Kolmar Korea will continue to strengthen communication and collaboration with partner companies, aiming for a win-win relationship.



Digital Transformation Electronic Procurement System Training Education

Kolmar Korea conducted training and education programs related to the electronic procurement system for partner companies that require digital transformation. A total of 103 companies participated in the training, which was divided into three sessions: understanding the procurement process, the main objectives and materiality of digital transformation, and considerations during the digitalization process. Feedback indicated that the training was particularly helpful for partner companies experiencing difficulties in the digitalization process. Kolmar Korea plans to continue to foster a culture of win-win partnership with its partner companies.

Risk management Partner company Audit and Evaluation

Audit and Review Partner Companies, Ensure Compliance

Partner Company Review and Evaluation Process

STEP 1



New Partner Company Audits

When registering new partner companies, we conduct thorough verification and review on ESG checklists, financial stability, and raw material certification documents (Roundtable on Sustainable Palm Oil (RSPO) Certification, Vegan Certification, COSMOS Certification, ISO Certification, NON-GMO, NON-ANIMAL TESTING, NON-NANO, etc.). If a partner company does not submit the required documents or is considered inappropriate when reviewing data, we do not commence transactions.

STEP 2



Transparent Contract Conclusion and Fair Trade

Upon the completion of the stability audit for new partner companies, we enter into contracts with the respective partner companies. When signing the contract, we include the 'Sustainable Procurement Policy Compliance Pledge', the 'compliance pledge', and the 'Standard Confidentiality Agreement' as announced by the Fair Trade Commission. Through this process, Kolmar Korea promotes the partner company's practices in ESG management and ethical compliance.

STEP 3



Rewards and Penalties

When engaging in transactions with partner companies after registration, we conduct evaluations based on five annual criteria (ESG, corporate credit, quality, delivery, unit price, etc.) to assess their sustainability. Accordingly, outstanding partner companies are granted accelerated payment program terms and given priority in participating in win-win partnership programs. Conversely, underperforming partner companies are imposed restrictions on bidding participation and transactions. In accordance with Kolmar Korea's ESG management, we provide continuous consulting to manage and improve these companies, fostering win-win partnership.

Sustainable Procurement of Raw Materials

Metrics and Targets Key Metrics and Targets for Supply Chain Management

Partner Company Management

Number of On-site Audits Conducted

Classification	Unit	2023
Raw Materials	Cases	16
Packaging	Cases	10
Outsourced Processing (Subcontractor)	Cases	17

Status of Partner Company ESG Management Assessment

Classification	Unit	2023	2025 Goals
Partner Companies (Raw Materials, Packaging, Outsourced Processing Companies)	Cases	812	1,000

Education Programs for Partner Companies

2023 Performance	2025 Goals
308 Partner Companies	350 Partner Companies

Joint Development of Packaging with Partner Companies

Classification	Unit	2023
Number of Joint Packaging Development Projects	Cases	43
Revenue from Packaging*	million KRW	4,707

* Packaging Revenue = Joint Development Packaging Purchase Amount

Joint Development of Raw Materials with Partner Companies

Classification	Unit	2023
Number of Joint Raw Material Development Projects	Cases	6
Revenue from Raw Material*	million KRW	509

*Raw material revenue = Jointly developed raw material purchase amount

Financial Support for Partner Companies

Year	Unit	Amount
2022	10,000 KRW	1,442,950
2023	10,000 KRW	1,515,825

Investment Amount in Partner Companies' Win-Win Partnership Programs

Year	Unit	Amount
2022 ¹⁾	10,000 KRW	500
2023 ²⁾	10,000 KRW	3,000

1) Partner Companies ESG Education

2) Partner Companies ESG Education, ESG Consulting, Credit Rating Education/Consulting

Key Achievements in Green Purchasing by Partner Companies

KPI	Unit	2022	2023	2030 Goals
RSPO-Certified Palm Oil Purchase Rate	%	47 ¹⁾	52 ²⁾	100
RSPO-Certified Palm Oil Usage	ton	1,512	1,570	-

1) 214 out of a total of 456 materials

2) 231 out of a total of 446 materials

Product Safety and Quality Responsibility

As the importance of ingredients in product preferences among global customers rises, countries around the world, including China and the U.S., are strengthening cosmetic safety regulations. The Ministry of Food and Drug Safety has announced plans to continuously communicate and provide the best support in collaboration with relevant organizations, associations, and industries to counter these international regulatory enhancements. Starting from April 2023, they have established a support council to actively promote the enhancement of capabilities in the cosmetics industry and the expansion of overseas markets. This movement demonstrates that in the expanding global cosmetics market, strengthening product safety standards and prioritizing product safety are crucial for attracting both domestic and international customers. Additionally, as customer awareness of cosmetic quality improves, the quality of products has become a crucial factor in the trust and sales of companies and products. In line with this trend, quality-related regulations are also being strengthened domestically. To meet the needs of global customers and enhance corporate credibility, it is necessary to advance the quality management system.

Kolmar's Approach



Maintaining safety through preservative efficacy tests based on the International Cosmetic Preservative ISO11930 Standard (3,000 out of 8,000 tests converted to ISO standards in 2022) Quality management from raw materials and packaging to the selection of subcontractors and product shipment based on Current Good Manufacturing Practice (CGMP)

Key Achievements

The First to obtain ISO22716 certification in Korea (International Current Good Manufacturing Practice Standards)

Kolmar Korea Excellent Quality Control Circles Won National Quality Management Competition for 6 consecutive years

INTERVIEW

“ We strictly manage the quality of not only for incoming raw materials, but also for semi-finished and finished products during the production process according to predetermined testing standards and methods. ”

Quality Support Team
Senior Manager In-Jeong Bang



The Quality Headquarters is enhancing the overall quality management level in response to the increasingly strengthening global quality regulations. Under domestic and international regulations, we are conducting quality testing and management of high-risk raw materials and establishing quality standards for environmentally friendly packaging materials. We strictly manage the quality in accordance with predetermined testing methods and standards not only for raw materials being warehoused but also during the internal production processes.

For instance, to respond to the recently established U.S. MoCRA, we are evaluating product safety and contamination levels through microbial tests and heavy metal tests. Through this process, we have internalized safety tests and strengthened testing management methods to meet the specifications of the enhanced regulations. In the future, we plan to proactively respond to quality-related regulations by identifying regulations on consumer health and substances affecting the human body in advance.

Furthermore, to strengthen Kolmar Korea's ESG management, increased support from partner companies is becoming crucial. As we apply more stringent standards on externally sourced or outsourced materials, we envision that enhancing support will elevate the quality of partner companies, fostering a win-win partnership benefiting both Kolmar Korea and its partners.

Product Safety and Quality Responsibility

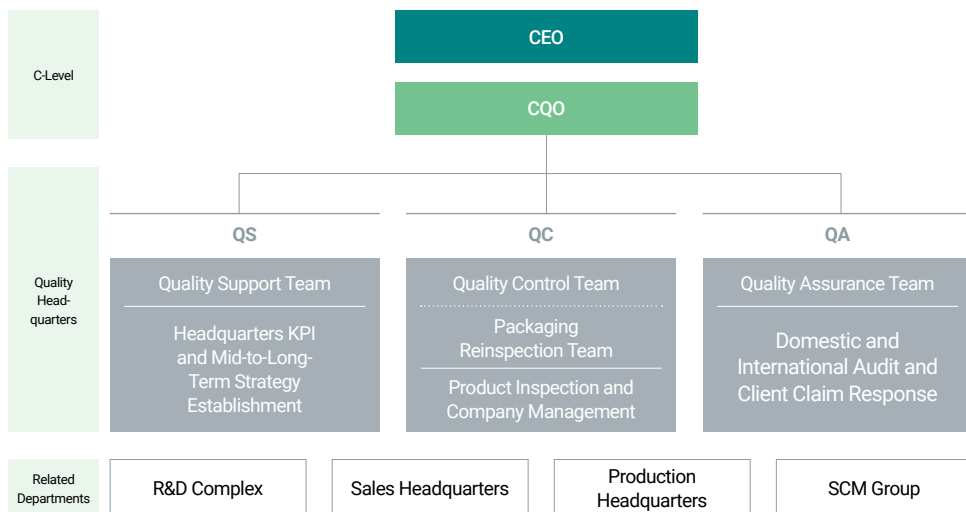
Governance Quality Headquarters Organization and Operation System

Product Safety and Quality Responsibility Operation System

Designation of Quality Assurance Officer and Quality Management Personnel

When raw materials are warehoused at Kolmar Korea, the logistics department conducts a warehousing inspection, and the quality department collects samples and conducts raw material quality tests. Only raw materials that pass the quality tests are stored in our warehouse and used for production. Quality tests are also conducted on semi-finished and finished products during the production process, and products are only shipped if their safety is confirmed by the quality assurance officer. Additionally, under the supervision of the Quality Headquarters, Kolmar Korea operates a quality management system, with a designated quality management personnel in each department. These personnel identify internal and external quality-related issues and stakeholder requirements once a year. They subsequently identify and evaluate risks related to product quality and manage them as key performance indicators (KPIs) for quality-related personnel. This systematic approach ensures continuous improvements in product quality by our dedicated team.

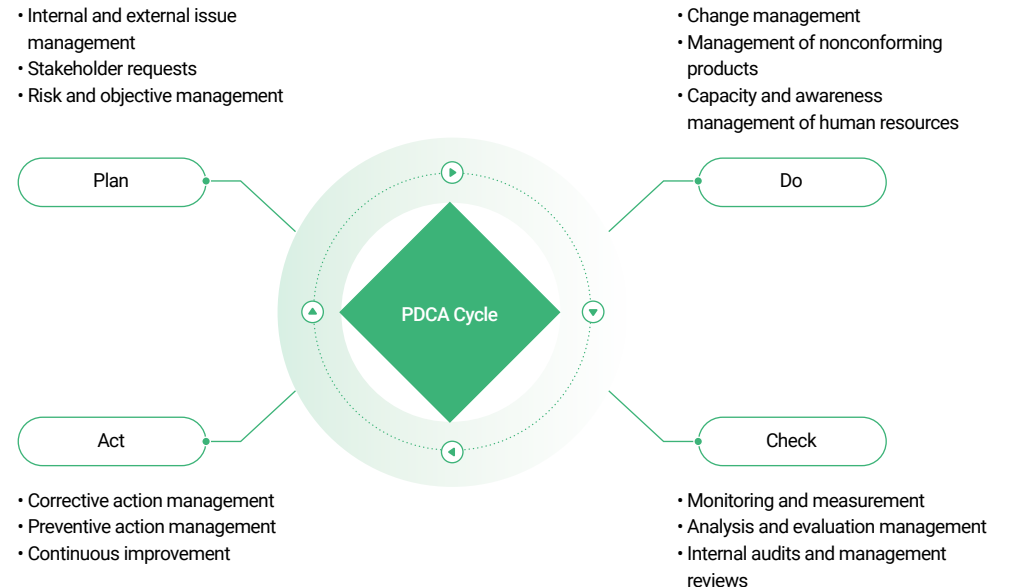
Product Safety and Quality Responsibility Management System



Strategy Quality Management System Operations

PDCA (Plan Do Check Act) Cycle

Under Kolmar Korea's unique quality policy, we set goals and responsibilities and apply all corporate-wide activities aimed at customer satisfaction, regulatory monitoring cycles, and regular reviews of raw material regulations to our quality management system, leading the global quality management system. To supply the highest quality products to our clients, Kolmar Korea inspects and improves quality at each stage, from product design and development to production and shipment. When operating the quality management system process, Kolmar Korea applies a risk-based approach and the PDCA (Plan Do Check Act) cycle in alignment with the organization's quality policy and strategy. Additionally, we monitor and assess the changing and strengthening domestic and international regulations, applying them to Kolmar Korea's quality standards.



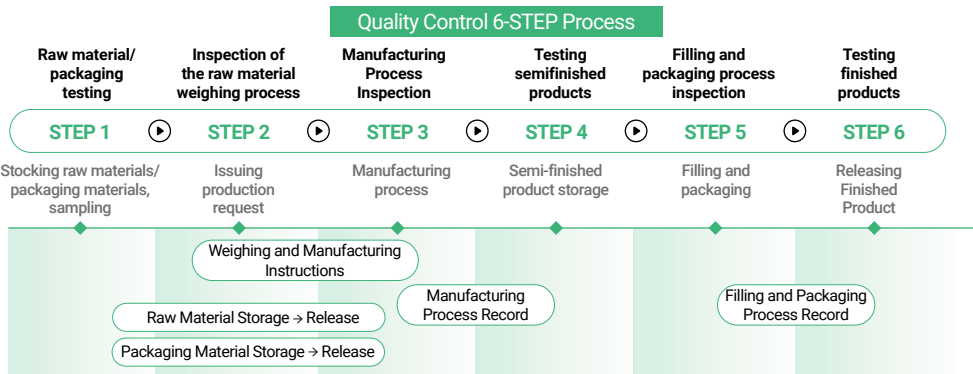
Product Safety and Quality Responsibility

Quality Management Process

Based on Current Good Manufacturing Practice (CGMP) standards, Kolmar Korea must meet strict criteria ensuring that from raw materials to finished products, all items meet rigorous criteria before market release. Raw materials and materials are sampled in accordance with internal regulations, and their suitability is determined through testing based on standards and test methods. Recognized as Korea's leading CGMP-compliant business and the first in Korea to acquire ISO22716 (International Excellent Cosmetic Manufacturing and Quality Management Standards), Kolmar Korea renews its certifications annually to apply an internationally recognized quality management system, thereby pursuing quality and services that clients can trust. Furthermore, the company enhances its quality analysis competitiveness by conducting tests to identify high-risk raw materials harmful to the human body and tests for persistent organic pollutants. To achieve client satisfaction, Kolmar Korea establishes annual plans and maintains regular client visits. It shares claim improvement points with clients, collects consumer VOC and business requirements, and applies them to Kolmar Korea's quality management system. Additionally, Kolmar Korea conducts follow-up management for visiting clients, including customer satisfaction surveys through questionnaires to contribute to client satisfaction.

Quality Control 6-STEP

Kolmar Korea establishes annual plans to achieve client satisfaction and maintains regular client visits. By sharing claim improvement points with clients and collecting consumer VOC (Voice of Customer) and business requirements, Kolmar Korea applies these to its quality management system. Additionally, for visiting clients, Kolmar Korea conducts follow-up management such as satisfaction surveys to contribute to client satisfaction.



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

Kolmar Korea continuously operates activities to improve production and quality performance through Quality Control Circles(Q.C.C), which are voluntary improvement activities driven by employees. Every year, we hold an internal department competition to encourage employee engagement in improvement activities by showcasing outstanding cases and recognizing achievements. Kolmar Korea's best Q.C.C.



teams, along with partner companies, participated in the 'Win-win partnership' category at the 2023 regional and national Q.C.C. competitions and received the Silver Award. Kolmar Korea has consistently participated in the Q.C.C. competitions, achieving excellent results by winning the Presidential Award Medal and the Minister of Trade, Industry and Energy Award for six consecutive years from 2018 to 2023.

Quality Management Certifications

Certification Name	Certification Authority	Description	Certified Branches
CGMP	MFDS	Excellent Cosmetic Manufacturing and Quality Management Standards	Korea (Sejong, Bucheon)
ISO22716	Bureau Veritas	International Excellent Cosmetic Manufacturing and Quality Management Standards	Korea (Sejong, Bucheon), Beijing, Wuxi, U.S., Canada
ISO9001	Bureau Veritas	Quality Management System Certification	Korea (Sejong, Bucheon), Beijing
FDA OTC	U.S. FDA	OTC Product and Cosmetic Certification	Korea (Sejong, Bucheon), U.S., Canada
Health Canada	Health Canada	NHP & Drug Product and Cosmetic Certification	Korea (Sejong), Canada

Product Safety and Quality Responsibility

Preservative System Minimizing Skin Irritation

Kolmar Korea is striving to apply the ISO1930 test method, the international standard for cosmetic preservative efficacy tests, to all its products. In 2022, approximately 3,000 out of 7,500 tested products (40% of the total) were conducted based on ISO standards. Kolmar Korea continuously conducts research on preservatives to maintain product safety while minimizing skin irritation. In this regard, the company presented new preservative systems at the Korean Society of Cosmetic Scientists and continues to conduct ongoing research to ensure product safety.

Allergen Management in Fragrances and Development of Allergen-Free Fragrances

Since January 2020, the Ministry of Food and Drug Safety has revised regulations to require the labeling of 25 allergenic substances in products. Allergens trigger immune responses by producing antibodies to specific substances, which do not affect everyone and vary from person to person. Therefore, allergenic substances are not inherently harmful or are to be avoided. However, individuals who exhibit immune responses to specific substances may experience temporary contact dermatitis, which can be mitigated by avoiding contact. To address this, Kolmar Korea manages allergenic substances present in fragrances and conducts research to enhance the palatability of fragrance while minimizing consumer sensitivity and issue substances by removing allergen standard substances. Recently, the EU expanded the list of allergen standard substances to about 80 types, and Kolmar Korea is expanding the development of long-lasting and attractive fragrances while ensuring consumer safety.

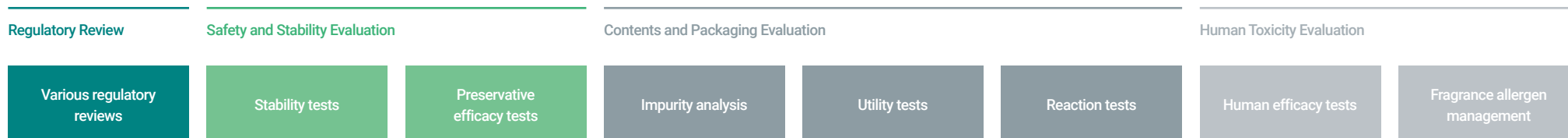
Management of Perfluoroalkyl Substances

Perfluoroalkyl substances (PFASs) are compounds where hydrogen in the hydrocarbon structure is replaced by fluorine, used to form coatings in products like paper cups, frying pans, outdoor clothing, and cosmetics. Among PFASs, perfluorooctanoic acid (PFOA) and perfluorooctane sulfonate (PFOS) are classified as highly persistent carcinogenic substances that do not easily decompose and are associated with decreased reproductive function and cancer in humans. While there are no specific regulations in the domestic cosmetics law by the Ministry of Food and Drug Safety, the Ministry of Environment has designated PFOA and PFOS as prohibited substances among PFASs. Kolmar Korea is developing cosmetics with high spreadability and waterproof effects without using PFOA and PFOS. In addition, raw materials containing fluorine components at the raw material stage, even if they are not PFASs, are managed according to the non-detection standard for PFOA and PFOS.

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

To comply with diverse regulatory information on cosmetic ingredients in different countries, KolmarKorea 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.

Product Development and Inspection Process



Product Safety and Quality Responsibility

Strategy Compliance with Ethics of Experiment and Ethical Compliance of Clinical Trials

Clinical Research Strategy

Kolmar Korea is participating in the development of new safety assessment methods in response to the global expansion of animal testing bans. In 2023, Kolmar Korea, along with the bio-platform company 'Next & Bio' within the group, and the Korea Testing & Research Institute (KTR), signed a three-party business agreement for the research and development of an advanced alternative testing service platform. The goal is for Next & Bio and Kolmar Korea to develop a safety and efficacy evaluation platform for cosmetics and pharmaceuticals, which will then be evaluated and certified by the Korea Testing & Research Institute. As part of this initiative, Kolmar Korea has conducted research to verify a newly developed safety assessment human skin model. The short-term goal of this joint research and development is to create a service platform that replaces animal testing using artificial skin organoids, and in the medium to long term, to develop innovative testing methods for various diseases, including cancer.

Introduction of Online Review System (e-IRB) by Institutional Review Board (IRB)

Kolmar Korea's Institutional Review Board (IRB) was established in 2021 to ensure the bioethics and safety of researchers and research subjects in accordance with the Declaration of Helsinki and related laws. In 2023, a computerized online review system (e-IRB), used by multiple IRB institutions, was introduced to build a system that better aligns with IRB principles. The computerization of the review system is expected to further guarantee the independence and fairness of reviews, and the e-IRB system-based network among IRB institutions will enable more standardized responses to sharing issues such as laws.

Risk Management Risk Management of Quality Management

Regulatory Monitoring

Kolmar Korea undergoes an annual ISO 9001 post-inspection conducted by an external audit agency to determine whether the results and plans of the quality management system are aligned, whether these plans are effectively executed, and whether they meet our management system audit standards and management requirements. Additionally, we conduct an annual regular internal audit through our qualified internal auditors and perform special audits when there are changes in the management system or when material issues arise.

Compliance with SOP Standard Procedures and Identification/Action on Violations of Self-Regulation

Kolmar Korea conducts annual monitoring of laws and guidelines related to the quality management system. Requirements identified through monitoring are reflected in procedures and manuals and implemented through employee training. Furthermore, we conduct quarterly monitoring of global regulatory requirements and quality testing standards to preemptively identify risks related to health and safety violations in global products and services.

Product Safety and Quality Responsibility

Metrics and Targets Health and Safety Metrics for Products and Services

Summary of Internal and External Audit Results

Classification	Unit	2021	2022	2023
Number of corrective actions from ISO 9001 internal audits ¹⁾	Cases	3	3	2
Number of corrective actions from ISO 9001 external audits ²⁾	Cases	2	2	0

1) Evaluate internal systems on its own to identify and manage risks

2) Compliance with ISO standards and improvement efforts through regular external audits

Conduct Health and Safety Impact Assessments

Classification	Unit	2021	2022	2023
Percentage of product groups and services that undergone health and safety impact assessments	%	100	100	100

Number of Violations/Actions of Health and Safety Self-Regulations for Products and Services

Classification	Unit	2021	2022	2023
Number of violations of health and safety self-regulations for products and services	Cases	0	0	0
Number of actions for health and safety self-regulations for products and services	Cases	0	0	0

Number of Violations/Actions of Health and Safety Laws for Products and Services

Classification	Unit	2021	2022	2023
Number of violations of health and safety laws for products and services	Cases	0	0	0
Number of actions of health and safety laws for products and services	Cases	0	0	0

Number of Hazardous Substances Analyses

Classification	Unit	2021	2022	2023
Number of hazardous substances analyses	Cases	38,326	34,301	29,674
Number of hazardous substances analysis categories	Items	30	30	30

SUBSIDIARY CASE

Quality Management



HK inno.N Co.,Ltd operates an Enterprise Quality Management System (EQMS) that oversees all procedures, from the research and development phase of pharmaceuticals to their delivery to patients, ensuring the production and sale of safe medications. Accordingly, we implement systematic quality management, quality assurance, and quality improvement activities to ensure the production of pharmaceuticals that meet the highest standards of safety, stability, efficacy, and GMP compliance.

The quality centers at each worksite responsible for the quality operations of HK inno.N Co.,Ltd maintain and manage the quality management system through internal quality audits, quality improvement initiatives, and technical support aimed at enhancing the level of quality management, in addition to formulating quality-related policies.

HK inno.N Co.,Ltd has received GMP certification from domestic and international regulatory agencies, recognized for its quality standards. Specifically, the Osong, Daeso, and Icheon factories have all been deemed compliant with pharmaceutical manufacturing and quality management standards by the Ministry of Food and Drug Safety. HK inno.N Co.,Ltd has established a quality management system in accordance with GMP-related regulations and continuously identifies, manages, and supervises risks.

ENVIRONMENTAL

Kolmar Korea is conducting environmental management activities at each stage of the value chain to pursue environmentally friendly management activities. We are increasing investments in research and development to reduce greenhouse gas emissions and waste, and we are launching products that address environmental and social issues to meet client needs.

- 60 Integrated Environmental Management System
- 66 Waste Management and Circular Economy
- 74 Biodiversity Protection
- 76 Development of Products Contributing to Environmental and Social Problem-Solving

KEY PERFORMANCE

Renewable energy generation and Usage Increase Rate

27.7% 

Air Pollutants Reduction Rate

39.2% 


Obtained 'Premium Environmental Mark' Certification (Ministry of Environment)

First Domestic Certified Shampoo & Body Wash Products 

Environmentally Friendly Technology Patents

18 Applied
17 Registered 

Development of Paper Stick Products

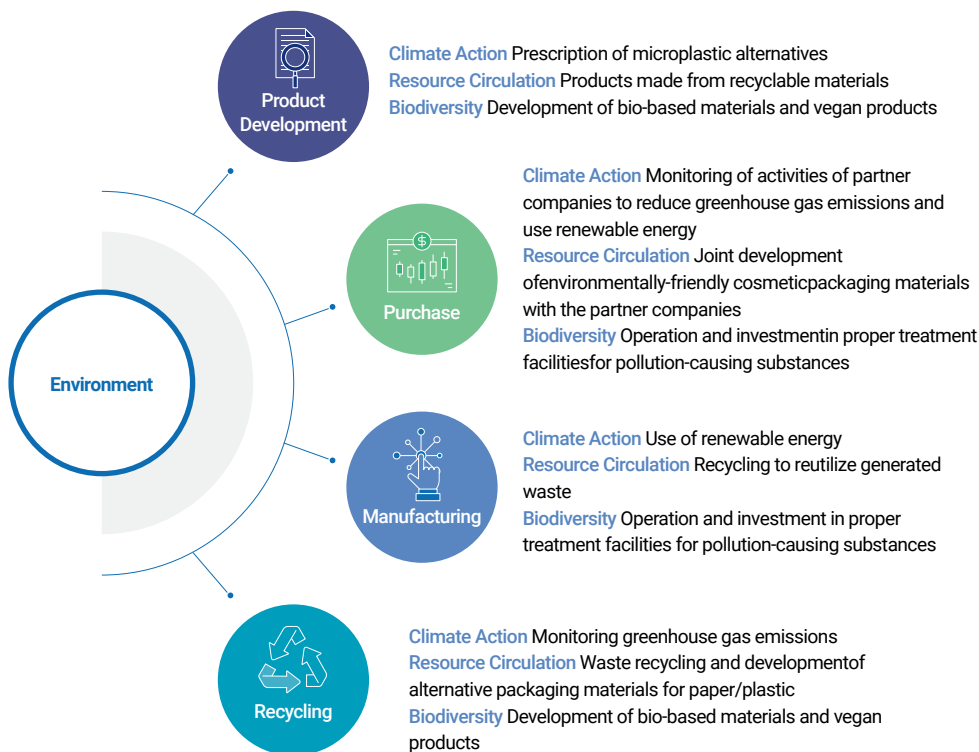
Winner of the 'iF Design Award' Grand Prize 

Integrated Environmental Management System

Environmental Management

Kolmar Korea operates the international standard ISO14001 to minimize the environmental impact of its management activities. Based on this, we establish corporate-wide environmental policies, goals, and strategies, and communicate these through various channels such as the CEO, the ESG Committee under the Board of Directors, and the ESG Council, striving to strengthen our environmental management system. Additionally, we conduct ongoing training to promote and improve the environmental awareness of all employees, aiming to internalize environmental management.

Environmental Management Activities at Each Stage of the Value Chain



Key Environmental Impact Goals Roadmap

Classification	Unit	2022	2023	2024 Goals	2030 Goals
GHG intensity	tCO ₂ -eq/billion KRW	10.4	9.3	9.0	6.9
Energy intensity	TJ/billion KRW	0.21	0.19	0.18	0.14
Renewable energy generation and usage	TJ	0.85	1.09	-	-
Water usage intensity	m ³ /billion KRW	166.8	153.1	148.5	123.7
Water reuse amount	m ³	3,401	5,035	-	-
Wastewater discharge intensity	m ³ /billion KRW	100.3	95.4	92.5	77.1
Water pollutant intensity	kg/billion KRW	6.85	5.60	5.43	4.52
Air pollutant intensity		3.05	1.57	1.52	1.27
Waste intensity	ton/billion KRW	1.72	1.75	1.70	1.41
Waste recycling rate	%	83.9	83.3	83.9	87.6
Environmental investment		4.3	0.67	Refer below	
Environmental operation cost	100 million KRW	3.7	6.60	Refer below	

* Annual goal of 3% improvement in intensity

* Some data has been modified due to changes and adjustments in the data management scope (2022)

2024 Investment Plan

- 01** Expand and improve treatment processes to reduce water pollutant emissions
- 02** Invest in improving electric power usage facilities to reduce GHG Emissions
- 03** Improve processes to reduce hazardous chemicals emissions
- 04** Invest in related facilities to reduce water consumption

Integrated Environmental Management System

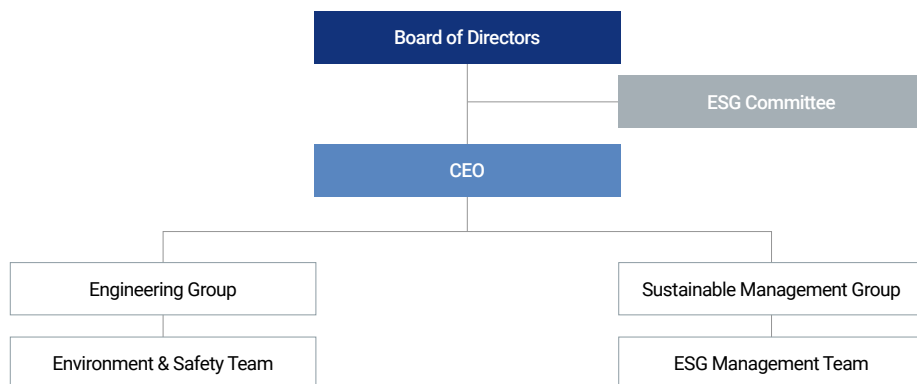
Environmental Management Policy

Kolmar Korea, a specialized company in the cosmetics and non-prescription drug industries focusing on research and development, aspires to achieve world-class standards in 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.

Corporate-wide Environmental Management Committee



Environmental Management Monitoring and Environmental Management System

Since obtaining ISO14001 in 2010, an internationally recognized Environmental Management System certification, Kolmar Korea undergoes annual post-inspection and recertification audits every three years. Based on ISO14001, we are investing in and improving emission facilities and prevention facilities, as well as process improvements, to proactively minimize environmental impacts through environmental impact assessments and risk assessments. We remain committed to these improvement activities moving forward.

Compliance with Environmental Regulations

Kolmar Korea adheres to environmental regulations related to business operations, such as the Water Conservation Act, Clean Air Conservation Act, Wastes Control Act, and Chemical Substances Control Act, by setting stricter internal standards than the legal requirements. We will continue to comply with increasingly stringent environmental regulations and practice ESG management by monitoring regulatory changes and conducting risk assessments, thereby proactively engaging in preventive activities.

Records of Environmental Regulatory Violations

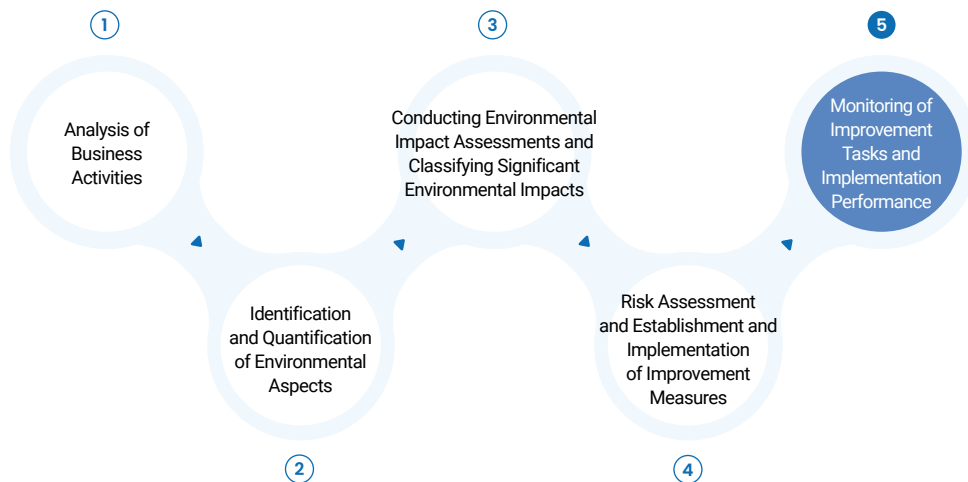
Classification	Unit	2021	2022	2023
Fines	Cases	0	0	0
Penalties	Cases	0	0	0
Environmental Accidents	Cases	0	0	0

Integrated Environmental Management System

Environmental Impact Assessments

Kolmar Korea regularly conducts environmental impact assessments based on ISO14001 at its worksites and R&D Complex to minimize the environmental impact of its business operations. Environmental impact assessments evaluate the direct and indirect impacts of the company's activities, products, and services on the environment, determining their significance and priority. Through these assessments, Kolmar Korea identifies and evaluates the environmental impacts of its product production and research activities, determining significant environmental impacts. Based on these results, the company identifies direct and indirect environmental impacts and continuously undertakes improvement activities to mitigate negative impacts. Kolmar Korea conducts regular environmental impact assessments for all processes, including its products, activities, and services, and conducts irregular assessments in case of new business ventures or process changes. These assessments are conducted across all departments, and the results are managed and supervised by the dedicated Environment & Safety Team. In the event of significant environmental impacts, improvement plans are established and executed to minimize these impacts.

Environmental Impact Assessment Process



Risk Factor Identification

Environmental impact assessments are conducted based on metrics such as possibility of occurrence, control measures, impact, and compliance with laws and regulations. Identified environmental impacts are recorded and evaluated in an environmental impact pool by category. When environmental impacts exceed certain thresholds, they are managed separately as significant environmental impacts to identify risk factors.

Risk Factor Actions

Factors identified as having significant environmental impacts above a certain threshold are continuously monitored to ensure that these impacts are managed to a minimum through the procedures of risk assessment, action plan development, and implementation of the action plan.

SUBSIDIARY CASE

Environmental Impact Assessments



HK inno.N Co.,Ltd has established and operated a local community participation policy outlining our goals and directions for fostering win-win partnerships with the communities surrounding each worksite. Based on this policy, we aim to identify any potential negative impacts on the local community and implement measures to mitigate or resolve them. In relation to the new construction of the Pangyo Research Center, which is scheduled for completion in 2025, we have conducted environmental impact assessments and selected air, noise and vibration, waste, and water environment risks as key management items, implementing mitigation measures accordingly.

Through the management of air and water pollutants and the recycling of resources, we are minimizing energy usage and the emission of environmental pollutants, and we will continue to thoroughly manage the resources used and pollutants emitted during the construction process.

As a member of the local community, HK inno.N Co.,Ltd will strive to minimize the negative impacts on the local community by identifying potential risks in advance, implementing mitigation measures, and continuously improving through effectiveness evaluations.

Integrated Environmental Management System

Pollutant Management

Air Pollutant Management

Kolmar Korea conducts regular and ad-hoc inspections of its facilities to reduce air pollutant emissions and operates optimal prevention facilities. Particularly, with the application of newly amended laws this year, we plan to install IoT systems, which will allow us to operate air prevention facilities in conjunction with emission facilities in a more optimized and safer manner. Additionally, we have reduced Nitrogen Oxide (NOx) emissions by approximately 39% compared to the previous year and achieved our intensity goals by investing in the replacement of conventional boilers with low NOx burners. We will continue to manage emissions more rigorously, maintaining them within 70% of the legal standards through ongoing inspections and investment improvements, and will strive to further reduce emissions.

Amount of Air Pollutants and Emission Intensity

Classification	Unit	2021	2022	2023	2024 Goals	2030 Goals
Air Pollutants	kg	1,853.5	2,211.4	1,345.4	-	-
Air Pollutant Discharge Intensity	kg/billion KRW	2.93	3.05	1.57	1.52	1.27

Water Pollutant Management

For water pollutants, we have established and are operating standards within 20% of the legal standards. In 2023, through investments in process equipment improvements, we reduced suspended solids (SS), a type of water pollutant, by approximately 21% and achieved our intensity goals. In 2024, we will continue to reduce water pollutants through additional process improvements and investments, minimizing the environmental impact of our business operations.

Amount of Water Pollutants and Discharge Intensity

Classification	Unit	2021 ¹⁾	2022 ²⁾	2023 ²⁾	2024 Goals	2030 Goals
Water Pollutants	kg	5,443.5	4,960.5	4,795.8	-	-
Water Pollutant Discharge Intensity	kg/billion KRW	8.60	6.85	5.60	5.43	4.52

1) 2021: Total of BOD+COD+SS

2) 2022~2023: Total of BOD+TOC+SS

Soil Pollutant Management

Kolmar Korea actively prevents soil pollution resulting from its business operations by conducting regular soil contamination inspections. Although the legal requirement mandates soil contamination inspections once every two years, since 2021, Kolmar Korea has opted to conduct these inspections annually, surpassing regulatory obligations. This proactive approach helps prevent soil pollution, ensures compliance with relevant regulations, and mitigates risks.

Hazardous Chemicals Substances Management

Kolmar Korea is making various efforts to reduce the use of hazardous chemicals through technological development and process improvement, and regularly monitors the usage of hazardous chemicals substances. Regular training and on-site inspections are conducted to ensure that handlers of hazardous chemicals substances can manage them safely. Additionally, mock drills are regularly conducted to prevent chemical accidents and promote a safer worksite.

Chemical Substance Management Process

Kolmar Korea undertakes various activities to minimize the negative impact of the diverse chemicals used in the production process on clients and employees. All chemicals handled within the company are managed through an internal system, and the Material Safety Data Sheets (MSDS) for related substances are made accessible to all employees. Furthermore, the local exhaust ventilation (LEV) systems used when handling hazardous chemicals are monitored monthly to ensure safe handling. Additionally, CCTV is installed in chemical storage areas, and appropriate safety equipment and disaster prevention devices are equipped to comply with legal regulations.

Process Improvements for Hazardous Substances Reduction

Kolmar Korea systematically manages chemical and hazardous substances through regular regulatory compliance and inspections. To reduce the use of hazardous chemicals, soy ink is actively utilized in some product components. We are currently piloting the use of alternative substances from the hazardous chemicals substances group through facility investments, with plans to fully implement these by 2024. Kolmar Korea will continue to strive to reduce the use of hazardous chemicals through the use of safer alternatives and ongoing process improvements.

Integrated Environmental Management System

Environmental Accident Prevention

In order to prevent environmental accidents, Kolmar Korea conducts thorough risk assessment to minimize the risk of situations that may occur through a process which involves assessing risks, establishing and implementing action plans, etc., considering the likelihood, seriousness, and risk of related accidents. Through this process, issues identified as exceeding specific criteria are classified as material issues, and actions are taken to minimize these risks, along with continuous monitoring.

Environmental Education

Kolmar Korea regularly conducts environmental education to promote and improve the awareness of environmental education among all employees. Utilizing both online and offline methods, the education covers various topics such as water quality, air, and waste, tailored to the characteristics of the worksite and the target audience. Additionally, the company regularly publishes the ESG Letter to raise awareness among all employees about climate change and energy. In 2023, beyond the legally required training, Kolmar Korea implemented its own climate and energy training for all employees and distributed related educational materials, providing a foundation for employees to engage more professionally and actively in climate and energy-related activities. Furthermore, environmental education materials were distributed to all employees to confirm and encourage participation in Kolmar Korea's commitment to environmental management. Moving forward, the company plans to strengthen education related to global climate change crises, such as climate and energy, to establish a more advanced environmental and ESG management system.



Environmental Education

Chemical Substance Safety Training

Kolmar Korea conducts training to provide handling instructions, accident response measures, and information on the substances for each chemical handler to ensure safe handling. Regular mock drills based on emergency scenarios and the operation of related SOPs are conducted to ensure the safe handling and management of chemicals. We will strive to create a safe worksite through efforts such as process improvement aimed at minimizing the use of hazardous chemicals and expanding emergency response capabilities.



Chemical Safety Training

Environmental Training Performance

Classification	Unit	2021	2022	2023
Water and Air Pollution Training	Persons	876	924	930
Waste Discharge Training	Persons	951	976	972
Chemical Substance Safety Training	Persons	850	843	910

* Some data has been modified due to changes and adjustments in the data management scope (2021, 2022)

Enhanced Compliance with Overseas Chemical Regulations

As global chemical regulations continue to tighten, each country sets its own stringent targets and standards. Kolmar Korea develops products in compliance with the chemical management standards of export destinations. We verify the registration status with EU REACH, Australia AICIS, and identify if the substances are classified as CMR, SVHC, California Proposition 65.

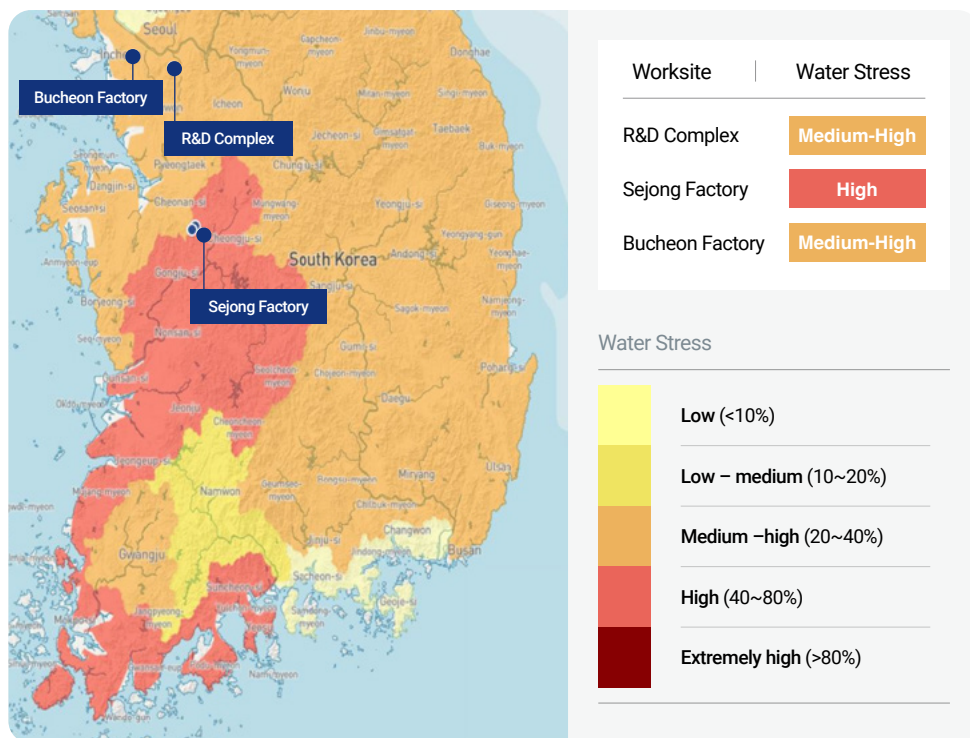
The hazardous and harmful properties of each chemical are identified in advance and monitored step by step to ensure safe handling on-site.

Integrated Environmental Management System

Water Resources Risk Analysis and Management

Kolmar Korea is continuously engaging in activities such as water reuse for the efficient management and use of water resources. Given the high water usage characteristic of our industry, we are consistently monitoring and managing performance related to water usage. According to data from the World Resources Institute (WRI), each worksite is located in areas classified as High and Medium-High in terms of water stress. Therefore, we are committed to analyzing and reviewing future water resource risks, enhancing efficiency, and continuing our research and development activities to reduce these risks.

Kolmar Korea Water Stress Status



*Source: World Resource Institute (WRI) Aqueduct, <https://www.wri.org>

Reduction of Water Usage via Process Improvement

To produce high-quality products, Kolmar Korea utilizes manufacturing water obtained through various methods such as reverse osmosis (RO), Electro Deionization (EDI), Ultraviolet Sterilization (UV), activated carbon, and other purification techniques. Although the water usage increased due to an expansion in production volume, we achieved our goal of reducing water intensity through improvements such as water reuse activities. In particular, through the reuse of Reverse Osmosis (RO) Reject Water, Sejong Factory was able to save approximately 5.3% of annual tap water usage. In 2024, It is expected that Bucheon Factory can achieve a reduction of approximately 10% in annual tap water usage by improving the water usage process. In the future, we will continue to reduce water usage not only through process improvements but also through various research and development activities for our products.

Water Usage and Intensity

Category	Unit	2021	2022	2023	2024 Goals	2030 Goals
Water usage	m ³	124,298	120,892	131,110	-	-
Water intensity	m ³ /billion KRW	196.4	166.8	153.1	148.5	123.7
Water reuse	m ³	2,031	3,401	5,035	-	-

* Some data have been changed due to adjustments and changes in data management scope (2021, 2022)

Wastewater Discharge and Treatment

Kolmar Korea ensures the proper treatment of wastewater generated from in-house production and research activities through primary physical, chemical, and biological processes, which is subsequently discharged to public wastewater treatment facilities for secondary treatment before final discharge. Additionally, to reduce the amount of wastewater discharge, we apply the optimal Clean-In-Place (CIP) for each product group. In the future, we are considering methods to reuse the wastewater that has undergone primary treatment, aiming to comply with legal regulations and minimize future water resource risks through reuse.

Wastewater Discharge Volume and Intensity

Category	Unit	2021	2022	2023	2024 Goals	2030 Goals
Wastewater discharge volume	m ³	73,563	72,669	81,683	-	-
Wastewater discharge Intensity	m ³ /billion KRW	116.3	100.3	95.4	92.5	77.1

* Some data have been changed due to adjustments and changes in data management scope (2021, 2022)

Waste Management and Circular Economy

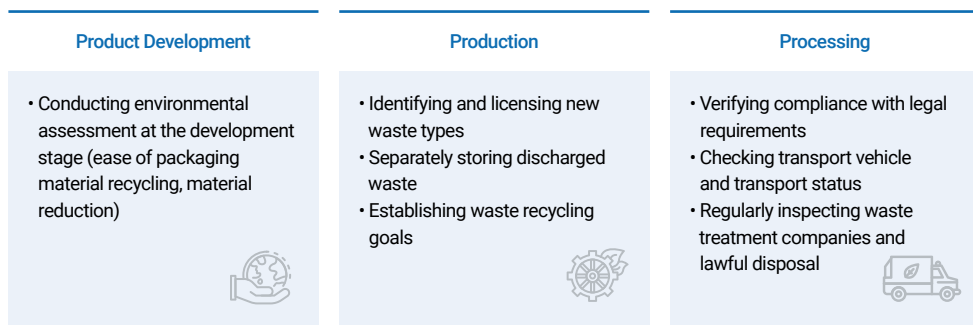
Waste Management

Waste Management Operating System

Kolmar Korea is striving to establish an environmental management system through communication with dedicated and relevant departments. Waste discharge departments segregate and dispose of waste by characteristics and types, striving to reduce the amount generated. For direct and indirect production waste, the Environment & Safety Team checks legal regulations and verifies licensing-related matters in advance to ensure legal and safe treatment. Additionally, the Research and Development Department is working on developing and commercializing various alternative materials to reduce plastic usage, thereby providing customers with services related to environmentally friendly products.

Furthermore, in efforts to promote a Circular Society, the dedicated department is making efforts to recycle waste into resources through characteristics analysis, searching for optimal outsourcing companies, and conducting inspections to recycle generated waste as much as possible within the legal standards.

Waste Management Process



Waste Management Intensity Status and Goals

Category	Unit	2021	2022	2023	2024 Goals	2030 Goals
Waste management intensity	ton/billion KRW	2.36	1.72	1.75	1.7	1.41

Waste Treatment Process and Efforts for Reduction

Kolmar Korea is managing waste in compliance with legal standards to minimize the environmental impact of its business activities. We are continuously expanding recycling of most waste raw materials, waste bulk, and sub-materials generated during the production process, and are striving to establish a circular society for waste in accordance with legal standards. All waste generated at worksite is entrusted and processed by specialized waste management companies, and regular inspections are conducted to ensure safe management. Additionally, in 2024, we will introduce a waste management computerization platform to pilot a real-time monitoring system that verifies the safe transportation and disposal of waste generated at worksites. Furthermore, continuous efforts will be made to reduce waste generation through the development and commercialization of environmentally friendly sub-materials.

Zero Waste Landfill and Recycling

Kolmar Korea is continuously expanding recycling treatment by changing the existing incineration and landfilling methods while complying with legal treatment standards for waste bulk, sewage sludge, and other waste generated in the production process. As a result, the recycling rate has continuously improved, and the landfilling rate has decreased by approximately 15% compared to the previous year. Moving forward, we will continue to expand the recycling treatment of landfill and incineration waste in compliance with legal treatment standards and we will continue to make efforts to recycle waste into resources.

Waste Recycling Status

Category of worksites	Unit	Total Disposal Volume (General + Designated)	Recycling Volume	Recycling Rate (%)
Sejong Factory	ton	986.23	835.24	84.7
Jeonui Factory	ton	117.17	113.22	96.6
Jeondong Factory	ton	59.91	58.0	96.8
Bucheon Factory	ton	242.6	195.65	80.7
R&D Complex	ton	92.72	45.68	49.3
Total	ton	1,498.63	1,247.78	83.3

Waste Management and Circular Economy

3R GREEN









GREEN Package





The GREEN Package refers to materials that minimize the consumption of resources and energy and are optimized for the circular economy system.



Waste Management and Circular Economy








GREEN Package Major Products




Product	Major Category	Subcategory	IMAGE	Separation and Disposal	Formulation	Reduction of Petroleum-based material	3R GREEN Policy	IP
Paper Tubes	General Type (Paper Tube 1.0)	35 (50mL)			Skin Care • Soothing Gel • Lotion • Cream • Wash-off Pack	5.0g/1EA	REDUCE RECYCLE REPLACE	Patent Domestic: 4 cases Overseas: 7 cases Design Rights Domestic: 13 cases Overseas: 23 cases
	Uni-body Spout Type (Paper Tube 2.0)	35 (50mL) 45 (150mL)				4.2g/1EA 7.1g/1EA		
	Ampoule Type	25 (30mL)			Makeup • Sunscreen • Foundation	3.7g/1EA		
	Labelled Type	25 (30mL)				3.7g/1EA		

Product	Major Category	Subcategory	IMAGE	Separation and Disposal	Formulation	Reduction of Petroleum-based material	3R GREEN Policy	IP
Square Pad	Original	Main Product, Refill, Tweezers			Skin Care • Toner Pad • Sheet Mask	-	REDUCE RECYCLE	Utility Model Domestic: 1 case Design Rights Domestic: 1 case
	Refill	Refill				113.5g/1EA		

Waste Management and Circular Economy

GREEN Package Major Products

Product	Major Category	Subcategory	IMAGE	Separation and Disposal	Formulation	Reduction of Petroleum-based material		3R GREEN Policy	IP
Clear Cushions		Original Ver.(with PU sponge)			Skin Care • Essence Makeup • Sunscreen • BB Cream • CC Cream • Foundation	Clear Cushions	General Cushions	 REDUCE	Patent Domestic: 2 cases Overseas: 4 cases Design Rights Domestic: 9 cases Overseas: 7 cases
		Original Ver. (with 3D sponge)				4 pcs	7-8 pcs		
		Slim ver.				Clear Cushions	General Cushions		
						4 pcs	7-8 pcs		

Product	Major Category	Subcategory	IMAGE	Separation and Disposal	Formulation	Reduction of Petroleum-based material		3R GREEN Policy	IP
Paper Stick		Ø18 Ver.		Not Applicable	Skin Care • Lip Balm • Sun Stick • Multi Balm	23.0g/1EA		 REDUCE	Patent Domestic: 2 cases Design Rights Domestic: 8 cases
		Ø12 Ver.		Not Applicable		10.3g/1EA			

Waste Management and Circular Economy

Major Products Introduction

Square Pad (Refill Type)

In a market where there were no existing refill types, we introduced the refill structure (REDUCE) pad, allowing customers to purchase only the refill type product after using the main product, thereby reducing plastic usage. Launched in August 2022 as Company L's pad product, it is made entirely of PP material, making it highly recyclable (RECYCLE). Additionally, by using a square-shaped container and applying square-shaped pad fabric, we have reduced the amount of waste generated during pad production compared to using circular pad fabric.



Square Pad (Refill Type)

Clear Cushions

Clear Cushions, a new design that integrates the cap and container with a screw-type structure, have been developed to facilitate easy separation using a ring-connection mechanism instead of the traditional metal pin assembly used in cushion compacts. This innovation reduces the number of components from the original 7-8 parts to 4-5 parts, thereby decreasing production time and reducing carbon emissions (REDUCE). Since its initial launch by Company A in September 2020, it has also been adopted by Company O, Company N, and Company H.



Clear Cushions

Waste Management and Circular Economy

Paper Stick

Kolmar Korea's paper stick is a container made from non-wood paper instead of plastic. Except for the back cap, which was developed in collaboration with HDC HYUNDAI ENGINEERING PLASTICS, it is entirely composed of paper, emphasizing environmental friendliness. The main body of the paper stick, which is the core part, uses mineral paper (Stone Paper) made from non-wood materials such as leftover stones from quarries or mines. Upon disposal, it naturally decomposes under light and reverts to its original stone powder form. This material boasts excellent durability and water resistance, is not easily torn, and is strong against water and moisture. Using 1 ton of mineral paper saves 20 trees and 28,000 liters of water. Additionally, the environmentally friendly back cap is composed of 51% paper content, significantly reducing plastic usage by 86% compared to traditional stick-type plastics. This paper stick can be applied to various product lines such as lip balm, multi-balm, and sun stick. The paper stick is an environmentally friendly container that applies the concept of REDUCE from the 3R principles. It has also gained recognition both domestically and internationally for its sustainable design, winning awards at the Korea Package Design Awards, Pin-up Design Awards, and the iF Design Awards overseas.



Paper Stick

Paper Tube

The paper material called 'HK Eco-Sobre' developed jointly by Kolmar Korea and Dongwon Systems, features a paper layer and waterproof coating that provides excellent oxygen and moisture barrier properties while remaining recyclable. It is an environmentally friendly product that reduces plastic usage in the main body by approximately 80% compared to general tube products, excluding the cap. Since its development in 2021, the 'paper tube' has been applied to a total of 13 products by 2023, contributing to a reduction of 507kg (0.507 tons) of petroleum-based materials. In April 2024, we launched bath & shampoo and lotion products in paper tubes in collaboration with vegan cosmetics brand T.



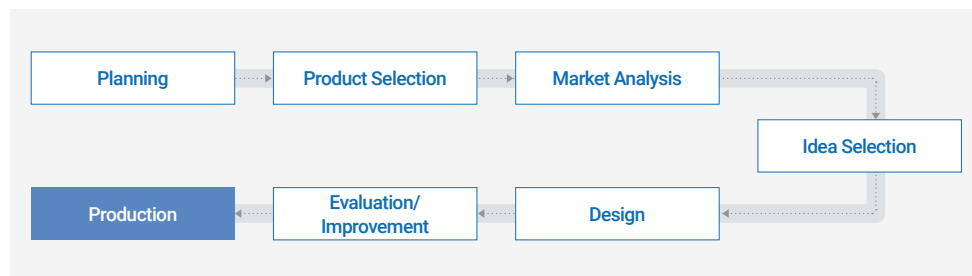
Paper Tube

Waste Management and Circular Economy

Development Process for Sustainable Packaging Materials

Kolmar Korea Design Group continuously monitors the composition of sustainable materials and actively proposes sustainable materials desired by customers in new product development. The refill container, initially introduced by Kolmar Korea in the pad market, reduces additional plastic usage by allowing customers to use only the refill after the main product is finished, exemplifying the 'REDUCE' aspect of Kolmar Korea's 3R policy. Containers made of single-materials are environmentally friendly packages that enhance recyclability and are now applied across various types of containers. Furthermore, Kolmar Korea has applied pure transparent PET without additional post-processing and alkali/water soluble adhesive labels to cosmetic containers, achieving a high recyclability grade. Furthermore, in the production of secondary materials like paper cases, Kolmar Korea is increasingly using Forest Stewardship Council (FSC)-certified materials.

Development Process



SUBSIDIARY CASE

Development of Packaging Materials Using Sustainable Materials



Expansion of Recycled Material Usage through Plastic Circular Economy Sustainable Policy and Strategy

Yonwoo is focusing its capabilities on developing sustainable products. In particular, the company is accelerating the development of cosmetic containers using environmentally friendly materials such as Post Consumer Recycled (PCR) plastics. To this end, Yonwoo has signed business agreements in 2023 with leading companies in domestic PCR material, SK Chemicals and Lotte Chemical, to ensure a stable supply of raw materials and promote new product development using these materials. Yonwoo is aiming to produce 20% of its total products using PCR materials by 2030, and is enhancing the marketability of cosmetic container products made from PCR materials and expanding its sales channels.

Sustainable Product Development

Yonwoo is developing products using recycled plastic materials and striving to maximize the recyclability of these products. Through these efforts, Yonwoo aims to reduce plastic waste and facilitate recycling, thereby establishing the foundation for a proper plastic circular economy. By using recyclable materials that are easy to separate and applying recyclable single-materials, Yonwoo has improved the ease of separation.

Sustainable Product Development Performance



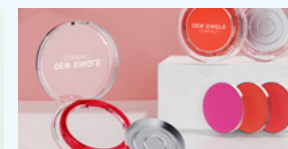
The 17th Korea Packaging Awards

- Received two main awards, including the Minister of Trade, Industry and Energy Award and the Sponsoring Organization Award, at the '17th Korea Packaging Awards'
- Recognition of differentiated technical capabilities



Minister of Trade, Industry and Energy Award

- Environmentally friendly airless packaging with increased reuse and recycling rates
- Products designed for convenience with easy-to-replace refill containers



Dew Single Compact President of the Korea Packaging Association Award

- Composed of sustainable PET materials and aluminum dishes
- Easy separation and disposal
- 100% recycling possible products

Waste Management and Circular Economy

SUBSIDIARY CASE

Environmental Management 3R Strategy



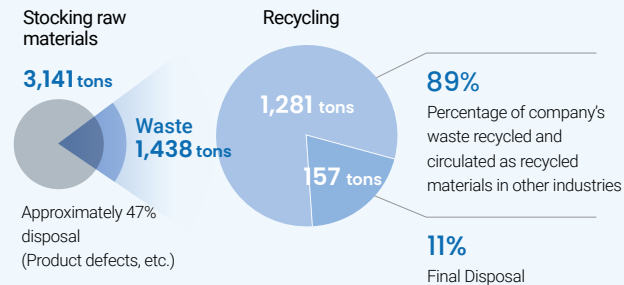
RECYCLABLE

Increase in the number of recyclable product developments (Based on SDP)

Launch of Sustainable Products



Plastic Waste Recycling (Based on 2023)



Goals for Recycling Rate



RECYCLED

Expansion of PCR and recycled material usage (Based on SDP)



Reduction of General Waste within the Company (Compared to Revenue)

REDUCE

Greenhouse Gas Emission Reduction Plan (Goals for 2030)

Category	Energy usage (TJ)	Greenhouse gas emissions (tCO ₂ -eq)	2030 Goals
2021	347	16,804	11.4% reduction compared to 2018 (Goals for national greenhouse gas reduction, announced in March 2023)
2022	308	15,024	
2023	339	16,499	
Calculation formula	Usage x Total heat generation	Usage x Emission factor x Net heat generation x Global warming index	

Category	2021	2022	2023
Waste discharge (ton) A	890	762	839
Revenue ¹⁾ (billion KRW) B	280	223	228
Waste discharge volume per billion KRW of Revenue (ton) C=A/B	3.18	3.42	3.67






1) Revenue: Based on Separate Financial Statements

Biodiversity Protection

Conservation of Biodiversity

Kolmar Korea is making efforts to reduce biodiversity threats, promote sustainable use and benefit-sharing, and ensure implementation and mainstreaming based on the 5th National Biodiversity Strategy established by the state in accordance with Article 7 of the 『Act on the Conservation and Utilization of Biodiversity』 and the Kunming-Montreal Global Biodiversity Framework (GBF). Specifically, we are striving to minimize negative impacts through the expansion of eco-labeling products and waste recycling within the biodiversity and ESG management sectors of the GBF. Additionally, Kolmar Korea is determining factors that threaten biodiversity in the regions where our worksites are located (Seoul, Gyeonggi, Sejong) and identifying endangered species of wild fauna and flora in each region.

Kolmar Korea Biodiversity Conservation Activity System

	Expected Effects	Detailed Activities
 Protected Areas	<ul style="list-style-type: none"> Improvement of qualitative management of protected areas 	<ul style="list-style-type: none"> Environmental cleanup activities in protected areas (Cheonggyesan Wonteoogol)
 Species Protection	<ul style="list-style-type: none"> Strengthening of harmonious coexistence with wild fauna and flora Strengthening the foundation for conservation management outside of habitats Strengthening the safety net for the entire process of wild fauna quarantine and management 	<ul style="list-style-type: none"> CITES
 Pollution Reduction	<ul style="list-style-type: none"> Systematic management of river organic matter Reduction of post-consumer plastics in daily life 	<ul style="list-style-type: none"> Conduct volunteer activities for environmental cleanup of nearby streams (Naegok Yeoui Stream, Sejong Jo Stream) Development of sustainable packaging
 Climate Change	<ul style="list-style-type: none"> Establishment of an integrated management system for ecosystem climate response 	<ul style="list-style-type: none"> Establishment of environmental governance and monitoring of key achievements
 Sustainable Corporate Activities	<ul style="list-style-type: none"> Expansion of eco-labeling products and development of basic information on environmental product declarations Support for building a sustainable supply chain 	<ul style="list-style-type: none"> Acquisition of premium eco-labeling Sustainable procurement policy and code of conduct for partner companies Increase in purchase rate of RSPO raw material

Biodiversity Conservation Activities

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 adheres to the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) when developing products. Before selecting new raw materials, we review the applicability of CITES regulations at the 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. Recognizing the significant impact of palm oil on biodiversity, we are continuously expanding the use of environmentally friendly palm oil certified by the Roundtable on Sustainable Palm Oil (RSPO), and in 2023, have officially become a member of RSPO. Kolmar Korea is planning various activities to preserve biodiversity by continuously monitoring regulations and policies to identify endangered species.

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 in Sejong and the vicinity of Jocheon while those from the R&D Complex conduct regular environmental cleanup activities in the Seocho-gu area of Seoul and near Yeouicheon on a monthly basis.

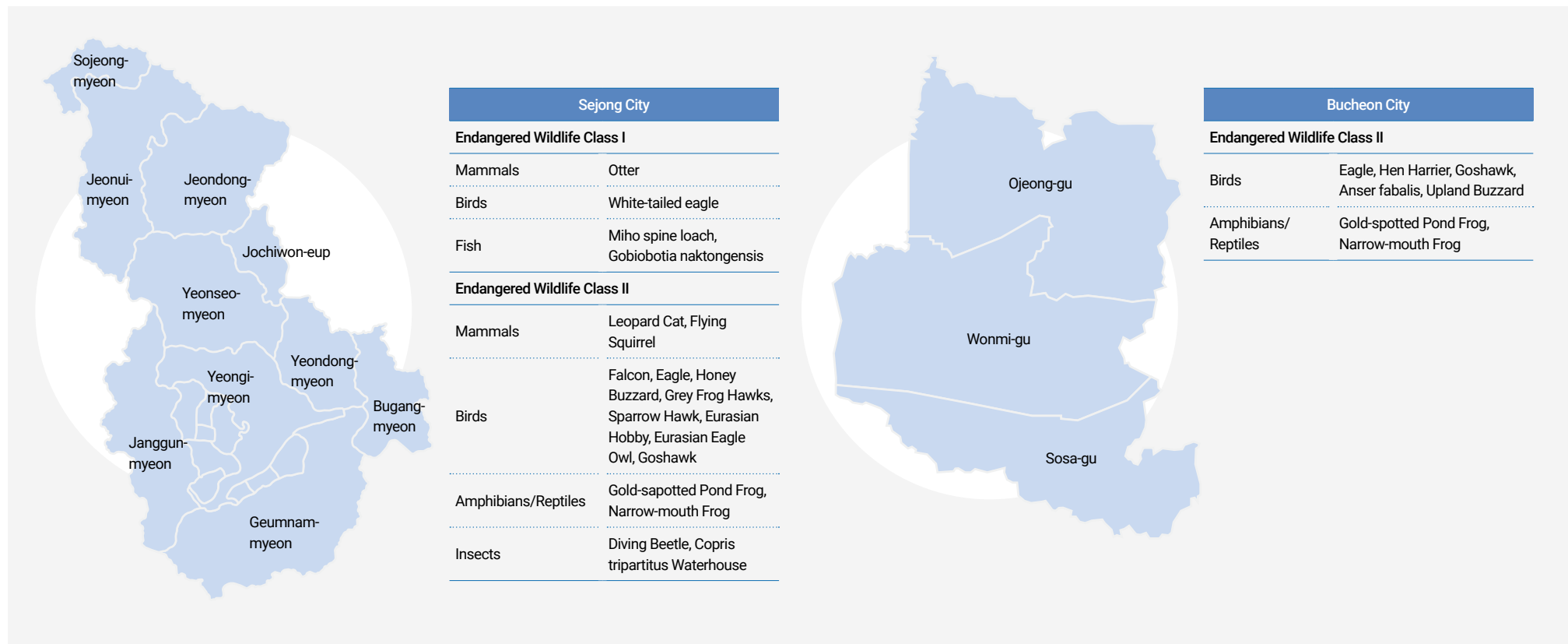


Wonteoogol Environmental Cleanup Activities

Additionally, Kolmar Korea's R&D Complex is also conducting environmental cleanup activities in Cheonggye Mountain Wonteoogol, which has been designated as an ecological and scenic conservation area by the Ministry of Environment, characterized by a distribution of deciduous broad-leaved tree communities.

Biodiversity Protection

Identification Status of Endangered Species in Kolmar Korea



*No endangered wildlife in Seocho-gu, Seoul

**Source: National Institute of Ecology (<https://www.nie.re.kr/nie/main/main.do>)

Development of Products Contributing to Environmental and Social Problem-Solving

Development of Products with Environmentally Friendly Raw Materials

Launching of Vegan, Natural, and Organic Certified Products

Kolmar Korea is developing formulations using natural and organic raw materials, and by obtaining internationally recognized certifications such as COSMOS, we are enhancing the reliability of our products for consumers. Additionally, we are striving to develop environmentally friendly products based on certifications from the Korea Food & Drug Administration for natural and organic cosmetics and from the Ministry of Environment's certification marks. The certification process proceeds in the order of application submission, contract, document review, on-site inspection, resolution of identified non-conformities, deliberation, and issuance of the certificate. Kolmar Korea is committed to upholding animal ethics. We have implemented a separate management system for animal-derived raw materials, managing to prevent cross-contamination, and obtaining various vegan certifications. Kolmar Korea's certification process, which considers sustainable cosmetics production and consumer health, realizes consumers' values while playing a positive role in the cosmetics markets.

Vegan Certification Status



Category	Unit	2021	2022	2023
Vegan Society	Cases	28	48	162
EVE Vegan	Cases	84	180	411
Vegan Korea	Cases	85	169	516
V-Label	Cases	21	76	227
Vegan Standard Certification Authority	Cases	-	22	38
Biorius	Cases	-	2	9
Vegan Evaluation Certification Institute	Cases	-	-	2

Status and Performance of Environmental Certifications



Category	Certification Type	Unit	Performance			
			2021	2022	2023	
Skincare	Serum, Lotion, Creams	Premium Environmental Label MFDS Natural and Organic	KRW	-	49,184,260	51,550,896
Personal Care	Body, Hair	Cosmos organic ECOCERT	KRW	40,517,524	65,492,965	108,229,520
Total				40,517,524	114,677,225	159,780,416

*COSMOS Certification (COSmetic Organic Standard): An international standard for organic and natural cosmetics unified by COSMOS-AISBL, a coalition of five certification bodies from four European countries: BDIH (Germany), ICEA (Italy), ECOCERT & COSMEBIO (France), and Soil Association (UK)

Development of Products Contributing to Environmental and Social Problem-Solving

Applications and Registrations of Environmentally Friendly Patent

Kolmar Korea has been consistently applying for and registering environmentally friendly patents through continuous research. By 2022, a total of 16 environmentally friendly patents had been applied for, and an additional 18 patents were added to this count in 2023. Out of the patents applied for in 2023, 17 have been registered. As consumer demand for environmentally friendly products increases, Kolmar Korea is focusing on securing environmentally friendly technologies to enhance its competitiveness in the cosmetics markets.

Status of Environmentally Friendly Patent Applications and Registrations

Category		Unit	Number of Applications
Applied	2022 (Cumulative)	Cases	16
	2023	Cases	18
Registered	2023	Cases	17

Introduction of Major Developed Products

Development of Natural Arbutin Derived from Domestic Naju Pears (Fallen fruits, By-products)

Kolmar Korea has developed cosmetic ingredients from young and immature pears that are discarded after fruit thinning at pear farms of Naju, Jeollanam-do, a globally renowned pear-producing region. These immature pears are known to be rich in arbutin, a whitening ingredient approved by the Ministry of Food and Drug Safety. Kolmar Korea was able to successfully extract high-purity natural arbutin from these pears using Kolmar Korea's technology after collecting, washing, and drying these young pears that were discarded during the fruit thinning process. Moving forward, Kolmar Korea plans to expand research to increase the value of Naju pears for the local community and continue developing products that fulfill their responsibilities to the area.

Development of Fragrances Using Domestic Native Plants with Environmentally Friendly Methods

Kolmar Korea is conducting research to analyze and reproduce the fragrance components of domestic native plants without damaging or harming the original materials. Under the theme of K-Fragrance, we are focusing on reproducing the scents of domestic native plants, using environmentally friendly methods such as capturing the fragrance by covering flowers or plants with glass bottles. Kolmar Korea has currently developed over 20 fragrances from domestic native plants, including the rapeseed flowers of Sanbongsan in Donghwasan, Daegu, the flowers of the paulownia tree, and the flowers of the snowbell tree on Inwangsan. The goal is to reproduce the fragrance without damaging the original materials, allowing the unique scents to be remembered and integrated into various products.

Development of Upcycled Cotton Water from Cotton By-products in Sancheong

Kolmar Korea developed cosmetic ingredients from cotton trees in Sancheong-gun, Gyeongsangnam-do in 2023, following their success with upcycled tulips in 2022. Utilizing the annual cotton trees discarded after the cotton festival held annually in Sancheong-gun, Gyeongsangnam-do, we were able to achieve a renewed purpose for the leftover cotton. The resulting cotton extract, sourced from these trees, is loved as an ingredient that gently envelops the skin, like the first touch of cotton on a baby's skin.

Development of Products Contributing to Environmental and Social Problem-Solving

Introduction of Major Products

Development of Cleaning Products Certified by the Ministry of Environment with High Biodegradability

Kolmar Korea is developing environmentally friendly certified products that are excellent in quality while remaining safe for both the environment and humans. This includes certifications such as Korea Eco-label, Green Technology product, and Natural & Organic cosmetics. In 2023, Kolmar Korea became the first in the country to obtain the Korea Eco-label Certification (The premium level) for cleaning products. The Korea Eco-label Certification (The premium level), supervised by the Ministry of Environment, is a voluntary certification system that selects products that minimize energy and resource consumption as well as pollutants throughout their entire lifecycle - from production to disposal. In addition, the premium certification is awarded to the top 1% of products. To meet the enhanced standards in 2023, Kolmar Korea used 100% biomass-based surfactants derived from plants in our cleaning products and developed body wash and shampoo with high biodegradability that decomposes 99% naturally within 4 weeks. Additionally, our choice of primary packaging materials with excellent recycling grades contributes to enhancing resource circulation.. Kolmar Korea plans to gradually expand the development of products that enhance environmental quality while maintaining excellent quality.

Carbon Emissions Status by Product Group

By operating cosmetics ODM/OEM services on a global level,, 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.

Category	Unit	2022		2023		
		Domestic	Overseas	Domestic	Overseas	
Skin Care	Direct emissions	tCO ₂ -eq	1,728.4	122.1	1,816.4	153.9
	Indirect emissions	tCO ₂ -eq	2,555.3	179.7	2,668	226
Makeup	Direct emissions	tCO ₂ -eq	127.3	35	126	34.6
	Indirect emissions	tCO ₂ -eq	791	216.6	835.6	229.3

SOCIAL

Kolmar Korea prioritizes people above all else. We establish and implement various policies for the safety and happiness of our employees, and as a member of the local community, we carry out social contribution activities together with our employees to fulfill our responsibilities.

- 80 Human Rights Management
- 82 Healthy Organizational Culture
- 84 Human Capital
- 88 Enhancement of Occupational Health and Safety Management
- 95 Local Community Impact
- 100 ESG Performance Disclosure and Enhanced Communication

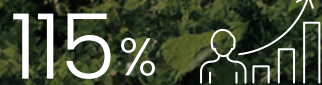


KEY PERFORMANCE

Improvement rate of risk identification factors in workplace safety inspections
(Total 358 cases)



Increase rate of occupational health and safety management supervisors
(Total 99 Persons)



Ratio of Female Managers



Increase rate of employee volunteer activities hours
(1,222 hours)



Female Leadership Special Lectures

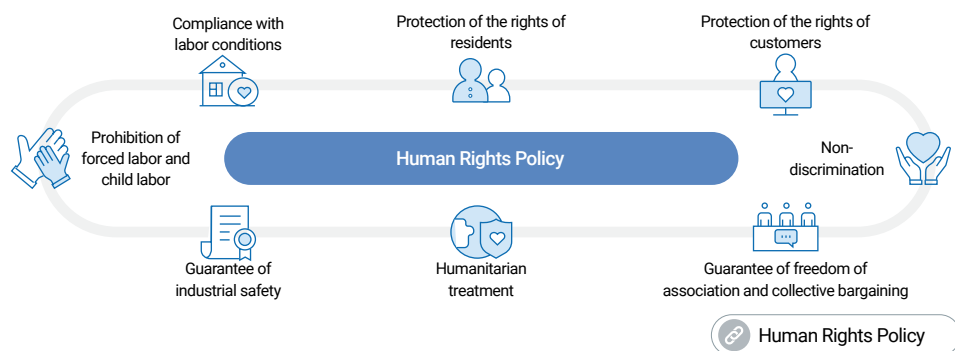


Human Rights Management

Human Rights Management System

Human Rights Policy

Kolmar Korea respects the human rights of all stakeholders, including employees, and has established the 'Kolmar Korea Human Rights Policy' to practice human rights management across all business activities and prevent risks. 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 22 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 Risk Management

Kolmar Korea strives to protecting and promoting the human rights of employees and stakeholders across all business operations. Kolmar Korea's employees strive to mitigate risks to ensure that the human rights of customers and residents are not violated. Additionally, to prevent and address human rights risks, Kolmar Korea operates internal and external reporting channels to handle the grievances of employees and stakeholders, and when entering into contracts with new partner companies, Kolmar Korea explicitly states the code of conduct for partner companies through the 'Compliance Pledge' and considers human rights risks in new business. Moving forward, Kolmar Korea aims to mitigate and manage a wider range of human rights risks associated with business operations.

Human Rights Training That Respects Diversity

Kolmar Korea conducts Workplace Harassment Prevention Education and Education for Improving Awareness of Workers with Disabilities for all employees to create a harmonious organizational culture.

Workplace Harassment Prevention Education

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 November 2023, harassment prevention education was conducted for all employees.

Workplace Disability Awareness Improvement Education

Kolmar Korea strives to uphold the value of living together and create a harmonious workplace that respects employees with disabilities through 'Education for Improving Awareness of Workers with Disabilities,' 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. In November 2023, regular online education was conducted for all employees, and all employees completed the course. In December, additional education was provided to new employees and employees returning to work.

Completion Status of Education on the Prevention of Harassment and Human Rights

Category	Unit	2021	2022	2023
Human Rights Education ¹⁾	Hours	2,934	3,057	3,330
	Persons	978	1,019	1,110

¹⁾ Education for Improving Awareness of Workers with Disabilities, Harassment Prevention Education, Workplace Bullying Education

Human Rights Management

Labor Relations

Establishing a Trust-Based Labor-Management Culture

Kolmar Korea strives to establish a trust-based labor-management culture through continuous communication based on mutual trust between labor and management. To this end, 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 2023, agreements were reached on improving working conditions, enhancing welfare benefits, and ensuring safety management. The key agreements reached are applied to all employees. Additionally, Kolmar Korea operates peer feedback mechanisms in collaboration with relevant departments, utilizing it as indicators for fostering a healthy and equal organizational culture and collaboration. Taking a step further, Kolmar Korea held town hall meetings and meetings for each business site with CEO in 2023 to enhance the win-win labor-management relationship between management and employees. Kolmar Korea will continue to expand an equal corporate culture based on mutual respect and trust.

Status of Kolmar Korea Open Council Meetings

Date of Meeting	Key Agenda
2023.03.27	Expansion of employee welfare including the establishment of a leave system for long-term service employees
2023.06.29	Support for creating an equal organizational culture, including the expansion of support for in-house clubs
2023.09.25	Support for employee self-development, including examination fees for promotion candidates
2023.12.26	Expansion of employee welfare, including reducing the waiting time for overtime taxis



Town Hall Meetings



Sejong Factory Meetings

Healthy Organizational Culture

Work-Family Balance

Work-Life Balance System

Kolmar Korea implements various Work-Life Balance systems for its employees¹⁾ to promote a balance between work and personal life. Depending on the characteristics of each department, we operate flexible working systems such as flexible working hours and optional work-from-home arrangements. Additionally, the PC OFF Policy has been introduced both policy-wise and system-wise to minimize overtime work. We also implement a system to promote the utilization of annual leave, which contributes to improving work efficiency and fostering a pleasant family life. As of 2023, the average annual leave utilization rate for all employees was 87%. Furthermore, to ensure the health of female employees during pregnancy, we actively operates the shortened working hours for pregnant employees system.

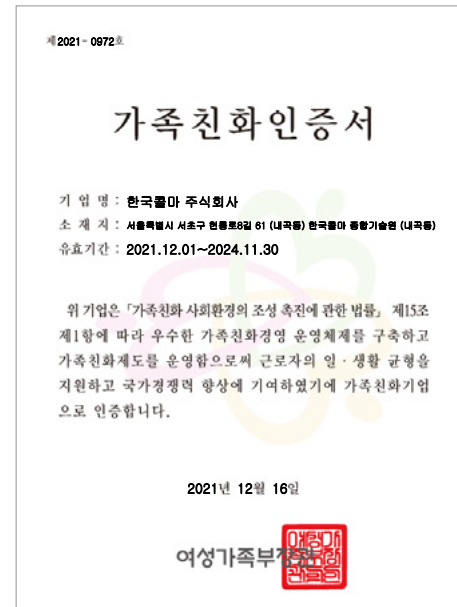
1) Excluding part-time employees

Employee Welfare Programs

Category	Details	
Health Promotion	Health checkups	Comprehensive health checkup 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
	Childbirth incentives	Support of 10 million KRW for the first child, 10 million KRW for the second child, and 20 million KRW for the third child
	Parental leave system	Mandatory use of 1 month of parental leave (paid)
	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
	Long-term service rewards	Awards for long-term service employees
Other Welfare Support	Psychological counseling services	Support for non-face-to-face mobile psychological counseling services (4 times/year)
	Work environment	PC OFF system, in-house fitness center, female employee rest area, in-house book cafe

Family-Friendly Management System

Kolmar Korea was selected as a certified Family-Friendly company in 2021 and has maintained this certification to date. We operate a Family-Friendly management system across the organization, fostering a corporate culture that contribute to the balance between work and family life. Depending on the characteristics of each department, we support the use of flexible working systems, and operate various measures, such as shortened working hours for pregnant employees, maternity and parental leave, and corresponding salary systems based on the regulations. Additionally, Kolmar Korea actively implements maternity and parental leave in compliance with the laws related to gender equality in employment and work-family balance. To enhance employees' sense of belonging and work efficiency, Kolmar Korea plans to continue operating various Work-Life Balance systems and Family-Friendly management systems.



Family-Friendly Certification

Healthy Organizational Culture

Creating a Culture of Equal Communication

Conducting Organizational Culture Diagnosis and Implementing Related Improvement Activities

Kolmar Korea conducts an annual organizational culture diagnosis to foster a healthy organizational culture, performing employee satisfaction surveys regarding corporate culture. By conducting this annual diagnosis, Kolmar Korea objectively assesses the voice of employees on all aspects of the company's organizational culture and strives to achieve a healthier organizational culture through continuous improvement activities. Additionally, we actively support our organizational leaders in fostering a healthy corporate culture by conducting 360-degree feedbacks annually.

Setting Organizational Culture Diagnosis KPIs

Kolmar Korea continuously strives to create a healthy organizational culture and enhance employee satisfaction. Notably, we have set the results of the 'Organizational Culture Diagnosis,' which measures employee satisfaction, as company's Key Performance Indicators (KPIs) to build a high-performance organizational culture.

Reverse Mentoring Activities

Kolmar Korea is making various efforts to foster a healthy organizational culture. Since 2020, Kolmar Korea has introduced 'Reverse Mentoring,' which pairs staffs as mentors with executives as mentees, to encourage a flexible atmosphere and equal communication.

Reverse Mentoring is an activity where younger employees act as mentors, providing senior employees or executives with advice on youthful perspectives, ideas, and trends. Through Reverse Mentoring, Kolmar Korea offers executives the opportunity to gain insights from new experiences, enhance their understanding of younger employees, and reflect on themselves. For the young mentor employees, it provides opportunities for leadership development, increased understanding of the entire organization, and a platform to directly convey their opinions. Additionally, through Reverse Mentoring, Kolmar Korea senses market trends, mitigates information and technology gaps within the organization, and fosters an equal organizational culture that respects diversity. Through regular Reverse Mentoring programs, Kolmar Korea provides executives with opportunities to catch new trends and young employees with opportunities to develop planning and communication skills, thereby creating a flexible organizational culture that promotes communication and harmony across generations.



Reverse Mentoring



Human Capital

Talent Acquisition and Development

Recruitment of Future Talent

Kolmar Korea does not discriminate based on gender, age, religion, social status, region of origin, education, pregnancy, or medical history during the recruitment process, and provides equal opportunities to all, and this is specified in our employment rules. Additionally, while solidifying our position as a 'World-first class' R&D manufacturing and specialized company, we place great emphasis on recruiting competent future talents as a key driver of growth for maintaining sustainable business. Particularly, to lead K-beauty with differentiated technological capabilities, we are actively securing outstanding R&D talents by hiring 25% of new employees as R&D personnel in 2023, maintaining the R&D personnel ratio at 30% of the total employees. 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 recruiting outstanding local talents in its overseas subsidiaries. In 2024, we plan to participate in the CAREER FAIR for outstanding science and engineering talents to discover and nurture global R&D talents.

Promotion of Exceptional Female Talents

As of the end of 2023, female employees accounted for 42% of Kolmar Korea's total workforce. Kolmar Korea actively operates various family-friendly policies such as flexible working hours, split leave systems, and childcare support programs, and maintains and nurtures female talent by continuously creating a good environment for female talent to work.

Female Managers by Position

Kolmar Korea is creating a diverse and inclusive culture by nurturing female managers.. The ratio of female executives in 2023 is 6% due to inter-group transfers, and we are striving to increase the ratio of female executives by recruiting female R&D executives in 2024. Additionally, the ratio of female managers is 29% in 2023, and we are gradually increasing the ratio of female managers.

Category	Unit	2021	2022	2023
Female executives	%	3	8	6
Female managers	%	27	27	29

Performance Management

Kolmar Korea has pursued a comprehensive improvements of its HR system in 2023 to enhance the capabilities and satisfaction of all employees. By introducing and operating a system where employees set individual goals, employees are subject to qualitative and quantitative evaluation systems linked to organizational Key Performance Indicators (KPIs). In 2023, 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 reorganized performance management system of 2023 is segmented into performance management, job-centered workforce management, and career development, striving to enhance employee capabilities. Kolmar Korea will continue to make strides in building a performance management system suitable for enhancing employee capabilities and satisfaction.

Performance Management System

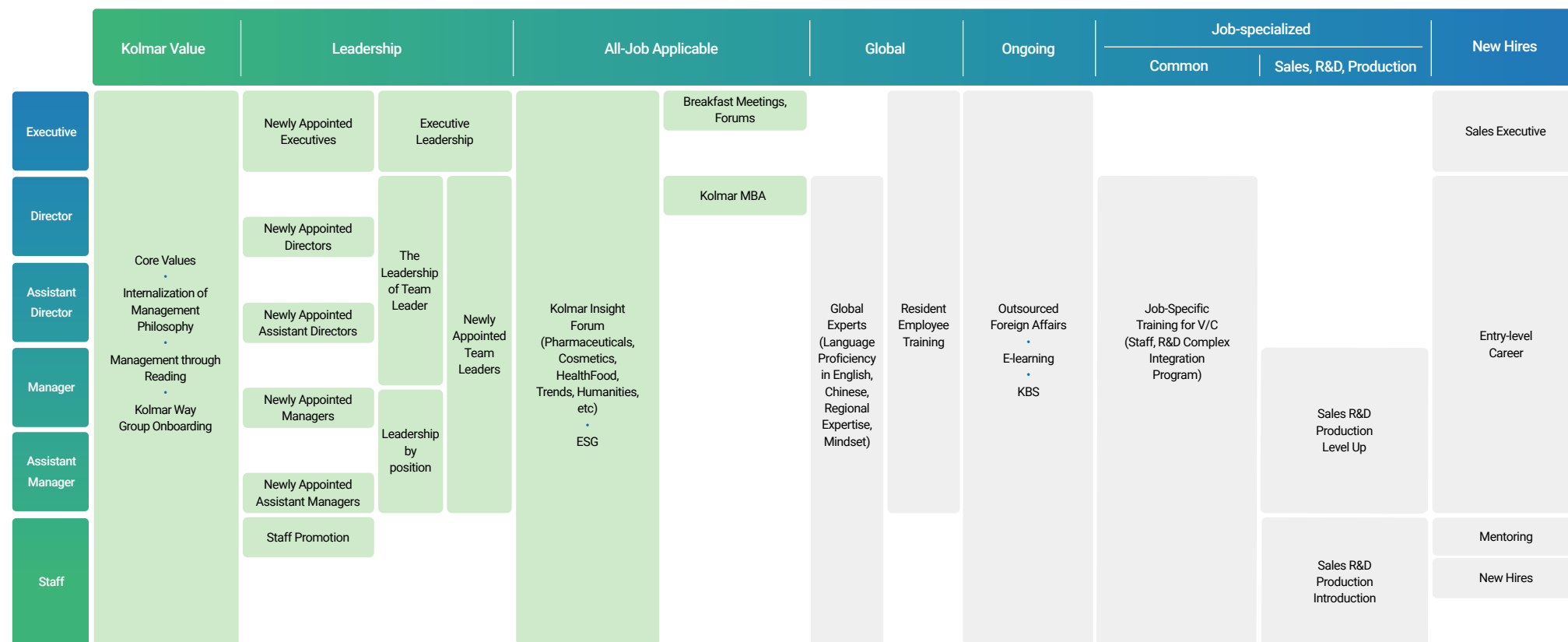
Performance Management	<ul style="list-style-type: none"> Setting individual and organizational goals and aligning them Regular and continuous feedback Plan Establishment (March), Mid-term Check (First Half), Final (December) Conducting evaluation council Separating performance evaluation from competency assessments
Job-Centered Workforce Management	<ul style="list-style-type: none"> Clarifying job information Conducting system-based On Boarding Utilizing job-required competencies and skills
Career Development	<ul style="list-style-type: none"> Establishing individual competency development plans Sharing job skills information Registering in the pool of desired job positions

Human Capital

Job-Oriented Workforce Management System

Kolmar Korea has systematically established a job-oriented workforce management system, career development system, and performance management system to foster talent. Kolmar Korea implements a job-oriented workforce management system, which includes recruitment, organizational operations, competency assessments, and development. Additionally, through a career development system, we balance the career development needs of Kolmar Korea 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

Employee Empowerment 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.

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. The promotion course, which targets newly appointed assistant managers, managers, assistant directors, and directors, encompasses comprehensive leadership training. Leadership training by position (hierarchical level) is conducted for second-year assistant managers and third-year managers, focusing on the leadership skills required for their respective positions. Executive leadership training is provided to domestic executives in the form of a special lecture once in the first half and once in the second half of the year. For new executives, it is conducted as a 2-night 3-day training with content on the executive's mind-set, leadership, etc. We provide full support to enhance the core leadership capabilities essential for corporate management. Kolmar Korea implements proactive and systematic development programs to foster outstanding talents with future growth potential as next-generation leaders.

Special Lecture on Female Leadership

Kolmar Korea planned and conducted a special lecture on female leadership in 2023 with the goal of creating a culture that respects inclusion and diversity beyond gender. Kolmar Korea listens to the stories of various female leaders both inside and outside the organization, and is activating the organizational culture. Through the female leadership special lecture, the company and its employees strive together to create a sustainable and healthy culture.

Special Lecture on Female Leadership

Date of Event	Special Lecture Content	Unit	Number of Attendees
23.08.22	Believe in self-efficacy, time of growth and worry	Persons	76
23.10.17	Empathetic leadership delivered by a working mom team leader	Persons	48
23.12.13	All about Passion	Persons	220

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. The training for enhancing job competencies is operated focusing on the competencies that need to be emphasized for each job role. Particularly, through the Insight Forum courses, which are conducted with special lectures by experts from various industries and job roles, employees are provided with insights that can be applied to their duties. Additionally, through an in-house training course called Kolmar MBA, it is conducted for directors among key talents selected by the company, and the Breakfast Meetings and forums irregularly organized by Kolmar Holdings, the holding company of Kolmar Korea Group, and we support the establishment of networks for executives. Furthermore, as we support the master's and doctoral programs for R&D personnel every year, Kolmar Korea plans to continuously plan and operate educational programs to enable employees to achieve successful results 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.

Average Training Cost and Time per Employee in Korea

Category	Unit	2021	2022	2023
Average training time per employee per year	Hours	28.71	32.47	29.24
Average training cost per employee	10,000 KRW	17.88	24.21	27.74

Human Capital

Customized Talent Development through Industry-Academia Collaboration

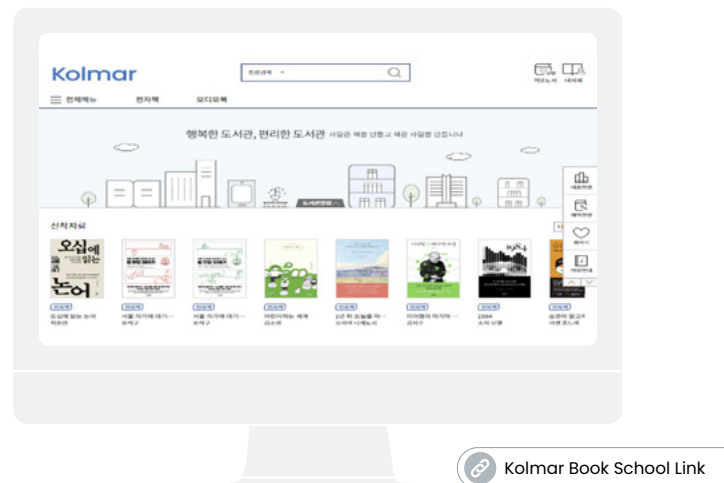
Kolmar Korea nurtures talents with expertise through collaboration with domestic high schools and universities. In 2016, in pursuit of fostering cosmetics industry professionals and mutual growth, we signed an industry-academia collaboration agreement with Incheon Jaeneung University, and we operate an industry-academia cooperation program called K-Girls' Day every year. K-Girls' Day is a program that promotes female high school and university students' advancement into science and engineering fields and industry advancement, and Kolmar Korea operates a substantial experiential field program to encourage female students to become interested in science and engineering fields. Notably, in 2023, Kolmar Korea received the Minister's Award at the '2023 K-Girls' Day Awards' hosted by the Ministry of Trade, Industry and Energy. The company was recognized for its substantial on-site programs, including tours of domestic business sites, cosmetics production process tours, safety education, and Q&A sessions with female seniors majoring in science and engineering. Kolmar Korea recruits and selects outstanding talents early on, nurturing them into customized cosmetics experts. We provide industry-related internships and job exploration opportunities to students majoring in science and engineering fields, supporting their growth as future talents.



2023 K-GIRLS' DAY Award

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. Kolmar Korea operates 'Reading Correspondence Education' and 'e-KBS' systems. The self-directed learning system allows employees to autonomously study books they have applied for through the reading correspondence learning site, and the e-KBS system supports four e-books and one audiobook per month. All employees across Kolmar Korea's affiliated companies, from CEO to new 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 2023, 156,850 book reviews have been submitted. We link employees reading abilities to their performance evaluations through a credit system based on book reviews. Based on the management philosophy that both employees and the company grow together through reading, Kolmar Korea has established a culture of reading encouragement as part of its corporate culture. In 2022, we received the 'Excellent Workplace for Reading Management' award hosted by the Ministry of Culture, Sports, and Tourism and was re-certified in 2023.



e-KBS Homepage

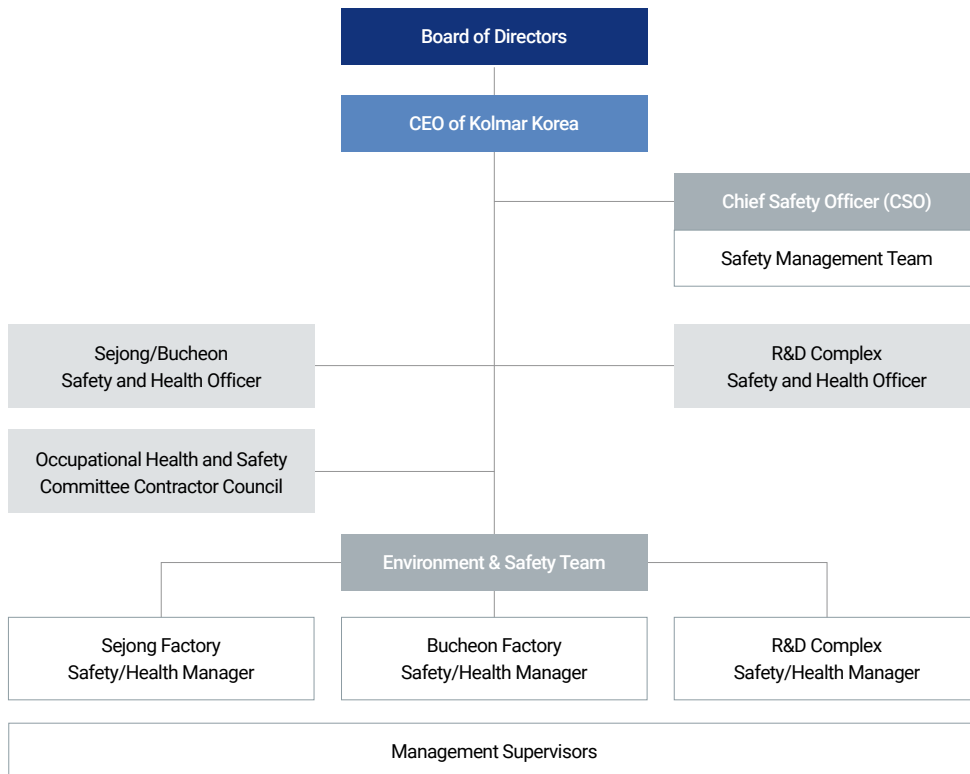
[Kolmar Book School Link](#)

Enhancement of Occupational Health and Safety Management

Occupational Health and Safety Decision-Making Structure

Kolmar Korea establishes Health and Safety plans annually and related performances and plans gets approval from the BoD to strengthen governance activities. Additionally, we operate a dedicated organization for the Serious Accidents Punishment Act to actively comply with legal requirements, and implements safety management focused on preventing occupational hazards through regular internal inspections and reporting to management level. The Board of Directors' approval is conducted once a year, and internal inspections are carried out quarterly.

Occupational Health and Safety Operating System



Operation of the Occupational Health and Safety Committee

The Occupational Health and Safety 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. The Occupational Health and Safety Committee meets quarterly.



Occupational Health and Safety Committee

Enhancement of Occupational Health and Safety Management

Occupational Health and Safety 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 health and safety have been established in compliance with the revised Occupational Health and Safety Act. In 2023, 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 are implementing mid- to long-term business strategies.

Policy for Health and Safety Management

Kolmar Korea operates the Health and Safety Management System (ISO 45001) to enable employees and contractors to work in a health and safety environment, ensuring prompt and accurate decision-making. Policy for Health and Safety 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.

Goals for Promoting Occupational Health and Safety Management

Item	Details
2024 Goals	<ul style="list-style-type: none"> • Zero occurrences of occupational diseases • Improve 300 risk factors • Achieve an accident rate below 0.5
2025 Goals	<ul style="list-style-type: none"> • Internalize occupational health and safety management
Goals after 2030	<ul style="list-style-type: none"> • Identify and improve 500 cases of potential hazards • Enhance IT-integrated systems (develop web and mobile systems, install AI sensors and cameras)

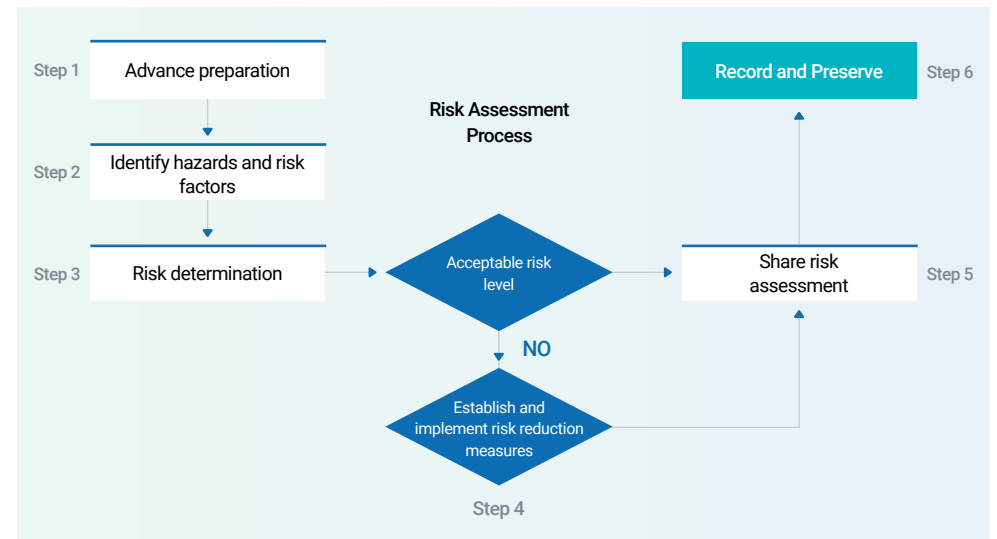
Policy and System Certification for Health and Safety Management



Risk Assessment

Kolmar Korea conducts regular, constant, and frequent risk assessments to reduce risks in the health and safety areas for workers. Regular risk assessments are conducted once a year, newly enhanced constant risk assessments are conducted once a month, and frequent risk assessments are conducted as needed, such as when new equipment is introduced. This process identifies risk factors in the workplace where workers operate and determines the risk level based on frequency and intensity using various techniques. Through this, we are striving to eliminate potential risk factors in advance by actively participating in improvement activities for identified risk factors and immediately improving high-risk groups.

Risk Assessment Process



Enhancement of Occupational Health and Safety Management

Health and Safety Management Activities

Training of Management Supervisors

Kolmar Korea makes significant effort into training supervisors reducing hazardous risk factors within the workplace. The training is outsourced to external safety education institutions. The training for management supervisors complies with the 16-hour legal requirement of the Occupational Health and Safety Act for the duties of a safety management supervisors. In 2023, 99 risk assessment management supervisors were trained, representing a 115% increase compared to the previous year. After completing the management supervisor training, Kolmar Korea selects and rewards excellent management supervisors through the establishment of the management Supervisors Council and the evaluation of management supervisors job performance capabilities for the enhancement of management supervisor capabilities.



Training and Rewarding of Management Supervisors

Evaluation of Safety and Health Performance of Partners

Kolmar Korea evaluates health and safety status of partner companies to improve their health and safety levels. The evaluation includes health and safety 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. In 2023, Kolmar Korea was selected for the win-win growth and cooperation project introduced by the Ministry of Employment and Labor for the first time. We have established a self-regulatory prevention system for our partner companies through joint efforts to identify and improve hazards and risk factors, support health and safety regulatory systems, support risk assessment certification, and establish and implement health and safety management systems.

Health and Safety Management Performance of Partners in 2023

Category	Sejong Factory	Bucheon Factory
Win-win growth and cooperation program	Selected Companies	-
Evaluation of Health and Safety Level	Twice (1st half and 2nd half)	Twice (1st half and 2nd half)
Joint Health and Safety Inspection of Cooperative Health and Safety	15 issues identified (100% improvement)	14 issues identified (100% improvement)



Evaluation of the Occupational Health and Safety Performance of Partners

Enhancement of Occupational Health and Safety Management

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 safety training and develops emergency response training plans by selecting topics specific to each workplace responding to chemical spills, forklift serious accidents 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. Furthermore, external instructors are invited annually to provide emergency treatment education to factory supervisors.



Emergency Response Training

Activities to Promote Employees Health and Safety Awareness

Kolmar Korea conducts health and safety 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, each department provides education on everyday life skills such as CPR, emergency patient care and fire extinguisher use. Specialized training is also provided to outsourced workers for high-risk tasks such as working at heights, 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. Starting in 2024, we plan to implement safety culture campaigns, including health and safety slogans and proposal competitions, to further promote safety awareness.



Conducting Campaigns and Training to Promote Employees' Health and Safety Awareness

Enhancement of Occupational Health and Safety Management

Safety Management Activities at Worksite

Kolmar Korea is making various efforts to create a safe workplace and prevent serious accidents.

Enhancement of Risk Assessment Management System

In response to the legally enhanced risk assessment requirements in 2023, Kolmar Korea continues to conduct regular risk assessments on an annual basis, and frequent risk assessments when new equipment is introduced or special issues arise. Additionally, we have added risk assessment items through routine inspections, ensuring that every process undergoes monthly evaluations to assess risks associated with hazardous factors. During these inspections, all supervisors and relevant staff participate to evaluate the risk level in detail, such as near-miss accidents. Furthermore, we conduct Toolbox Meeting (TBM) activities to share and educate all relevant departments about the inspection results and improvement measures.

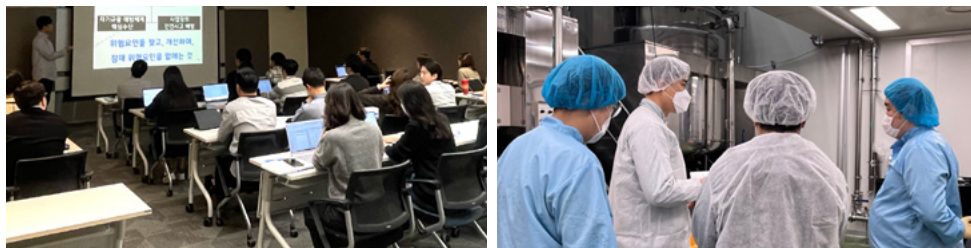
*TBM: Toolbox meeting

Safety Management at the R&D Complex

Kolmar Korea is making efforts for the health and safety management of the R&D Complex through precise safety diagnosis. We have established an enhanced management system by conducting precise safety assessments once a year, exceeding the legal standard of once every two years. This enables thorough management of risk factors within our R&D Complex.

Enhancement of the Prevention of Similar Accidents

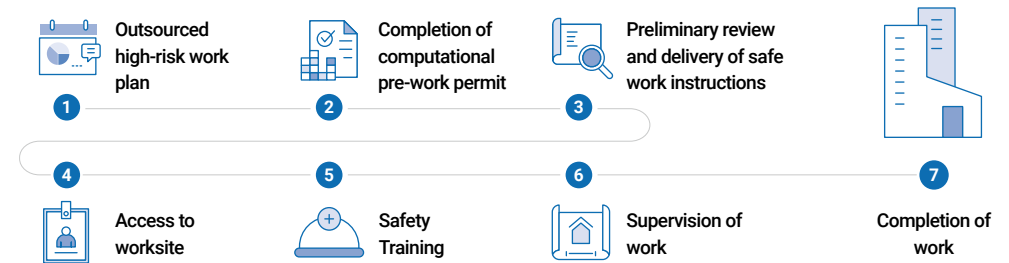
Kolmar Korea implements Task Force (TF) aimed at addressing processes where accidents have occurred, preventing similar incidents by identifying and improving the underlying risk factors. The TF activities, consisting of the Environmental Safety Department, Production Department, and Facility Management Department, aim to address the root causes of risk factors for the safety of workers.



Safety Training and TF Activities

Enhancement of the Safety Management Process for Outsourcing Work

Kolmar Korea has reinforced its safety management system along with providing safety education to tightly regulate outsourced work management. Through the following processes, we identify risk factors before commencing work and mitigate potential safety accidents during operations.



Safety Education for Outsourcing Work

Safety Management for Forklift and Cargo Truck

Kolmar Korea has comprehensively improved and implemented operations for forklifts and cargo trucks, which have a high risk potential for serious accidents. We prepare work plans for forklifts on a quarterly basis and conduct daily safety checklists, exceeding legal standards. This has strengthened the efficiency of safety management for forklift operations. Additionally, to prevent serious accidents involving forklifts, we have implemented safety management activities such as equipping forklifts with rear sound alarms, rearview cameras, and night line beams, as well as requiring forklift drivers to wear safety helmets. In the future, we plan to introduce more advanced safety devices. To prevent serious accidents caused by cargo trucks entering and exiting our premises, we have established and implemented a system for work plans and daily safety checklists for these vehicles.

Enhancement of Occupational Health and Safety Management

Employee Health Management

Health Promotion Programs and Health Administration Office

Kolmar Korea operates health administration office within its worksites to manage the health of employees. Through health management programs such as health counseling, emergency treatment, musculoskeletal disorder hazard factor investigations for the prevention of musculoskeletal disorders, job-related stress assessments, and risk assessments of brain and cardiovascular diseases, we aim to promote the health management of employees.



Health Promotion Programs and Health Administration Office for Employees

Employees Health Checkups and Post-Examination Care

Kolmar Korea conducts annual health checkups, specialized examinations according to employees' age and life cycle, comprehensive blood examinations, and comprehensive checkups to prevent diseases and promote employee health. We also conduct special health examinations in accordance with legal cycles for chemical and physical factors and provide follow-up management based on the results. Additionally, once every half year, we identify and evaluate the extent of exposure to harmful factors such as noise, dust, and hazardous chemicals substances that occur during work. Based on the results of this evaluation, we aim to provide a more comfortable working environment for our employees by deriving and implementing appropriate improvement measures.

Number of Employees with Health Abnormalities and Number of Counseling Sessions for Those Subject to Care

Category	Unit	2021	2022	2023
Number of employees with health abnormalities	Persons	251	448	354
Number of counseling sessions for those subject to care	Cases	251	448	354

Operation Status of Health Promotion Programs and Health Administration Office

Category	Unit	2021	2022	2023
Health counseling	Cases	386	471	479
Medical treatment in the health administration office	Cases	172	378	343
Providing medications in the health administration office	Cases	453	446	1,081
Job stress assessment	Cases	341	489	366
Brain and cardiovascular disease management	Cases	411	447	354
Workplace environment measurements	Cases	14	14	14

Enhancement of Occupational Health and Safety Management

Employee Health Management

Occupational Health and Safety Proposal System

Kolmar Korea operates a Occupational Health and Safety 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 partner companies workers. When an online proposal is submitted through the Health and Safety Proposal Board, it is evaluated the department head and relevant personnel to determine its rating. Each year, we reward outstanding and exceptional proposers and departments with prize money. In 2023, a total of 475 proposals were submitted, with a total prize amount of 2,380,000 KRW awarded specifically in the field of occupational health and safety.

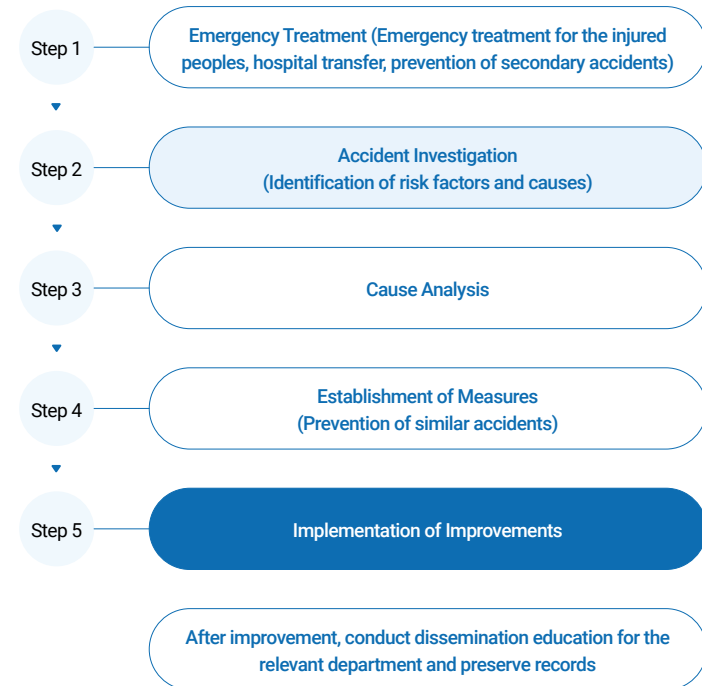
Identification and Improvement of Risk Factors During Worksite Safety Inspections

Category	Unit	2021	2022	2023
Number of identified risk factors	Cases	231	312	358
The number of risk factors improved	Cases	231	312	358
Improvement rate of risk factors	%	100	100	100

Accident Investigation and Prevention

Kolmar Korea has established procedures for reporting accidents to investigate 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. We analyze accident patterns statistically to prioritize improvements in risk factors based on their potential effectiveness: elimination (removing the risk factors), substitution (replacing the risk factors), engineering controls (installing protective devices), administrative controls (changing work methods), and protective equipments usage.

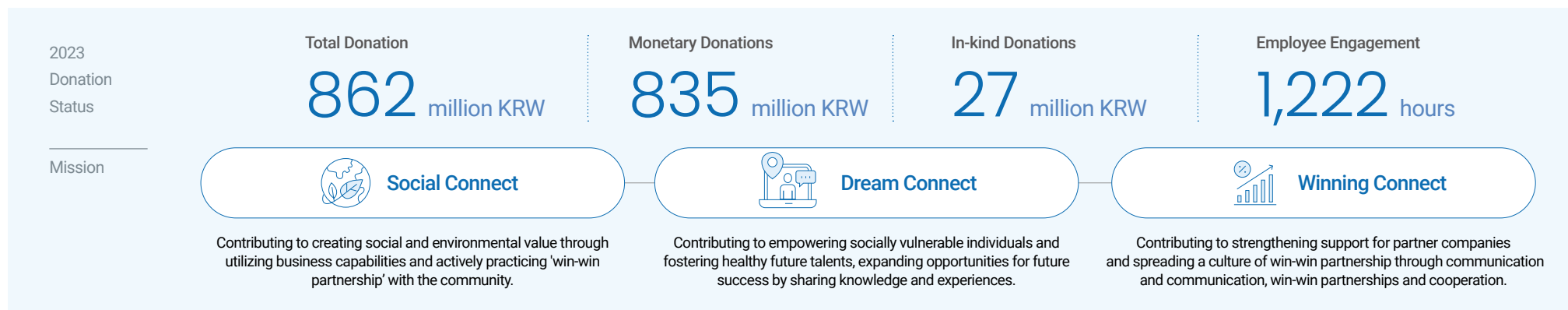
Accident Investigation and Prevention Process



Local Community Impact

Social Contribution Promotion System

Kolmar Korea is practicing social contributions with the vision of 'Connecting to a Better Future.' Based on the missions of 'Dream Connect,' which aims to nurture healthy future talents, 'Social Connect,' which practices win-win partnership for the local community, and 'Winning Connect,' which supports partner companies and fosters a culture of win-win partnership, we pursue our core value of 'connection.' In particular, Kolmar Korea prioritizes children, adolescents, and local communities where its facilities are located as the most important stakeholders for future growth. We strengthen commitment to sincere corporate social responsibility through partnerships with specialized institutions to support a robust system of social contribution. Additionally, we strive to reflect the professional capabilities of a Cosmetic ODM company in our social contributions, pursuing a virtuous cycle of value.



Mid- to Long-term Social Contribution Plan

Social Contribution Mission	Business Division	Key Achievements in 2023	2024 Goals	2026 Goals	2030 Goals
Dream Connect	<ul style="list-style-type: none"> Support children discharged from orphanages Promote healthy development of youth at risk/ youth in need of protection 	First cosmetics ODM company to develop and launch social contribution products.; Donated 2,000 finished products	Support training for children who have been discharged from orphanages for 3 consecutive years	Operate a support project for the healthy development of at-risk youth/ youth in need of protection for 5 consecutive years, donate products to enhance product experience (cumulative 5,000 items)	Achieve development of a total of 2 social contribution products and continue donating products (10,000 products cumulative)
Social Connect	<ul style="list-style-type: none"> Local community communication forum Local community contribution activities Employee volunteer activities 	Actively responded to disasters such as the Türkiye earthquake and domestic floods, benefiting 1,676 local residents and achieving 1,222 employee volunteer hours (231% increase compared to the previous year)	Organize 7 times of forum operation, discover new partner institutions in the local community, provide new volunteer activities for employees	Organize 10 forum sessions, expand the number of employees participating in volunteer activities (Na-num Crew)	Increase in participation rate of managers in social contributions and volunteer activities (10%)
Winning Connect	<ul style="list-style-type: none"> Promote a culture of win-win partnership Support partner companies and clients 	Achieved a positive Win-Win Growth Index and held sustainability seminars for partner companies	Conduct a new support business for partner companies, hold one seminar related to sustainability	Reach 500 persons benefiting from support programs for partner companies and clients	Continue support for partner companies and clients, aiming for 1,000 persons benefitted cumulated

Local Community Impact

Dream Connect

Supporting Children Who Have Been Discharged from Orphanages

Since 2022, Kolmar Korea has been conducting a social contribution project in collaboration with the social enterprise SOYF to support the healthy self-reliance of children who have been discharged from orphanages. With the vision of 'Connect For Better Future,' the project aims to nurture healthy future talents and help young people entering society with greater opportunities. The support project for children who have been discharged from orphanages has been operating for two consecutive years, offering a variety of themes such as enhancing employment capabilities, covering living expenses, and offering a design academy. The design academy, in particular, has proven highly beneficial for these children, providing practical training such as tool usage, special exhibition visits, and participation in product design.



Details of Children Discharged from Orphanage Support in 2023

Support for student's living expenses and job preparation

8 students

Support for students who completed Design Academy

3 students

Completed providing 1 Design Academy Session

76 hours

Development and Launch of Social Contribution Product <Vitto Hand Cream>

Kolmar Korea has launched the 'Vitto Hand Cream' in collaboration with a young person nicknamed 'Vitto' who completed the design academy. In this project, young adults preparing for independence directly participated in the cosmetic package design, while Kolmar Korea leveraged its expertise as a Cosmetic ODM company to develop and produce the hand cream. The entire production volume of "Vitto Hand Cream" was donated, and the social enterprise SOYF used the total revenue from sales through public funding to foster social enterprises and provide scholarships for children who have been discharged from orphanages. Kolmar Korea has successfully launched an advanced project that combines social contribution with resource circulation, utilizing its cosmetics research capabilities.



Details of Social Contributions Product Development in 2023

Development of Social Contributions Product

1 case

Total Donation of Developed Products (Quantity)

2,000 products

Revenue of Naver Happy Bean Public Funding

12,175,000 KRW

Local Community Impact

Promoting the Healthy Development of At-risk Youth/Youth in Need of Protection

Since 2021, Kolmar Korea has been supporting vocational training classes, specifically the Skin Beauty Class and Art of Make-up Class, at Jeongsim Girls' Middle and High School (Anyang Youth Detention Center) and Mipyeong Girls' School (Cheongju Youth Detention Center), specialized educational institutions for women and youth in need of protection under the Ministry of Justice. This program continuously provides the necessary cosmetics, tools, and other training expenses related to certification courses, helping at-risk youth and those in need of protection regain self-esteem and develop positively through enriching experiences. In 2023, Kolmar Korea employees visited Jeongsim Girls' Middle and High School with an educational curriculum developed by them and held the 'Youth Beauty Mentoring Program with Kolmar Korea' for the second consecutive year. This mentoring program featured an introduction to the cosmetics company, career guidance for researchers, and practical cosmetics-making classes. The participation of employees not only embodies the company's values but also leverages individual talents for social impact, significantly contributing to the development of at-risk youth and young individuals in need of protection.



Details of Promoting Healthy Development of At-risk Youth/Youth in need of protection in 2023

Donated Products for Enhanced Experiences

460 products

Youth Beauty Mentoring Program with Kolmar Korea

1 session

Number of students participating in Beauty Mentoring

86 students

Dream Start Support

Kolmar Korea is participating in the Dream Start program for underprivileged children in Sejong and Bucheon, where our main facilities are located. Dream Start is a social contribution program aimed at promoting the healthy growth and development of children and ensuring equal opportunities for a fair start. This program has been carried out in collaboration with Sejong City Hall and Bucheon City Hall for three consecutive years since 2021, providing support for children's academy tuition fees improvements to their learning environments, and medical expenses. Additionally, through integrated case management focused on children and families, we strive to help recipients grow into happy and well-adjusted members of society.

Details of Dream Start Support in 2023

Number of Beneficiaries

35 persons (106 cumulative)

SUBSIDIARY CASE

Dream Start Support



Yonwoo is sponsoring the child welfare program 'Dream Start' in collaboration with Seo-gu Office in Incheon. Dream Start is a program that supports underprivileged children and youth under the age of 12 and their families in the Incheon area, aiming to ensure children's healthy growth and equal opportunities for a fair start. The donated funds will be used for career experiences, family communication, and leisure activities for local children and youth. Yonwoo plans to continue sponsoring activities and various social contributions to support local children and youth in becoming future leaders. Additionally, Yonwoo has been incorporated as a subsidiary of Kolmar Korea to continuously practice social contribution activities for 'Connect For Better Future.'



Local Community Impact

Social Connect

Operation of Local Community Communication Forum and Social Contribution Feedback Channel

Since 2021, Kolmar Korea has been running a local community communication forum in collaboration with relevant stakeholders at our main manufacturing plant in Sejong. This forum is held twice a year and brings together key leaders and practitioners from various organizations in the community, as well as Kolmar Korea's employees, to discuss wide range of local issues aimed at actively participating in community problem-solving and support. Additionally, we operate a feedback channel for social contributions on our website, actively incorporating diverse opinions from the local community.

Details of Local Community Communication Forum and Social Contribution Feedback in 2023

Number of Local Community Communication Forum Sessions

2 times
(5 cumulative)

Number of Participants in Local Community Communication Forum

16 participants
(39 cumulative)

Number of implemented agenda

1 case



Local Community Contribution Activities

Kolmar Korea is at the forefront of responding to global natural disasters caused by rapid climate change and providing relief to people in crisis. In March 2023, we supported the victims of the massive earthquake in Türkiye and Syria, and in July of the same year, we participated in flood recovery efforts in areas affected by heavy rainfall in Korea. We have fulfilled our social responsibilities whenever disasters occur. Additionally, to ensure the smooth running of the 25th World Scout Jamboree in Saemangeum in 2023, we contributed 1,000 units of our sun care products for this national event. Kolmar Korea is promoting local community contribution activities around its worksites and striving for a win-win partnership with the local community. We continuously support local residents in collaboration with residents' center, senior welfare centers, the Korean Disabled Veteran's Association by Agent-Orange in Vietnam War (KAOVA), and welfare facilities near the R&D Complex. In recognition of our contributions, we were selected as an outstanding donor by Seocho-gu and received a plaque of appreciation from the Yangjae Comprehensive Social Welfare Center.

Results of 2023 Local Community Contribution Activities

Collaborating Organizations

6 organizations

Value of products and cash used for social contributions

20,505,038 KRW

Awards

- Received a Plaque of Appreciation from Yangjae Comprehensive Welfare Center
- Selected as an Excellent Donor by Seocho-gu Office

Number of Beneficiaries

1,676 persons

Local Community Impact

Employee Volunteer Activities

To cultivate an internal volunteer culture, Kolmar Korea operates the 'Na-num (Sharing) Crew' program, which is organized directly by employees. This initiative aims to encourage active engagement in personally meaningful areas, collaboratively address social issues with colleagues, and foster a sense of accomplishment, camaraderie, and loyalty to the company. Six crews were formed, engaging in various volunteer activities. Some of these activities include developing a cosmetics-making curriculum with at-risk youth, participating in activities to protect stray animals, and organizing birthday parties for the elderly living alone. Additionally, for employees who find it difficult to participate in external activities due to time constraints, Kolmar Korea also offers internal volunteer programs. During 'Kolmar Connect Week,' we conducted a campaign for employees to donate personal items. This campaign was carried out in collaboration with specialized NGOs such as Beautiful Store and Korea Volunteer Culture. A total of 201 employees participated, donating 824 items, which resulted in a significant environmental impact equivalent to the reduction effect of approximately 140kg CO₂ emissions, comparable to the absorption of carbon by about 16 30-year-old pine trees in one year.(140kg CO₂-eq).

Employee Na-num (Sharing) Crew Volunteer Activities



30kitsch



Beauty Aeong



Deli Crew



Aeong



Colvengers



Kolmajinny

Results of Employee Volunteer Activities in 2023

Cumulative hours of employee volunteer activities

1,222 hours

Na-num Crew, employee volunteer club

6 organizations

Winning Connect

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

Since 2018, Kolmar Korea has been carrying out the Woo-bo-Cheon-Li Win-Win Dream Academy, a social contribution activity for small and medium-sized enterprises (SMEs). This program is a win-win partnership initiative that provides a customized curriculum for employees of SMEs who may have difficulty investing in employee education. In 2023, the program was conducted twice, focusing on introductory courses for new employees and leadership competency enhancement courses for managers. Kolmar Korea employees are participating as instructors to share our company's expertise in talent development, and are striving to achieve the ultimate goal of win-win partnership and collaboration.



Promoting a Culture of Win-Win Partnership and Support for Partner Companies

Kolmar Korea promotes a culture of win-win partnership by establishing and strengthening support systems for partner companies. We diligently comply with fair trade-related laws and regulations through fair trade agreements and provide support for win-win partnership and collaboration, including measures such as shortened payment terms and bi-monthly settlements. Additionally, in response to the win-win growth index assessment by the Fair Trade Committee and the Korea Commission of Corporate Partnership, we participate in the dissemination and guidance of the implementation evaluation systems. Our efforts were reflected positively in the 2022 performance evaluation, where we achieved a 'Good' rating, marking an improvement from the previous year. We also continue to support the Win-Win Growth Research Institute and strive for a society with equal opportunities, fair competition, and flexible disparities.

ESG Performance Disclosure and Enhanced Communication

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. We regularly publish the ESG Letter every quarter for the purpose of information dissemination and education among our internal employees. We also host an annual ESG Week to encourage voluntary participation in ESG activities, where we collectively engage in small actions that contribute to environmental preservation.

ESG Week and Publication of ESG Letter

During ESG Week, Kolmar Korea designates a week to foster internal consensus on ESG management. During ESG Week, we include activities such as Zero Waste (reducing disposable items, paper usage, and food waste) and Save Energy (using stairs, reducing wasted energy, and using public transportation). This was carried out in the fourth week of October 2023. Starting in 2023, we have been publishing an ESG letter quarterly to enhance employees' awareness of ESG management and strengthen communication on ESG management.



ESG Week



ESG Letter

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 corporate social responsibilities. Kolmar Korea supports the ten principles of UNGC in the areas of human rights, labor, environment, and anti-corruption and aims to expand cooperation with global stakeholders. By publishing an annual UNGC Communication on Progress (CoP) report, Kolmar Korea solidifies its commitment to integrating UNGC principles into its corporate culture and overall management. Moving forward, we will continue to engage in various programs such as UNGC mentoring programs, the Climate Ambition Accelerator (CAA) and Business and Human Rights Accelerator to strengthen our commitment to sustainability, the ten principles of UNGC, and engagement with diverse stakeholders for sustainable development goals (SDGs).



ESG Performance Disclosure and Enhanced Communication

Sustainable Seminar CONNECT FOR GREEN

Kolmar Korea hosted the 'Sustainable Seminar CONNECT FOR GREEN' to overcome climate crisis and achieve sustainable win-win partnership. The seminar, hosted by the Design Group and Sustainable Management Group of Kolmar Korea drew over 250 stakeholders from the domestic cosmetics industry, including brands, manufacturers, and material companies. This sustainability-focused event featured lectures on the climate crisis and sessions introducing environmentally friendly packaging technologies, aiming to raise awareness across the cosmetics industry about the importance of producing environmentally friendly products with a sense of responsibility for climate crisis. Additionally, the seminar provided a platform for various companies to showcase next-generation environmentally friendly packaging materials, technologies, and strategies, promoting win-win partnership within the cosmetics industry. Kolmar Korea will continue to collaborate with clients and partner companies in various ways to achieve sustainable win-win partnership in the cosmetics sector.



ESG Performance Disclosure and Enhanced Communication

'The Best ESG' of the 2023 Korea ESG Management Awards

Kolmar Korea, the first Cosmetic ODM company in Korea, has signed a Business Agreement with NICE Information Service Co.,Ltd to support major partner companies with ESG competency assessments, consulting, and training programs. Additionally, we strive to develop sustainable technologies, from commercializing environmentally friendly paper tubes to developing microplastic alternative technologies. With these concerted efforts, Kolmar Korea received the grand prize in the medium-sized enterprise category at 'The Best ESG' of the 2023 Korea ESG Management Awards, co-hosted by the Korea ESG Committee and ESG Korea News.



2023 Korea Sustainability Communication Awards

Kolmar Korea is conducting ESG management activities with the vision of 'pursuing continuous innovation for healthy beauty.' In pursuit of this goal, we have established an ESG management strategy based on business responsibility, product innovation, and creating shared value. We have also heightened awareness of ESG management by publishing ESG Week and ESG Letter, fostering internal consensus. Furthermore, we are making efforts to enhance the use of renewable energy in response to climate change. As a result of these efforts, Kolmar Korea won the National Assembly Health and Welfare Committee Chairman's at the '2023 Korea Sustainability Communication Awards.'

Participation in Seocho Carbon Neutrality Mutual Cooperation

Kolmar Korea is committed to collaborating with Seocho Carbon Neutrality Center to contribute to carbon neutrality, green growth, and sustainable development of the local community. Moving forward, we will take the lead in carbon neutrality and local ecosystem preservation through mutual cooperation in areas such as biodiversity, forest conservation, and the expansion of renewable energy use.



Agreement Details

- 01 Mutual communication for achieving common goals of carbon neutrality
- 02 Active support for the development and implementation of carbon neutrality models
- 03 Support for ESG management practices through carbon neutrality
- 04 Provision of opportunities for job creation in climate and environmental sectors through carbon neutrality and supplying relevant information
- 05 Mutual cooperation in establishing governance for carbon neutrality initiatives involving public/private/industrial/academic sectors
- 06 Mutual cooperation on various matters necessary for the development of each institution

GOVERNANCE

Kolmar Korea enhances its compliance and ethical management system internally and transparently discloses its governance to ensure integrity and stability in its business activities. Additionally, we also strive to minimize potential risks by identifying and addressing potential risks in advance.

- 104 Strengthening Compliance and Ethical Management
- 110 Governance
- 117 Risk and Opportunity



KEY PERFORMANCE

Reduction rate of non-conform and recommendations for ISO37001 and 37301

90%



Targeting partner companies

Publication of ethical management letters



Board of directors attendance rate

96%



Enhancement of board of directors expertise and efficiency

Establishment of Compensation Committee and ESG Committee



Strengthening Compliance and Ethical Management

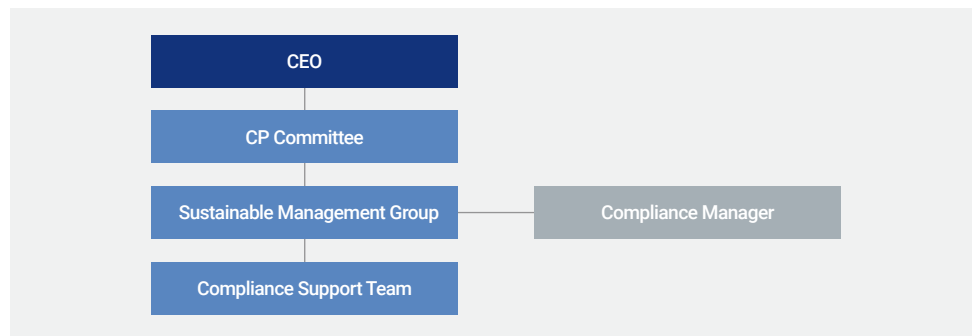
Ethical Management

Ethical Management Decision-Making System

The Sustainable Management Group’s Compliance Support Team at Kolmar Korea, serving as the Ethical Management Group, is in charge of designing and operating the compliance system. The team plays a role in establishing the foundation of a compliance culture that prevents ethical risks at the worksite in advance and actively supporting employees’ voluntary practices.

Compliance Risk Management System

Risk Management Organizational Chart

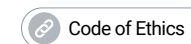


CP Committee

Kolmar Korea established the CP Committee in 2023. The CP Committee discusses material issues and current concerns related to compliance 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 meets biannually or as needed, including the Chief Compliance Manager, Production Headquarters, Financial Group, R&D Complex, Sales Headquarters, Digital Group, Planning Group, with the CEO serving as the Chairman. This committee facilitates timely decision-making, minimizing the impact of operational disruptions resulting from risk occurrences across the organization. In 2023, the CP Committee reviewed the enactment and revision of internal regulations related to voluntary compliance, discussed the results of compliance checks to prevent violations of laws in advance, recommended necessary measures, and provided advice to prevent recurrence.

Code of Ethics

Kolmar Korea has established a Code of Ethics 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 Code of Ethics provides a set of practical norms for all employees of Kolmar Korea to follow when facing ethical conflicts related to their job responsibilities. Every member bears the responsibility to understand and comply with the Code of Ethics, 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 Assets 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 and 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

Strengthening Compliance and Ethical Management

Compliance Day and the Anti-Corruption and Ethics and Compliance Pledge for All Employees

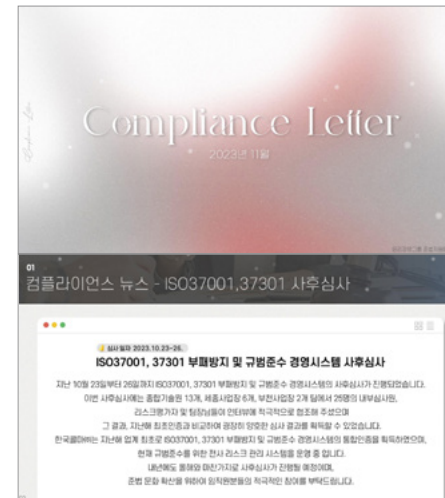
Kolmar Korea has designated Compliance Day to establish a culture of ethical management, and in 2024, the '2nd Compliance Day' was held. The CEO expressed a commitment to compliance, the Compliance Manager took an oath to adhere to compliance standards, and a report on the progress of compliance activities was conducted. Additionally, during this period, all employees signed an online Ethics and Compliance pledge, and have committed to complying with ethical norms, including anti-corruption regulations that prohibit inappropriate behaviors such as bribery.



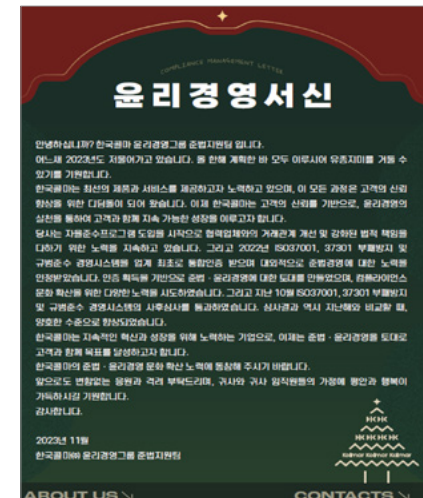
Anti-Corruption and Ethics and Compliance pledge by all employees

Shares Compliance Letter and Ethical Management Letters

Kolmar Korea shares compliance letters with employees, which include details of the Compliance Support Team's activities, enactment and revision of major laws, guidelines for company policies, and checklists to practice comprehensive ethical management. Kolmar Korea sends ethical management letters to external partner companies, which include the company's commitment to compliance management and information on reporting channels. The recipients of these letters are gradually being expanded. Starting from its initial release in January 2023, the internal and external ethical management messages have been disseminated quarterly, contributing to the opening of communication channels.



Compliance Letter



Ethical management letters

SUBSIDIARY CASE

Anti-Corruption Activities



HK inno.N Co., Ltd is committed to preventing compliance risks that may arise in the workplace by collecting anti-corruption and compliance pledges online from all employees, including the CEO on the annual Compliance Day. Additionally, a poster featuring the CEO's commitment to compliance is produced annually and distributed to business sites across the country to reinforce the CP No. 1 mindset among employees.



Strengthening Compliance and Ethical Management

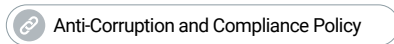
Compliance Management

Compliance Inspections

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. During the first half of 2023, we reviewed HR and labor tasks related to the Labor Standards Act, and in the second half, we assessed document management practices related to the Unfair Competition Prevention and Trade Secret Protection Act. The compliance inspection process includes distributing checklists to departments, interviewing responsible personnel, and conducting on-site inspections. Following this, risk assessments and improvement plans are developed and subsequently reported to the CP Committee.

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 Policy and Anti-Corruption and Compliance Policy



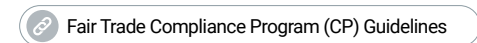
Compliance Program

Kolmar Korea has implemented the Fair Trade Self-Compliance Program to promote a culture of compliance. The Compliance Manager, appointed by the Board of Directors, declared its commitment to compliance and oversees the planning and operation of the Fair Trade Self-Compliance Program. Additionally, we conduct ongoing and systematic compliance training, which includes company-wide training, job-specific training, and training for new and experienced employees.



Production and Distribution of Compliance Program (CP) Guidelines

Kolmar Korea revises and distributes the Compliance Program (CP) Guidelines every six months, reflecting the latest laws and corresponding guidelines. Through this, employees familiarize themselves with fair trade regulations and proactively prevent violations in their work processes. Furthermore, we are exploring ways to enhance practicality by considering guidelines for gifts, donations, advertising activities, and internal transactions to be included in the appendix.



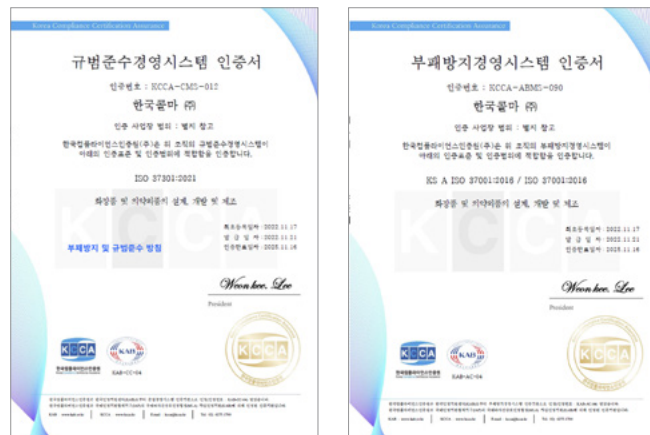
Compliance Training

Kolmar Korea has conducted offline compliance training on the Fair Trade Act for all employees. A total of 106 employees from the R&D Complex, Sales, Production, and Support departments, who are involved in fair trade-related tasks, attended and participated in the training. To provide job-specific training, we conducted specialized training on trade secret protection, particularly encouraging participation from employees of the R&D Complex, where trade secrets are highly valued. A total of 101 employees attended the on-site training sessions. Afterwards, all instructional materials were distributed to ensure that employees who did not attend the training can refer to them when performing related tasks.

Strengthening Compliance and Ethical Management

ISO 37001, 37301 Anti-Corruption and Compliance Management System

In 2022, Kolmar Korea became the first company in the cosmetics industry to obtain integrated certifications for the ISO 37001 Anti-Corruption Management System and ISO 37301 Compliance Management System. The scope of the certified sites includes the R&D Complex, Sejong and Bucheon Factory. After the initial review in 2022, the certification has been maintained through a post-review in 2023. We strive to establish a comprehensive risk management system at the corporate level, and minimize the negative impact of risks. In this regard, the Compliance Manager takes the lead in continuously managing risks related to compliance and ethics. The respective departments set compliance goals and plan activities to achieve them. The supervising department monitors the entire process and reports internal audit results, performance, and improvement measures to the CP Committee.



Compliance Risk Management Process

Kolmar Korea goes through four stages of compliance risk management. First, in the 'Plan' stage, we strive to establish and disseminate policies related to compliance. Next, in the 'Do' stage, we revise manuals and procedures and conduct training to enhance awareness of compliance. In the 'Check' stage, we identify compliance obligations and analyze risks, conducting monitoring within each department. Finally, in the 'Act' stage, we implement improvements and measures in accordance with the requirements of the compliance management system. Through this process, Kolmar Korea enhances its proactive response activities against compliance risks.



Strengthening Compliance and Ethical Management

Compliance Risk Management

Reported Cases of Ethical Violations and Disciplinary Actions

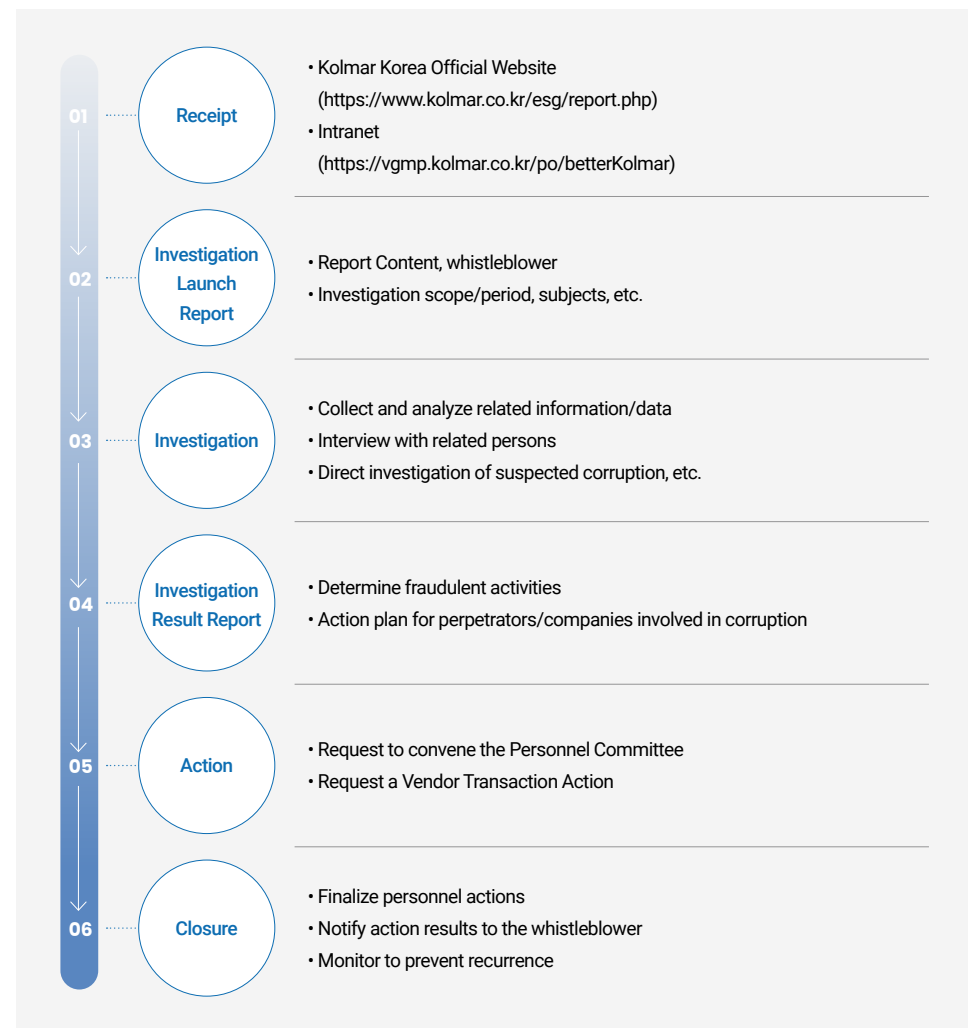
Kolmar Korea operates two whistleblowing channels to promote open reporting and enhance corporate culture. Internal employees can report through 'Better Kolmar' on the company's intranet. Through this channel, incidents are received, appropriate actions are taken through consultation and investigation, and proactive efforts are made to prevent recurrence by monitoring the actors afterwards. For all stakeholders related to the company, a 'Whistleblowing' corner is available on the official company website where they can report unethical conduct and unfair practices. Both channels allow for anonymous or named reporting, and designated departments and personnel handle the investigation while maintaining the security of the information. Furthermore, we protect 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 2023, one consultation was received regarding workplace bullying among the reported violations of ethical management, and the investigation and handling were completed according to the procedure.



Reported Cases of Ethical Violations and Disciplinary Actions

Category	Report Type	Number of Reports	Action Results	
			Disciplinary measures	Dismissal
Kolmar Korea Official Website	<ul style="list-style-type: none"> • Bribery from or equity investment in partner companies • Illegal use of company assets • Manipulation of documents and counts • Violence among employees-Unreasonable demands • Other ethical management violations 	18	0	0
Intranet	<ul style="list-style-type: none"> • Sexual harassment and workplace bullying Violations of ethical management 	4	1	0

Report Reception and Processing Process



Strengthening Compliance and Ethical Management

SUBSIDIARY CASE

Implementation of Compliance and Ethical Management System and CP Committee

CP Committee – Establishment of CP Working Committee and Decision-Making System
 Since 2015, HK inno.N Co.,Ltd, has regularly held CP Committee meetings where the compliance manager reports on the status of compliance to the CEO and all executives, and discusses sanctions and award agendas. As a part of expressing the strong commitment to the CP NO.1 management philosophy held by the top management of HK inno.N Co.,Ltd, in April 2024, the company held the '100th' CP Committee meeting for the first time in the industry. Additionally, by operating the CP Working Committee every month, the compliance department and related department practitioners are conducting a preliminary review of risks.

Operation of Prior Business Consultation System

When reviewing actions that may violate fair trade regulations and mandatory regulations, the CP Working Committee and the CP team conduct organic prior business consultations, and the compliance manager oversees all processes. Additionally, the legal team is conducting prior business consultations using the legal information system in relation to CP issues. The standards for the prior business consultation system are stipulated in the operational regulations of the Fair Trade Self-Compliance Program, and the detailed contents are stipulated in the operation guidelines of the Fair Trade Self-Compliance Program Monitoring.



Operation of Prior Business Consultation System



CP Change Leader & Agent Cross-Education

Operation of Compliance and Ethical Management Program



HK inno.N Co.,Ltd is conducting education for employees and evaluations at the company level to realize compliance and ethical management. Regular customized training is conducted for each organization to enhance employees' compliance and ethical consciousness, and CP capabilities are strengthened through CP evaluations based on the distributed educational materials.

Operation of CP Change Leader&Agent Cross-Education

Distribution of CP Letter/ESG Letter (Employees/Partner Companies)

Customized topics are selected for each organization, and anti-corruption and compliance education is conducted every month. Through the CP Change Leader & Agent system, which is the first in-house CP expert training course in the industry implemented in 2018, propagation education is conducted in other departments, promoting the spread of an anti-corruption and compliance culture among all employees. Also, through the CP Letter and ESG Letter distributed every month, effective information about CP and ESG is delivered to employees.

Operation of Company level of CP TEST and Results Reflected in Performance Management & Development System (PMDS)

Since 2020, the contents of the annually issued CP/ESG/DI Letter have been used as the scope of the questions for the CP TEST, which is operated at the company level, with its scores reflected in individual performance evaluations. Through this, we measure the level of CP awareness of employees and the level of communication of CP operational matters, strengthen CP capabilities, and supplement the communication level of CP operational matters for the following year.

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 outside directors account for at least a quarter of the total number of directors. Directors are selected and recommended by the Outside Director Candidate Recommendation Committee in consideration of their independence, diversity, and expertise and appointed at the general shareholders' meeting. At the general shareholders' meeting in March 2024, two inside and one outside directors were reappointed and the BoD consisted of four inside and three outside directors.

Composition of the Board of Directors

Category	Name (Gender)	Assigned Task	Committee	Key Career
Inside directors	Sang-keun Han (Male) *	Technological Innovation	Outside Director Candidate Recommendation Committee	Deputy Director of Kolmar Korea R&D Complex
	Hyun-kyu Choi (Male)	Management	ESG Committee	Current) CEO of Kolmar Korea, Formerly) Chairman of Kolmar Wuxi
	Sang-hyun Yoon (Male) **	Management	-	Vice-president of Kolmar Holdings / CEO
	Hyun-haeng Huh (Male) **	Finance, Accounting	-	Head of Kolmar Korea Management Planning Division / Head of Sustainable Management Group
Outside directors	Youn-koog Bae (Male)	Management, Public	Outside Director Candidate Recommendation Committee, Compensation Committee	Chairman of the National Development Policy Institute's Advisory Committee / Head of So Hwak Haeng Academy
	Thomas Shin (Male) **	Management	Outside Director Candidate Recommendation Committee, ESG Committee, Compensation Committee	Bain & Company Korea Advisory Partner
	Hyun-jung Kim (Female)	Management, Technological Innovation	ESG Committee, Compensation Committee	IBM Managing Partner

* Chair of the Board of Directors

** Newly/Appointed directors from the Shareholders' Meeting in 2024 (March)

Board Meeting

In 2023, Kolmar Korea held a total of 9 board meetings. During these meetings, a total of 29 agendas were resolved, with a notable resolution being the convening of the 12th Resolution of Convocation of the general meeting of shareholders. The board meetings were conducted over 9 sessions, with no directors proposing revision or objections, and a high attendance rate of 96% among all directors was observed.

Board Meeting

Category	Number of Meetings	Attendance Rate	Agenda	Revision/Against	Key Decisions in 2023
Board of Directors	9	96%	29 cases	0 case	The 12th Resolution of Convocation of the general meeting of Shareholders

[BoD Activities](#)

Differences from Governance Best Practices

Kolmar Korea aims to become a more trustworthy company by disclosing the gap between the governance best practices of the Korea ESG Standards Institute and the current status of Kolmar Korea's governance on its website. In 2023, we set goals to establish independence, expertise, diversity, and efficiency in the board for efficient and systematic operation.

[Link to Differences from Governance Best Practices](#)

Governance

Independence, Diversity, Expertise, and Efficiency of the Board

Kolmar Korea strives to establish the principles of independence, diversity, and expertise 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.

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-keun Han, an inside director, serves as the chairman of the board, separate from the position of CEO, to enhance the board's independence. We have established the Outside Director Candidate Recommendation 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 outside directors and the committee's operation, the committee comprises three members, including two outside directors and one inside director, representing a majority of outside directors. In March 2023, a female business leader was appointed as an outside director, further enhancing the diversity of the board of directors.

Strengthening the Director's Expertise

Kolmar Korea strives to provide accurate and sufficient management information to the outside directors, composed of experts in various fields, to enable effective decision-making by the Board of Directors. Thomas Shin, an outside 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 over the past three years. He was reappointed as an outside director in 2024. Youn-koog Bae, an outside 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 The Segye Times. Additionally, Hyun-jung Kim, an outside 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 outside director, she strengthens diversity on the board.

Promoting Independence, Diversity, Expertise, and Efficiency of the Board of Directors

Category	Description
Independence	<ul style="list-style-type: none"> • Separately appointment of the Chairman of the Board and the CEO • Appointment of outside directors without special relationships with the management • Restriction on the voting rights for directors with significant conflicts of interest regarding board resolutions • Strengthen monitoring functions by establishing an audit support organization
Diversity	<ul style="list-style-type: none"> • Pursue diversity in board composition to help various stakeholders continue to grow with the company • Appointment of a female outside director in 2023
Expertise	<ul style="list-style-type: none"> • Recommendation and appointment of candidates for directors who possess qualities and capabilities that contribute to the company's long-term growth and development • Enhancement of expertise through seminars and educational opportunities provided by external experts
Efficiency	<ul style="list-style-type: none"> • Performance evaluations implementation for the board and outside directors • Ad hoc board meetings can be held as needed and to ensure 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

Governance

Board Skills Matrix

Directors	Affiliation	Competency Indicators				
		Industry and Economy	Corporate Management	Finance and Accounting	Technological Innovation	Law and Public Policy
Sang-keun Han*	Outside Director Candidate Recommendation Committee	●			●	
Hyun-kyu Choi	ESG Committee	●	●			
Sang-hyun Yoon	-	●	●			
Hyun-haeng Huh	-	●		●		
Youn-koog Bae	Outside Director Candidate Recommendation Committee, Compensation Committee	●				●
Thomas Shin	Outside Director Candidate Recommendation Committee, ESG Committee, Compensation Committee	●	●			
Hyun-jung Kim	ESG Committee, Compensation Committee	●			●	

* BoD Chairman

Board Education

We provide trainings to outside directors to enhance risk management capabilities, such as strengthening the expertise and risk and regulatory trends to the industrial environment. In March 2023, we conducted an educational curriculum that encompassed an introduction to the organization for newly appointed directors. In December 2023, we conducted training on the company's performance and trends in the cosmetics industry. Moreover, as part of our ongoing commitment to enhance the board's capabilities, we have plans to provide education sessions for outside directors on climate change and sustainability within the current year.

2023 Board of Outside Directors Education

Date	Educating Entity	Educating Target	Education Contents
2023.03.29	Kolmar Korea	Youn-koog Bae, Hyun-jung Kim, and Thomas Shin, outside director	Introduction and Guide of the Board of Directors of Kolmar Korea
2023.12.18	Kolmar Korea	Thomas Shin, outside director	Explanation of Kolmar Korea's performance and trends in the cosmetics industry

Governance

Board Evaluation and Compensation

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 outside directors. The evaluation factors includes board composition, roles, responsibilities, operations, and committee composition, roles, and operations. The evaluation of outside 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 2023 Board Activities Self-Evaluation

Board						Outside directors
Board Composition	Board Roles	Board Responsibilities	Board Operations	Committee Composition, roles, and operations	Overall score	Overall score
4.79	4.75	4.85	4.96	4.87	4.84	4.84

* Out of 5 points

Establishment of the Compensation Committee

Kolmar Korea established the Compensation Committee under the board of directors in May 2023. The Compensation Committee, composed of three outside directors, operates to enhance the fairness and transparency of compensation determination. In 2023, a resolution was made on the appointment of the chairman, and in 2024, the Compensation Committee was convened to review the director's compensation limit. At these two meetings, all members attended and approved the resolution at 100%, with no revisions or against announced.

Compensation Committee Meeting

Category	Year of Meetings	Number of Meetings	Attendance Rate	Agenda	Revision/Against	Key Decisions
Compensation Committee	2024	1	100%	1	0	Deliberation on the remuneration limit for directors
Compensation Committee	2023	1	100%	1	0	Appointment of chairman

Transparent Remuneration Policies

Kolmar Korea's remuneration policy is determined by the Compensation Committee, which reviews and approves the appropriateness of registered director compensation and pre-deliberates on the director compensation limit. After the Compensation Committee reviews and resolves the director compensation limit, the details are reported to the board of directors and are finally decided by a resolution of the general meeting of shareholders in accordance with Article 388 of the Commercial Act. Furthermore, the compensation structure for inside directors is divided into base salary and variable compensation, which is based on the performance. The compensation system for outside directors is paid only as a base salary to ensure the independence of decision-making.

Governance

Appointment of Outside Directors

Outside Director Candidate Recommendation Committee

The Outside Director Candidate Recommendation Committee of Kolmar Korea plays a role in verifying and recommending candidates of outside directors based on various criteria such as independence and diversity. To ensure the fairness and independence in appointing outside directors and the committee's operation, the committee comprises three members, including two outside directors and one inside director representing a majority of outside directors, in accordance with relevant laws and regulations (complying with the provisions of Article 542-8, Paragraph 4 of the Commercial Act). Kolmar Korea held the Outside Director Candidate Recommendation Committee on March 14, 2023, to discuss the review candidates of outside directors.

Process of the Outside Director Candidate Recommendation Committee



Outside Director Candidate Recommendation Committee Meeting

Category	Number of Meetings	Attendance Rate	Agenda	Revision/Against	Key Decisions in 2023
Outside Director Candidate Recommendation Committee	2	100%	2 cases	0 case	Deliberation on Outside Director Candidates

Outside Director Candidate Recommendation Committee Activities

Session	Date of Meeting	Description	Inside Directors		Outside Directors	
			Sang-keun Han (Attendance Rate: 100.0%)	Seong-ho Lee (Attendance Rate: 100.0%)	Thomas Shin (Attendance Rate: 100.0%)	Youn-koog Bae (Attendance Rate: 100.0%)
Approval Status						
1	2023.03.14	Deliberation 1. Deliberation on Outside Director Candidates	Agreement	Agreement	Agreement	New Appointment (2023.03.29~)
2	2023.04.10	Deliberation 1. Selection of the Chairman of the Outside Director Candidate Recommendation Committee	Agreement	Retirement due to term expiration	Agreement	-(Note 1)


Note 1) On April 10th, 2023, Youn-koog Bae was appointed as the Chairman of the Outside Director Candidate Recommendation Committee. (Youn-koog Bae did not have voting rights on this agenda item due to a special interest (himself))

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.

 [Activities of the Audit Committee](#)

Evaluation of Internal Accounting Management System

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 9 Board of Directors meetings held in 2023, Jin-soo Hong attended nine meetings and Hui-beom Lee attended 1 meeting (retired in January 2023), and Sang-heon Chang attended six meetings (appointed in March 2023).

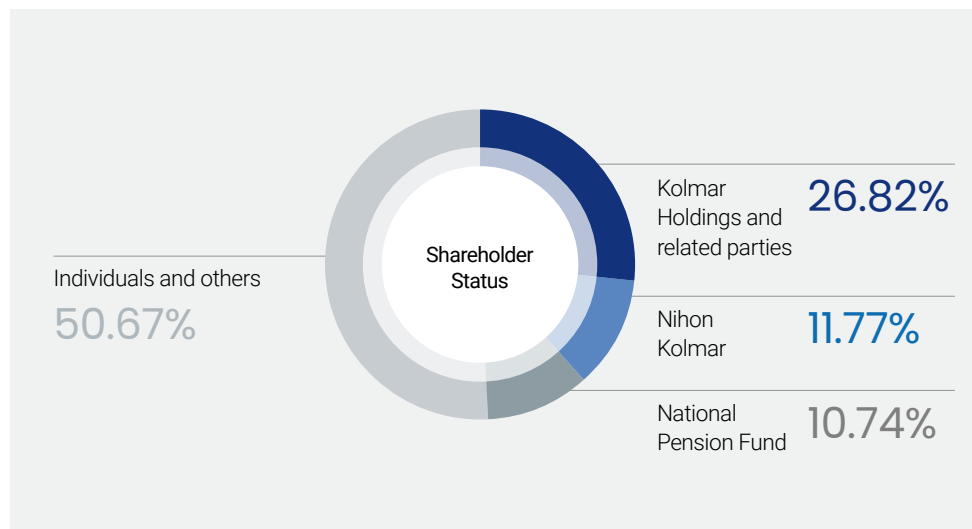
Governance

Shareholder Rights Protection

Shareholder and Stock Status

The largest shareholder of Kolmar Korea is Kolmar Holdings (26.31%). The largest shareholder of Kolmar Holdings, Sang-hyun Yoon (no ownership stock), and related parties have a 26.82% stake. Other major shareholders are Nihon Kolmar (11.77%), National Pension Service (10.74%), and other institutions and individuals (50.67%). The number of outstanding shares is 50,000,000, and the total number of outstanding shares is 23,605,077 (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. The combined number of shares held by the largest shareholder and those in special relationships is 6,331,059 shares, representing a stake of 26.82%. The combined number of shares held by executives, excluding the family of the largest shareholder, is 15,372 shares, which is about 0.0005% of the total issued shares.

Shareholder Status



1) Shareholder Status: As of March 31, 2024.

Shareholder Return Policy

Kolmar Korea is considering various shareholder return policies to ensure that shareholders can equally enjoy the fruits of the company's growth. Since 2012, the company has consistently increased dividends for 12 consecutive years without any reduction. In 2023, a dividend of 600 KRW per share was paid, corresponding to a dividend yield of 1.1% based on the year-end stock price of 2023. While most companies adjust their dividend payouts based on business conditions or profit levels, Kolmar Korea pre-allocates the expected dividends from monthly cash flows to minimize the impact of business conditions on the shareholder return policy.

[Dividend Status and Dividend Policy](#)

Dividend Status and Dividend Policy

To clarify our continuous Shareholder Return Policy, we have formalized our dividend policy. Currently, the company is implementing a plan to increase dividends, considering past dividend payments and cash inflows. Since 2012, we have aimed for a dividend payout ratio of more than 10% annually, and we have increased dividends by 20% annually for three consecutive years since 2021. This dividend policy is publicly disclosed on the company's website and in the business report.

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. The management's efforts for IR are leading to positive feedback from dedicated analysts and investors. This is also the background for being selected as the winner of the 2023 Money Today IR Awards in the cosmetics category.



Money Today IR Award in the Cosmetics Category

Risk and Opportunity

Integrated Risk Management

Integrated Risk Management System

Kolmar Korea operates an Integrated Risk Management System, managing company-wide risks categorized into business risks, operational risks, ESG and other risks. Business risks include planning risk, investment risk, and financial risk. Operational risks include quality risk, occupational health and safety risk, and raw material risk. ESG and other risks include environmental risk, supply chain risk, and human rights management risk.

Risk Management System



Business Risk Management

Planning Risk Management

Through management reviews, we manage risks that affect our goals and strategic direction on an company-wide level. Reported regularly to the management such as identify risks anticipated in industry and market trends, and in the progress of our strategy. Continuously monitor risks that arise in the process of implementing our management strategy. Additionally, to swiftly respond to various risk factors, Kolmar Korea clearly documents and adheres to operational standards, and preemptively check risk factors through review and collaboration with relevant departments and management.

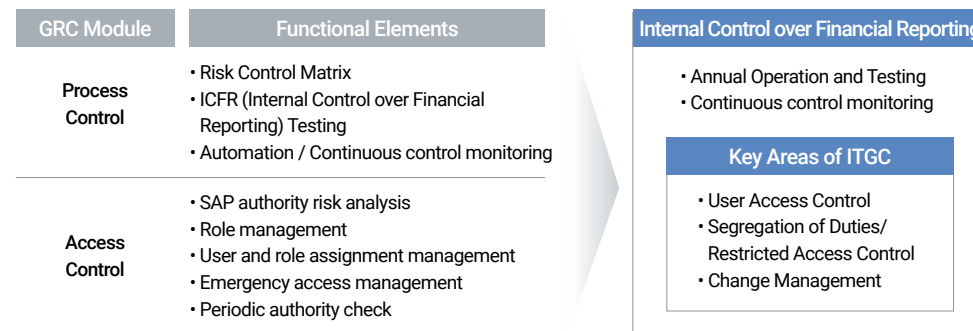
Investment Risk Management

Kolmar Korea systematically manages business risks by dividing new investments into pre-investment and post-investment stages. During the pre-investment request stage, we operate an Internal Investment Review Committee to review pre-investment risks and have formalized the inspection of ESG risks for certain investments. In the post-investment stage, we conduct post-evaluations and minimize business risks through continuously monitoring. In addition, we manage 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.

Financial Risk Management

The Internal Control over Financial Reporting refers to company-wide activities designed to ensure financial statement reliability through continuous control activities. Kolmar Korea, as a publicly traded company under the 'Act on External Audit of Stock Companies,' is obligated to implement an Internal Control over Financial Reporting. In 2023, Kolmar Korea introduced SAP GRC (internal control solution) to enhance the overall level of internal control in the company by improving the efficiency of control execution, such as automating evaluations and establishing a continuous monitoring system for important tasks. In particular, the continuous monitoring system, which can detect anomalies early through data scenario-based analysis, is positioned as a compliance tool for timely response to high-risk issues, immediate action against fraud and regulation violations, and the prevention of various risks in advance.

SAP GRC Solution



Risk and Opportunity

Operational Risk Management

Quality Risk Management

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. Kolmar Korea address risks and opportunities by considering internal and external issues of the organization and stakeholders requests and demands. Through annual management reviews, we determine risks and opportunities and carry out continuous improvement activities through planning and execution.

Health and Safety Risk Management

To prevent risks related to the occupational health and safety of Kolmar Korea employees, we have implemented a prework 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.

Raw Material Risk Management

Raw material risk management is an essential element in the sustainable management of the company due to high volatility in price, supply availability, and quality. Accordingly, we conduct stability reviews of raw materials and verification of various certification documents (RSPO, RMI, VEGEN, etc.) for sustainable raw material supply, and each department within the SCM group, research institute, sales and marketing headquarters, RAS center, etc., performs various roles to mitigate raw material risks and establish a system for sustainable raw material purchasing operations.

ESG and Other Risks

Environmental Risk Management

Kolmar Korea regularly and frequently conducts risk assessments and impact assessments related to environmental impact, using indicators such as potential occurrence and control methods, based on ISO14001, to strengthen the environmental management system. In addition, identify physical risks and opportunity factors for proactive response to climate change. Based on this, Kolmar Korea manages significant environmental impacts and continuously perform risk assessments to minimize the impact of business activities on the environment.

Supply Chain Risk Management

Kolmar Korea is continuously managing and reviewing partner companies to establish a sustainable supply chain. To this end, established and implemented an ESG evaluation system for the supply chain, and share this content with partner companies to mitigate risks. In addition, we are conducting ESG management education and customized ESG management consulting for partner companies to promote ESG management.

Human Rights Risk Management

Kolmar Korea regularly conducts organizational culture diagnoses to perform employee satisfaction surveys in order to minimize human rights management risks. In addition, we hold open council meetings every quarter to identify and improve human rights risks in advance. Kolmar Korea also has internal and external reporting channels to address grievances related to human rights, ethics, and safety, not only for our employees but also for our partner companies.

TCFD FRAMEWORK

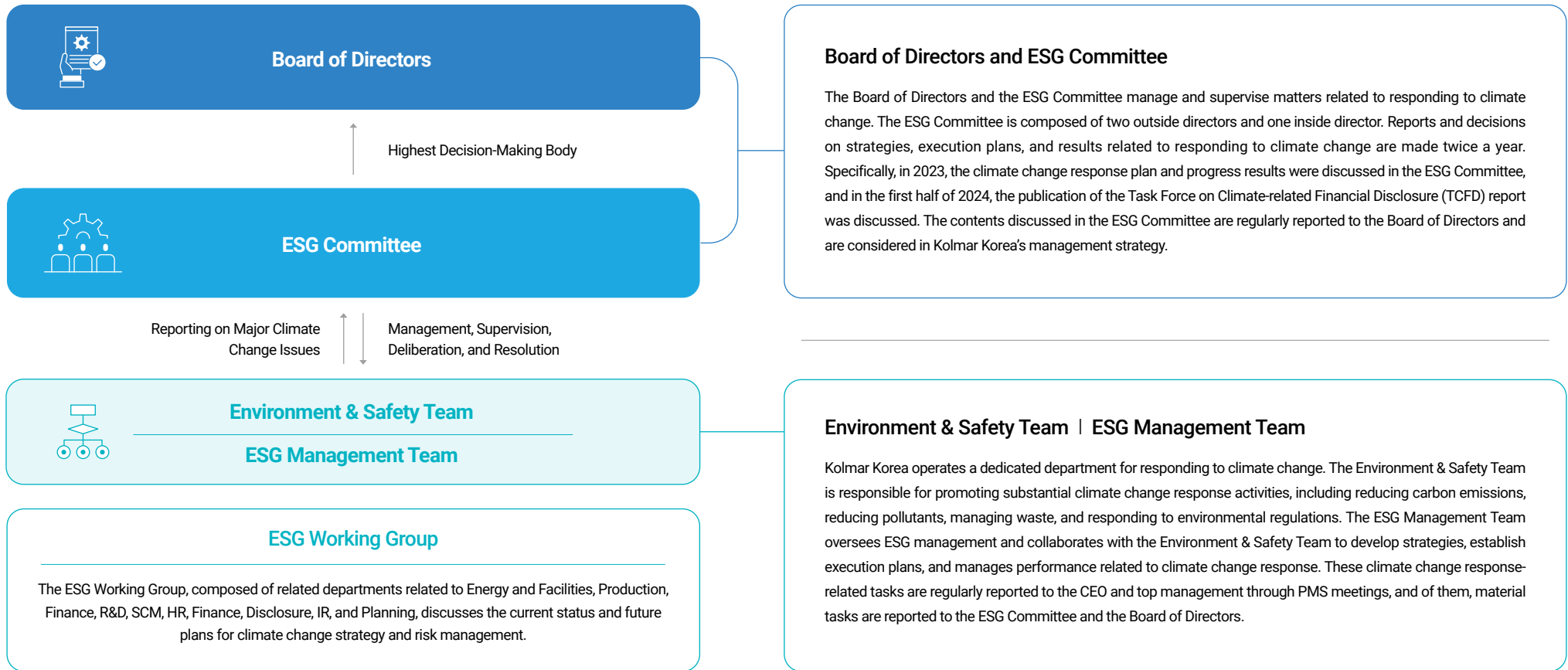
Kolmar Korea has identified climate risks and opportunities in accordance with the TCFD Framework to meet the requirements of the global market. Kolmar Korea has established measures and processes to manage the identified risks and are publicly disclosing the related metrics.

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Governance

Kolmar Korea recognizes the importance of responding to climate change and considers it a factor that needs to be effectively addressed in business operations. To this end, we systematically analyze and evaluate climate change risks and opportunities, reflect the results in our management strategies. Additionally, Kolmar Korea aims to proactively establish appropriate response measures to minimize risks by actively promoting activities to address climate change impacts.



Strategy

Climate Risks and Opportunities

Understanding and identifying the impact of the rapidly changing climate crisis on the business operations of Kolmar Korea is essential in terms of risk and opportunity factors. While climate change may not seem to have a significant impact in the short term, it is crucial to actively respond as it has a large influence on not only businesses but also the entire world from a medium to long-term perspective. Therefore, Kolmar Korea plans to classify and identify risks and opportunities based on the TCFD guidelines. Furthermore, through the identified risks and opportunities, Kolmar Korea aims to analyze potential financial impacts, establish strategies based on the results, and proactively address the potential effects of climate change on the company.





Physical Risk

	Risk Factors	Potential Financial Impact
Acute	<ul style="list-style-type: none"> Increase in severity of extreme weather events such as typhoons and floods Occupational health and safety risks due to typhoons, floods, wildfires, etc Adverse effects on raw material supply and quality due to extreme weather events 	<ul style="list-style-type: none"> Decrease in sales due to a reduction in factory operation rates caused by extreme weather events Incur of costs for the repair or new construction of damaged facilities due to extreme weather events Decrease in sales due to a decrease in labor productivity due to threats to employee occupational health and safety from weather-related disasters Decrease in sales due to business interruption caused by damage from typhoons, floods, and wildfires Increase in cost of goods sold due to an increase in raw material costs caused by extreme weather events
Chronic	<ul style="list-style-type: none"> Rise in average temperature Changes in precipitation patterns and increased volatility in weather patterns 	<ul style="list-style-type: none"> Costs incurred for cooling due to rising average temperatures and for replacing aging air conditioning systems Decrease in sales due to reduced labor productivity caused by rising average temperatures and increased variability in weather patterns

Transition Risk

	Risk Factors	Potential Financial Impact
Policy and Law	<ul style="list-style-type: none"> Increase in regulatory compliance costs due to the intensification of global carbon, packaging materials, and waste management regulations Increase in product export risks and regulatory compliance costs due to the intensification of global raw material regulations Increase of regulations such as emissions trading systems and target management systems due to an increase in greenhouse gas emissions Strengthening of carbon reduction requirements from customers within the supply chain due to global carbon regulations 	<ul style="list-style-type: none"> Increase in research and development costs for the use of renewable energy and process improvement for regulatory compliance Decrease in competitiveness due to factors such as trade barriers resulting from the expansion of carbon border taxes Increase in operating costs when complying with customer demands, and decrease in operating profits due to contract termination in case of non-compliance
Technology	<ul style="list-style-type: none"> Strengthening of investor and customer demands for new technologies related to environmentally friendly products Changes in operational processes due to the introduction of environmentally friendly technologies Increase in research burden for the development of environmentally friendly products Increase in environmental pollution, greenhouse gas emissions, and energy consumption due to product technology and quality advancement 	<ul style="list-style-type: none"> Incur of costs for the development of new technology facilities and transition to low-carbon energy sources Incur of investment costs due to changes in production processes and operational processes
Market	<ul style="list-style-type: none"> Changes in demand and sales due to increasing consumer interest in eco-friendly products Expansion of customer demands for carbon emissions per product 	<ul style="list-style-type: none"> Increase in costs associated with obtaining environmentally friendly product certifications Weakening of product competitiveness due to non-submission of carbon emissions per product
Reputation	<ul style="list-style-type: none"> Decline in reputation due to failure to achieve the 2050 carbon neutral goal Increase of negative evaluations from stakeholders (NGOs, investors, and customers) 	<ul style="list-style-type: none"> Withdrawal of investor's investment due to non-compliance with investor demands and decline in corporate credibility Decrease in sales due to decreased trust from customers

Opportunity

Resource Efficiency	Energy Source	Products and Services	Market
<ul style="list-style-type: none"> Reduction in the use of raw materials through resource recycling and develop new products utilizing by-products Reduction of wastewater generation through optimization of manufacturing processes and water recycling. Cost savings due to reduced use of raw materials. Cost savings due to reduced water intake and pollution treatment costs. 	<ul style="list-style-type: none"> Maximization of energy efficiency through the use of low-carbon energy sources. Expansion of renewable energy and low-carbon energy sources through the use of energy-related policy support incentives. Cost savings due to energy use reduction. 	<ul style="list-style-type: none"> Securement of competitive advantage in the clean beauty cosmetics market by meeting consumer demand for eco-friendly products Anticipation of market demand and changes in sales to diversify business and drive revenue growth Increased in sales of sustainable products due to meeting consumer demand. 	<ul style="list-style-type: none"> Creation of market value due to the transition to a sustainable portfolio Enhancement of internal and external image due to the expansion of sustainable activities Increase in sales due to the strengthening of a sustainable image 

Strategy

Impact of Climate Risks and Opportunities on Business and Strategic Financial Planning

Physical Risk Assessment

Kolmar Korea has quantitatively identified the financial risks of physical risk factors due to acute and chronic environmental changes among climate change risk and opportunity factors. In order to proactively establish thorough countermeasures for potential risks, we have performed scenario-based analysis through S&P Global's Climonomics® physical hazard modeling.

Physical Risk Assessment Methodology

<p>Selection of Analyzed Worksites and Disasters</p>	<p>Analyzed Worksites Kolmar Korea's main workplaces for management and manufacturing activities were analyzed, including the R&D Complex, Sejong factory and Bucheon Plant 1.</p> <p>Analyzed Disasters We analyzed the impact of 8 climate risks (temperature extremes, coastal flooding, drought, wildfires, tropical cyclone, water stress, fluvial flooding, pluvial flooding) on Kolmar Korea's worksites.</p>
<p>Scenario Selection</p>	<p>Selected Scenarios The analysis was based on the four SSP¹⁾ scenarios used in the IPCC 6th Assessment Report. This report includes the analysis results applying the SSP1-2.6 and SSP5-8.5 scenarios.</p>
<p>Scenario Application and Evaluation</p>	<p>Risk Occurrence Assessment Using S&P Global's Climonomics® tool, we conducted future simulations to measure the likelihood of the 8 climate risks occurring at each worksite in 10-year increments up to the year 2100.</p> <p>Assess Financial Impact We measured the financial impact of each scenario on major disasters that are likely to occur at Kolmar Korea. The financial impact was assessed over a wide range, considering everything from the direct damage to worksites caused by disasters to the indirect damage due to business interruptions during the recovery period.</p>

1) Shared Socioeconomic Pathways (SSP) : A climate change scenario considering how future socio-economic structures will change depending on the level of greenhouse gas reduction

Results of Physical Risk Probability Assessment

Among the analyzed worksites, R&D Complex shows the highest risk exposure, with extreme temperatures identified as the most impactful among the 8 analyzed disasters. In addition, they face risks in the following order: Pluvial Flooding, wildfire, drought, and tropical cyclone, and it is expected that coastal flooding, water stress, and fluvial flooding will not affect Kolmar Korea's analyzed worksites. Looking ahead to the 2070s, the asset loss rate in the SSP 1-2.6 scenario, which assumes achieving net zero, and the SSP 5-8.5 scenario, which assumes continuous greenhouse gas emissions without climate change response policies as per current trends, were all classified as lower than high risk levels*.

*High-risk level: When the annual average asset loss rate is 16% or higher (S&P Global rating "Red")

2050 Physical Risk Analysis by Worksite

	Physical Risk Level (SSP1-2.6 Scenario)			Physical Risk Level (SSP5-8.5 Scenario)		
	R&D Complex	Sejong	Bucheon	R&D Complex	Sejong	Bucheon
Temperature Extremes	High	High	High	High	High	High
Coastal Flooding	None	None	None	None	None	None
Drought	Low	Low	Low	Low	Low	Low
Wildfire	Low	Low	Low	Low	Low	Low
Tropical Cyclone	High	High	High	High	High	High
Water Stress	None	None	None	None	None	None
Fluvial Flooding	None	None	None	None	None	None
Pluvial Flooding	High	High	High	High	High	High
Modeled Average Annual Loss(MAAL) ¹⁾	N/A ²⁾	0~3%	~6%	~10%	~16%	Exceeds 16%

1) Modeled Average Annual Loss (MAAL): The ratio of predicted loss amount to the current asset value

2) N/A: When there is no source of the risk factor occurrence or if it is not located in a coastal area

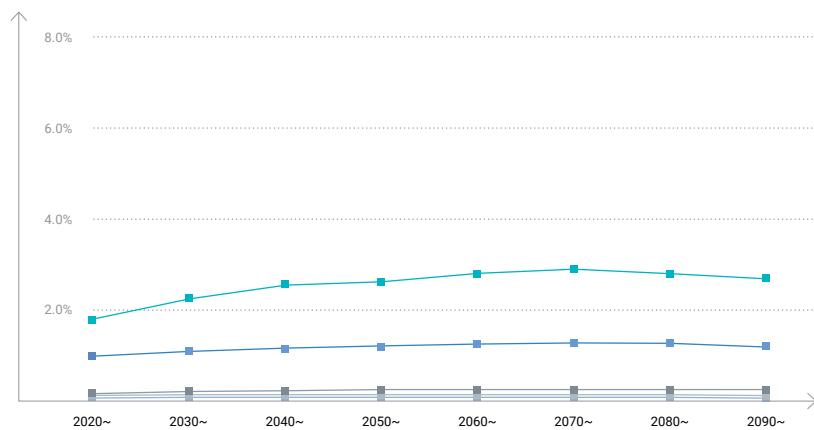
Strategy

Risk of Asset Loss due to Physical Risks

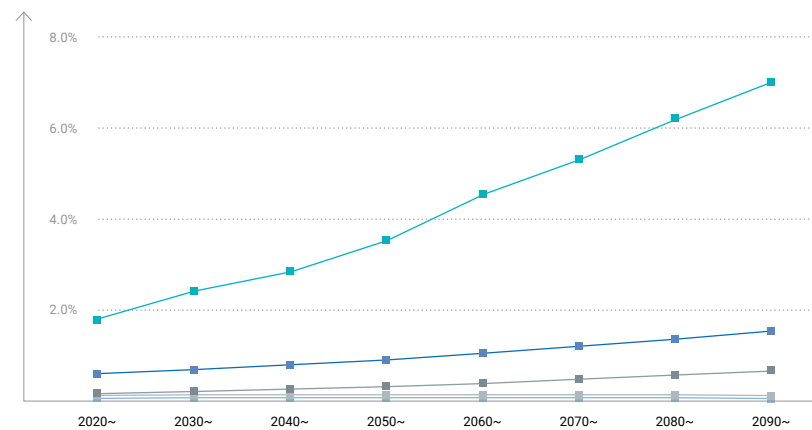
Kolmar Korea has conducted an analysis of asset loss risks due to climate change until 2100, based on two scenarios: SSP5-8.5, projecting a global temperature rise exceeding 4 degrees, and SSP1-2.6, a temperature increase limited to within 2 degrees. The analysis results showed that the most significant impact on the predicted loss rate is temperature extremes. Under the SSP5-8.5 scenario, the loss rate due to temperature extremes is expected to increase from 1.83% in the 2020s to 7.07% in the 2090s, a rise of about 3.9 times, while it is projected to decrease after 2080 under the SSP1-2.6 scenario. The next substantial impact is pluvial flooding, which is expected to increase about 6.5 times from 0.24% in the 2020s to 1.55% in the 2090s under the SSP5-8.5 scenario. Under the SSP5-8.5 scenario, the predicted loss rate of wildfires increases over time, but it is expected to have no significant impact until 2090, and tropical cyclone and droughts are also not expected to have significant impacts until 2090. Given that Kolmar Korea's worksites are inland, potential damage from fluvial flooding and coastal floods is not expected, and the impact of water stress is also expected to be minimal. Kolmar Korea plans to build a management system to continuously monitor temperature extremes and pluvial flooding, which are expected to be long-term risk factors, and reflect this in business management plans.

Forecast of Medium to Long-Term Annual Average Predicted Loss Rate Due to Physical Risks

Annual Average Predicted Loss Rate under the SSP1-2.6 Scenario
(as a percentage of total assets)



Annual Average Predicted Loss Rate under the SSP5-8.5 Scenario
(as a percentage of total assets)



■ Tropical Cyclone ■ Drought ■ Wildfire ■ Pluvial Flooding ■ Temperature Extremes

Strategy

Response to Climate Risks and Opportunities

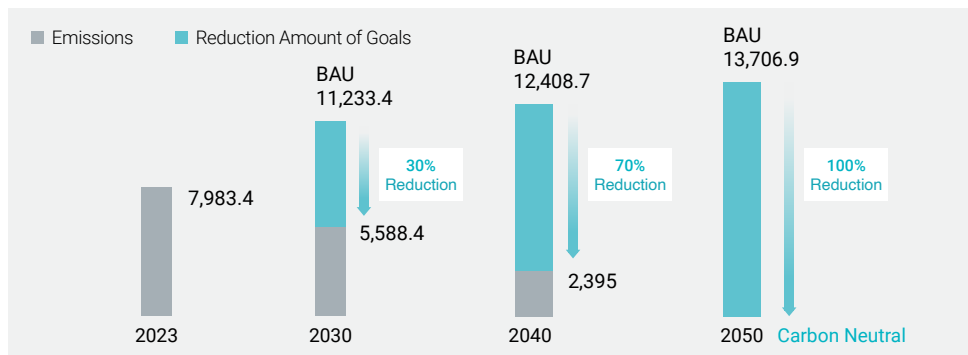
Climate Change Response Strategy

Compared to other industries, the cosmetics industry has relatively lower greenhouse gas emissions and energy consumption, thus posing lower initial risk. However, with the potential for increasing emissions over the medium to long term, Kolmar Korea has established a medium to long-term plan to reduce greenhouse gas emissions and is promoting various reduction activities accordingly. Specifically, we are conducting ongoing research and development activities on products and materials, expanding the use of renewable energy, introducing high-efficiency facilities, and improving processes to reduce emissions from Scope 1 and 2.

Efforts to Reduce Greenhouse Gas Emissions

Kolmar Korea is conducting and planning various activities to reduce greenhouse gas emissions in accordance with our greenhouse gas reduction goals. Sejong Factory's efforts in renewable energy have expanded with new solar power generation facilities now covering approximately 5% of our annual electricity needs. Achieving green technology certification underscores our commitment to reducing electricity consumption and carbon emissions through product development initiatives. In addition, we are conducting and planning activities to reduce greenhouse gas emissions through high-efficiency equipment investment and process improvement activities tailored to the characteristics of each worksite.

Greenhouse Gas Reduction Implementation Roadmap



* Internal Standards by Period: Short-term (within 1 year), Mid-term (1-3 years), Long-term (more than 3 years)

Climate Resilience

Through climate scenario analysis, we have identified the significant financial impact of physical risks on Kolmar Korea and sought response measures to ensure our strategies are resilient across various scenarios. As a result of the analysis, it is expected that financial losses due to climate change will not increase significantly until 2050 in the SSP1-2.6 and SSP5-8.5 scenarios, but after 2050, some physical risks in the SSP5-8.5 scenario may slightly escalate compared to pre-2050 levels. Accordingly, Kolmar Korea will strive to minimize the impact of climate change through the achievement of our 2050 carbon neutrality goal. Furthermore, we aim to strengthen resilience to climate change by reflecting the results of the financial impact analysis on our asset value in our medium to long-term business plans and strategies. For this, Kolmar Korea is taking out insurance to minimize key physical risk factors at each worksite based on the risk analysis results. We will strive to prevent damage in advance through strengthening facility management at each worksite and setting up a dedicated budget for abnormal weather phenomena. In addition, we will continue to monitor the current and future levels of change due to various physical risk factors, check the response systems and methods at each worksite, and continuously strengthen facility management appropriately for each worksite's risk factors to minimize potential future risks effectively.

Four Major Strategies and Activities for Climate Change Response

- | | |
|---|--|
| <p>Energy Saving and Efficiency Enhancement of Facilities</p> <ul style="list-style-type: none"> • Activities to improve investment in new facilities and operational efficiency • Introduction of ISO50001 (Energy Management System) • Introduction of Energy Management Program (FEMS) | <p>Expansion and Transition to New and Renewable Energy Use</p> <ul style="list-style-type: none"> • Utilization and expansion of REC Purchases and K-RE100 Implementation Measures • Pursuit of transition to environmentally friendly energy use |
| <p>Expansion of Recycling</p> <ul style="list-style-type: none"> • Expansion of waste recycling treatment | <p>Expansion of Environmentally Friendly Technology Development</p> <ul style="list-style-type: none"> • Expansion of green technology, green products, and environmentally friendly certifications • Expansion of the introduction of environmentally friendly packaging materials |

Risk Management

Climate Risk Identification and Assessment

Kolmar Korea is identifying climate risks and opportunities that have a substantial impact on the company by comprehensively reviewing global environmental initiatives (TCFD, CDP), risks and opportunities related to the climate change response of the same industry, and physical risk measurement tools. Considering the impact of climate change risks on not only Kolmar Korea but also all companies worldwide, proactive measures should be taken.

Potential short-term risks include increased investment due to the introduction of renewable energy technologies, investment for extreme weather event response, and increased recovery costs. In the medium term, opportunities are anticipated from shifts in consumer consumption patterns towards environmentally friendly products. In the long-term, physical impacts such as abnormal temperatures, heavy rain, and floods are considered as risks. Also, limitations on raw material supply and water usage due to climate change are expected, so efforts are needed to reduce related risks.

Kolmar Korea aims to transform these risks into opportunities through climate change risk assessment, establish medium to long-term strategies, and align business activities to adapt to these changes. Specifically addressing long-term risks, we plan to establish response measures considering the national reduction plans according to the Paris Agreement, the Representative Concentration Pathways (SSP) scenario of the Intergovernmental Panel on Climate Change (IPCC) assessment report, and the energy technology outlook of the International Energy Agency (IEA).

* Internal Standards by Period: Short-term (within 1 year), Mid-term (1-3 years), Long-term (more than 3 years)

Climate Risk Management Process

The impact of climate risks, amid the rapidly evolving climate crisis, affects businesses in various forms depending on industrial characteristics and worksite location. Accordingly, Kolmar Korea recognizes the risk from climate change as a significant risk and manages it within a comprehensive company-wide risk management framework. The climate change risk management system aims to minimize the risk from climate change through a more systematic management via a four-step process of monitoring, identification, evaluation, and management.

MONITORING Kolmar Korea's dedicated department, the Environment & Safety Team, conducts biannual monitoring (at least twice a year) of domestic and international greenhouse gas related regulations and policy trends, as well as company-wide emission trends. The department analyzes climate change issues and regularly discusses related agendas in the ESG working group, identifying major issues.

IDENTIFICATION Analyze the issues derived from monitoring and the recommendations of the TCFD guidelines, and identify factors that can affect the company. As each of the identified factors varies depending on the characteristics of the business, the location of the worksite, and the environment, we identify the final risk factors through detailed analysis and interviews.

EVALUATION Kolmar Korea defines major risks by prioritizing them based on their impact on the company and the possibility of occurrence. We regularly conduct severity assessments, and analyze the impact of risks through scenario analysis and strategy development to assess their potential effects on Kolmar Korea.

MANAGEMENT Substantial issues and key risks are classified as important risks in the Board of Directors and ESG Committee, where they are managed and supervised. Decisions on controllable risks are proposed as agenda to mitigate potential risks.

When a climate change related risk rises or is anticipated, the dedicated department reports to the CEO and management. Also, the identified and derived climate change risks are continuously monitored by the dedicated department and related departments, and mitigation measures are implemented in an effort to minimize the risks.

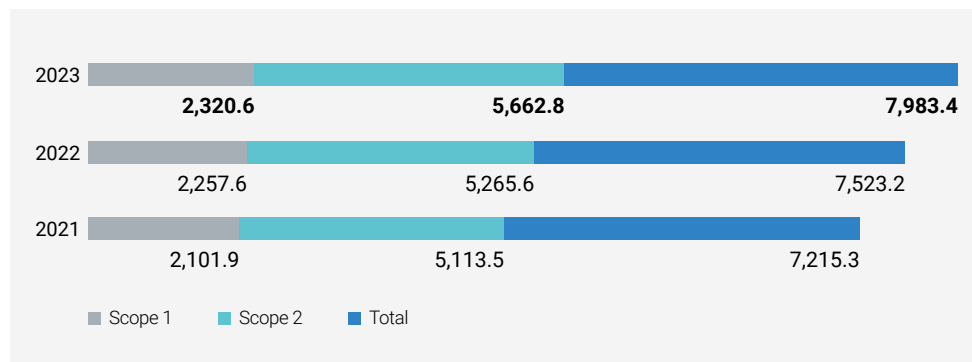
Metrics and Targets

Kolmar Korea has established metrics and is monitoring performance to manage the outcomes of climate change response activities. We assess goal achievement and process effectiveness by comparing trends in greenhouse gas emissions and energy usage on a yearly and quarterly basis. Based on the analysis of the management of this status, we establish strategies and use them as key indicators in business activities.

Climate Change Related Metrics

Greenhouse Gas Emissions (Scope 1, 2)

(Unit: tCO₂-eq)



Greenhouse Gas Emissions (Scope 3)

Category	Unit	2022	2023
Purchased goods and services	tCO ₂ -eq	-	15,735.8
Capital goods		-	3,115
Fuel and energy		-	645.4
Waste		464.7	461.5
Business trip		91.9	428.3
Commuting		1,281.1	1,426.1
Total		1,837.7	21,812.1

Category	Unit	2022	2023	
Greenhouse gas emissions	Total (Scope 1,2)	7,523.2	7,983.4	
	Scope 1	2,257.6	2,320.6	
	Scope 2	5,265.6	5,662.8	
	Scope 3	1,837.7	21,812.1 ¹⁾	
	Intensity (Scope 1,2)	tCO ₂ -eq/billion KRW	10.4	9.3
Energy usage	Total Usage	TJ	152.1	161.6
Energy	Intensity	TJ/billion KRW	0.21	0.19

1) Increase in emissions due to expanded scope of activities

Climate Change Related Targets

Kolmar Korea has set incremental goals to achieve the carbon neutrality goal by 2050. For Scope 1 and 2 emissions, our targets include a 30% reduction by 2030, 70% by 2040, and 100% by 2050 compared to the base year of 2023. While the reduction targets increase when considering business as usual scenarios, we aim to achieve carbon neutrality by 2050 through various strategies and activities.

2030 30% reduction compared to BAU (Scope 1, 2)	2040 70% reduction compared to BAU (Scope 1, 2)	2050 Achieve Carbon neutral (Scope 1, 2)
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FACTS & FIGURES

Kolmar Korea transparently discloses its ESG Data for a three-year period (2021-2023). As Kolmar Korea transitions to an intermediate holding company, it aggregates and discloses the data of its two subsidiaries (HK inno.N Co.,Ltd, Yonwoo Co.,Ltd).

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- 137 Governance
- 138 Integrated ESG Performance
- 143 HK inno.N Co.,Ltd
- 153 Yonwoo Co.,Ltd



Economy

Key Financial Performance

Category	Unit	2021	2022	2023
Revenue (separate)	KRW	632,823,513,300	724,645,671,224	856,755,450,058
Revenue (consolidated)	KRW	1,586,332,710,248	1,865,731,523,035	2,155,675,927,422
Equity (consolidated)	KRW	1,359,559,768,916	1,469,473,099,590	1,418,590,136,562
Liabilities (consolidated)	KRW	1,246,477,583,481	1,463,836,379,752	1,590,839,241,152

1) Consolidated basis

Distribution of Economic Value

Category	Unit	2021	2022	2023	
Operating expense	100 million KRW	15,020	17,924	20,195	
Employees	Wage	100 million KRW	5,183	5,931	6,986
	Welfare benefits	100 million KRW	76.73	85.48	113.3
	Training costs	100 million KRW	1.76	2.42	3.08
Shareholders and creditors	Dividends	100 million KRW	78	148	137
Government	Corporate tax	100 million KRW	837	331	180
Partner companies	Purchasing costs	100 million KRW	5,592	6,260	7,465
	Win-win growth costs	100 million KRW	4.70	156	204
Local communities	Donations	100 million KRW	7.00	1.89	8.62

Financial Support by Government

Category	Unit	2021	2022	2023
Total amount of financial support by government	KRW	1,082,199,391	1,331,180,719	862,053,006
Tax relief and deduction	KRW	1,043,296,613	754,238,949	1,484,646,449
Investment subsidy, R&D subsidy and other subsidies	KRW	1,082,199,391	1,331,180,719	755,126,840

Wages (Domestic)

Category	Unit	2021	2022	2023	
Minimum wage	KRW/month	1,822,480	1,914,440	2,010,580	
Starting wage for male employees	KRW/month	3,583,338	3,683,333	3,793,335	
Starting wage for female employees	KRW/month	3,583,338	3,683,333	3,793,335	
Wage compared to minimum wage ¹⁾	Male	%	197	192	189
	Female	%	197	192	189
Local senior management (domestic) ²⁾	Total number of senior managements	Persons	33	36	35
	Senior management in Korea	Persons	24	27	26

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

Category	Unit	2021	2022	2023
Shares owned by government ¹⁾	Shares	1,875,951	2,242,424	3,021,102
Total number of shares ²⁾	Shares	22,881,180	22,881,180	22,881,180
Shares ownership of government	%	8.20	9.80	13.20

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)

Environmental

Greenhouse Gas Management

Category		Unit	2021	2022	2023	
Total GHG emissions (Scope 1+2)		tCO ₂ -eq	7,215.3	7,523.2	7,983.4	
GHG emission intensity^{3) 6)}		tCO ₂ -eq/billion KRW	11.4	10.4	9.3	
Scope 1	Total	tCO ₂ -eq	2,101.9	2,257.6	2,320.6	
	Sejong Factory	tCO ₂ -eq	1,375.2	1,500.2	1,615.0	
	Bucheon Factory ¹⁾	tCO ₂ -eq	137.4	146.0	144.5	
	R&D Complex	tCO ₂ -eq	240.1	261.3	205.7	
	Jeonui Factory	tCO ₂ -eq	249.3	270.2	275.6	
	Jeondong Factory ⁴⁾	tCO ₂ -eq	99.9	79.9	79.9	
	Scope 2	Total	tCO ₂ -eq	5,113.5	5,265.6	5,662.8
Sejong Factory		tCO ₂ -eq	2,634.4	2,572.3	2,730.2	
Bucheon Factory ²⁾		tCO ₂ -eq	1,084.4	1,270.9	1,336.0	
R&D Complex		tCO ₂ -eq	1,230.5	1,259.5	1,432.8	
Jeonui Factory		tCO ₂ -eq	164.2	162.9	163.8	
Scope 3^{5) 7)}		Total	tCO ₂ -eq	-	1,837.7	21,812.1
	Upstream	Purchased goods and services	tCO ₂ -eq	-	-	15,735.8
		Capital goods	tCO ₂ -eq	-	-	3,115
		Fuel, energy	tCO ₂ -eq	-	-	645.4
		Waste	tCO ₂ -eq	-	464.7	461.5
		Business trip	tCO ₂ -eq	-	91.9	428.3
		Commuting	tCO ₂ -eq	-	1,281.1	1,426.1

1) Data has been modified due to changes and adjustments in the data management scope (2021, 2022)
 2) Data has been modified due to changes and adjustments in the data management scope (2021, 2022)
 3) Intensity calculated based on total revenue (1 billion KRW) for the reporting year
 4) Certain environmental performance data excludes subsidiaries
 5) No carbon emissions from biogenic (emitted through combustion and decomposition of biomass) sources
 6) Separate basis
 7) Increase in emissions due to expanded scope of activities

Energy Management

Category		Unit	2021	2022	2023
Total energy usage¹⁾		TJ	145.1	152.1	161.6
Energy intensity^{1) 2) 5)}		TJ/billion KRW	0.23	0.21	0.19
Usage by energy source	Total¹⁾	TJ	38.14	41.18	42.15
	Fuel ³⁾	TJ	8.96	8.96	9.55
	LNG ¹⁾	TJ	27.95	30.75	30.81
	LPG	TJ	1.23	1.47	1.79
	Electricity (total) ¹⁾	TJ	106.94	110.88	119.42
	Electricity (renewable) ⁴⁾	TJ	0.09	0.85	1.09
	Electricity (non-renewable) ¹⁾	TJ	106.85	110.03	118.33

* Energy usage reporting unit changed from GJ to TJ compared to last year
 1) Certain data has been modified due to changes and adjustments in the data management scope (2021, 2022)
 2) Calculated by total internal energy usage and total sales (1 billion KRW) for the reporting year (separate basis)
 3) Gasoline, diesel, kerosene
 4) Amount of solar energy generation in the monitoring system at Sejong Factory
 5) Separate basis

Environmental

Waste Management

Category		Unit	2021	2022	2023
Total waste generated		ton	1,493.5	1,246.3	1,498.6
Waste intensity		ton/billion KRW	2.36	1.72	1.75
General waste ¹⁾	Total	ton	1,458.3	1,222.5	1,470.9
	Recycling	ton	1,022.9	1,045.0	1,247.8
	Incineration ²⁾	ton	254.1	149.1	199.2
	Landfill	ton	181.4	28.4	24.0
Designated waste ¹⁾	Total	ton	25.7	15.5	18.0
	Incineration	ton	25.7	15.5	18.0
Medical waste ¹⁾	Total	ton	9.5	8.3	9.7
	Incineration ²⁾	ton	9.5	8.3	9.7
Total amount of waste recycled		ton	1,022.9	1,045.0	1,247.8

- 1) Separate basis
- 2) Treatment of all waste is consigned to a third party.
- 3) Excluding energy recovery

Water Resource Management

Category		Unit	2021	2022	2023
Total water usage ^{1), 2), 3)}		m ³	124,298	120,892	131,110
Total water discharge ⁴⁾		m ³	73,563	72,669	81,683
Sejong Factory	Consumption	m ³	86,922	85,549	95,793
	Discharge	m ³	60,384	61,671	69,594
Bucheon Factory	Consumption	m ³	8,510	13,668	11,542
	Discharge	m ³	2,390	1,954	2,131
R&D Complex	Consumption	m ³	20,068	13,478	14,495
	Discharge	m ³	4,162	2,774	2,661
Jeonui Factory	Consumption	m ³	8,798	8,197	9,280
	Discharge	m ³	6,627	6,270	7,297
Reused and recycled water ⁵⁾		m ³	2,031	3,401	5,035
Water recirculation/recycling rate		%	1.6	2.8	3.8

- 1) All worksites use tap water and equally manage water consumption and water withdrawals.
- 2) Certain data has been modified due to changes and adjustments in the data management scope (2021, 2022)
- 3) Certain environmental performances exclude subsidiaries
- 4) At all worksites, wastewater is first treated through in-house facilities and then discharged to public sewage and wastewater treatment facilities.
- 5) At Sejong Factory, RO concentrated water is reused (used as indirect cooling water in the process)

Environmental

Environmental Management System

Category	Unit	2021	2022	2023
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

Category	Unit	2021	2022	2023
Environmental investment	100 million KRW	0.7	4.3	0.79
Environmental operation cost	100 million KRW	4.3	3.7	6.6

Environmental Training

Category	Unit	2021	2022	2023
Time spent on environmental training	Hours	3,175	3,306	3,298
Employees participated in the environmental training	Persons	951	976	972

Pollutant Management - Total

Category	Unit	2021	2022	2023	
Water pollutants	BOD	kg	497.7	675.2	798.1
	COD ¹⁾	kg	3,992.0	4,032.4	-
	TOC	kg	2,148.6	2,748.6	2,883.1
	SS	kg	953.8	1,536.7	1,114.6
	Total ²⁾	kg	5,443.5	4,960.5	4,795.8
Air pollutants	NOx	kg	1,552.8	1,700.5	1,129.9
	PM	kg	274.5	510.9	215.5
	SOx	kg	26.2	0	0
	Total	kg	1,853.5	2,211.4	1,345.4

1) Exclusion of COD metrics due to legal metrics conversion

2) 2021: BOD+COD+SS, 2022-2023: BOD+TOC+SS

Environmental

Pollutant Management - by Worksite

Category		Unit	2021	2022	2023
Sejong Factory	TOC ¹⁾	kg	1,932.3	2,488.4	2,648.1
	BOD	kg	428.7	567.4	598.5
	SS	kg	591.8	1,113.2	873.4
	NOx	kg	715.8	796.0	893.6
	PM	kg	92.9	144.8	33.4 ³⁾
	SOx	kg	0	0	0
Bucheon Factory	TOC ¹⁾	kg	-	34.5	77.6
	BOD	kg	26.5	10.0	53.6
	SS	kg	121.3	108.4	41.5
	NOx	kg	90.7	115.6	74.9
	PM	kg	79.1	227.5	156.0
	SOx	kg	0	0	0
R&D Complex	TOC ¹⁾	kg	21.9	25.4	19.6
	BOD	kg	5.6	21.6	18.0
	SS	kg	46.6	91.6	41.8
	NOx	kg	34.6	22.2	21.1
	PM	kg	1.8	2.8	0.9
	SOx	kg	0	0	0

Category		Unit	2021	2022	2023
Jeonui Factory	TOC ¹⁾	kg	194.5	200.3	137.9
	BOD	kg	36.8	76.2	128.1
	SS	kg	194.2	223.5	158.0
	NOx	kg	421.9	356.2	94.86 ⁴⁾
	PM	kg	25.9	27.2	1.5 ⁴⁾
	SOx	kg	19.7	0	0
Jeondong Factory ²⁾	NOx	kg	289.8	410.5	45.5 ³⁾
	PM	kg	74.8	108.6	23.7 ³⁾
	SOx	kg	6.5	0	0

* Certain data has been calculated from 2021 due to the expansion of regulatory targets (non-calculated data are marked with -)

1) Reflection of amendments to the enforcement rules of the Water Conservation Act (transition of wastewater organic pollutant measurement metrics from COD to TOC)

2) Jeondong Factory does not operate wastewater discharge facilities

3) Shortening filter replacement cycles, investing in and replacing low-NOx boiler equipment, adjusting performance costs

4) Adjusting performance costs, shortening filter replacement cycles

Hazardous Chemicals

Category		Unit	2021	2022	2023
Hazardous chemicals		kg	5,093.9	5,416.8	5,197.4
Hazardous chemicals intensity		kg/billion KRW	8.05	7.48	6.07

* Used in Sejong Factory, Bucheon Factory, R&D Complex

1) Separate basis

Social

Domestic Employee Status

Category		Unit	2021	2022	2023
Number of employees	Total	Persons	987	1,003	1,110
Employment type	Full-time (No fixed-term)	Total	987	1,003	1,105
	Part-time (Fixed-term employee)	Total	0	0	5
Gender	Male	Total	590	595	643
	Female	Total	397	408	467
By age	Under 30	%	27.05	24.03	36.21
	30~50	%	69.81	71.59	61.00
	Over 50	%	3.14	4.38	2.79
By position	Total executives	Total	30	36	35
		Male	29	33	33
		Female	1	3	2
	Senior managers ¹⁾	Total	73	81	83
		Male	53	59	59
		Female	20	22	24
	Middle managers ²⁾	Total	189	224	264
		Male	135	156	183
		Female	54	68	81
	Staff ³⁾	Total	695	662	728
Average length of service for employees ⁴⁾		Years	5.86	6.14	6.10

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)

4) Including registered executives and considering transfers between group companies

Overseas Employee Status

Category		Unit	2021	2022	2023
Total number of employees ¹⁾		Persons	35	39	39
China ²⁾	Full-time	Persons	23	20	18
	Part-time	Persons	10	7	7
U.S. ²⁾	Full-time	Persons	0	9	11
	Part-time	Persons	1	2	2
Canada ²⁾	Full-time	Persons	1	1	1
	Part-time	Persons	0	0	0

1) Excluding local hires and executives

2) Based on expatriate employee (office jobs)

New Recruitment Status

Category		Unit	2021	2022	2023
New employees		Number of new employees	292	204	230
Gender	Male	Total	145	91	115
	Female	Total	147	113	115
By age	Under 30	Total	213	133	161
	30~50	Total	79	68	67
	Over 50	Total	0	3	2

External Workers

Category		Unit	2021	2022	2023
Gender	Male	Total	0	0	0
	Female	Total	0	0	0

*Based on the Annual Report

Social

Turnover and Retirement

Category		Unit	2021	2022	2023
Employee turnover	Total	Persons	112	164	119
Voluntary turnover rate¹⁾	Total	%	81	91	97
Gender	Male	Total	71	81	68
	Female	Total	41	83	51
By age	Under 30	Persons	67	78	68
	30~50	Persons	40	81	48
	Over 50	Persons	5	5	3

1) Number of voluntary employee turnover / total number of employee turnover

Highest Compensation Compared to Average Wage of Employees

Category		Unit	2021	2022	2023
Amount of the highest compensation		million KRW	1,008	1,111	1,420
Average annual wage per employee¹⁾		million KRW	53	59	60
Ratio of highest paid to average employee wage²⁾		Multiple	20.4	21.7	25.5

1) Based on the Annual Report

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

Diversity and Inclusion

Category		Unit	2021	2022	2023	
Female employees	Percentage of female employees	%	40.22	40.67	42.07	
	Percentage of female employees from STEM departments ¹⁾	%	72	71	71	
	Percentage of female employees from profit-generating departments ²⁾	%	57	51	56	
Female leadership	Percentage of female executives	%	3	8	6	
	Percentage of female managers	%	27	27	29	
	Parental leave useage ³⁾	Total	Persons	11	18	16
		Male	Persons	1	2	1
		Female	Persons	10	16	15
	At-least 1-year retention rate after return to work ⁴⁾	Total	Persons	7	7	12
Male		Persons	0	1	1	
Female		Persons	7	6	11	
Equal salary⁵⁾	Average basic wage for male employees	1,000 KRW	2,520	2,563	2,698	
	Ratio of female basic wage to male	1,000 KRW	2,520	2,563	2,698	
	Average basic wage for female employees	%	100	100	100	
Employees with disabilities	Total	Persons	6	6	11	

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

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)

Social

Employee Empowerment Development

	Category	Unit	2021	2022	2023
Training hours	Total training hours	Hours	28,429	32,733	32,453
	Average hours of training per employee	Hours	28.71	32.47	29.24
Annual average hours of training per employee	Executive	Hours	30.07	25.14	80.21
	Senior managers ¹⁾	Hours	42.36	50.83	39.92
	Middle managers ²⁾	Hours	44.75	41.62	31.52
	Staff ³⁾	Hours	22.93	27.98	24.74
Training costs	Total training costs	million KRW	176.44	242.86	307.91
	Training cost per employee	10,000 KRW	17.88	24.21	27.74

- 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

	Category	Unit	2021	2022	2023
Number of employees subject to performance evaluation		Persons	987	1,003	1,110
Number of employees who received regular performance evaluation¹⁾		Persons	969	980	1,054
Percentage of employees who received regular performance evaluations		%	98	98	95

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

Human Rights

	Category	Unit	2021	2022	2023
Human rights training	Time spent on human rights training for employees ¹⁾	Hours	2,934	3,057	3,330
	Completion of training on human rights policies and procedures	Persons	987	1,019	1,110
	Completion rate of training on human rights policies and procedures	%	100	100	100
	Percentage of security personnel ²⁾ trained on human rights training	%	100	100	100

- 1) Training to improve awareness of the disabled and prevent sexual harassment bullying in the workplace
- 2) Employee of security companies hired by each worksite(Sejong Factory, Bucheon Factory, R&D Complex). Each worksite makes human rights training compulsory when selecting a security company.

Occupational Health and Safety Management System

	Category	Unit	2021	2022	2023
Ratio of employees applied for occupational occupational health and safety management system		%	100	100	100
Ratio of partner companies applied for occupational health and safety 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 partner companies of workplaces that have not obtained ISO 45001 certification are applied and managed by the occupational health and safety management system that conducts internal audits.

Safety Management at Worksite

	Category	Unit	2021	2022	2023
Employees	Fatal accidents	Cases	0	0	0
	Occupational accident rate ¹⁾	%	0	0	0
	Loss time injury rate (LTIR) ²⁾	%	0	0	0
Partner companies	Fatal accidents	Cases	0	0	0
	Occupational accident rate ¹⁾	%	0.22	0.20	0.50
	Loss time injury rate (LTIR) ²⁾	%	0.98	0.89	2.60

- * 0 cases of occupational diseases during the reporting period
- 1) Occupational accident rate: (Number of industrial accidents/total number of employees) * 100
- 2) Loss time injury rate (LTIR): Number of loss time injuries * 1,000,000 / total working hours

Social

Social Contribution Activities

Category		Unit	2021	2022	2023
Beneficiaries of social contribution activities¹⁾		Persons	-	1,855	1,676
Donation	Total amount of donation	100 million KRW	7.00	1.89	8.62
	Monetary donation	100 million KRW	6.88	1.43	8.35
	In-kind donation	100 million KRW	0.12	0.46	0.27
Employee participation	Total volunteer activities time	Hours	635.5	528	1,222

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

Client Information Security

Category		Unit	2021	2022	2023
Leakage, theft, and loss of client data¹⁾		Cases	0	0	0
Number of substantiated 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.

Category		Unit	2021	2022	2023
Environmentally friendly purchase performance		KRW	0	0	0

Partner Companies

Category		Unit	2021	2022	2023
Number of partner companies	Total number of partner companies	Companies	1,002	1,071	1,064
	Raw materials	Companies	328	363	328
	Packaging	Companies	602	615	648
	Outsourced processing	Companies	72	93	88
	Number of new partner companies registered	Companies	177	105	101
Purchasing costs	Total purchasing costs	100 million KRW	5,592	6,260	7,465
	Purchase rate of RSPO certified palm oil	%	-	47	52
	Raw materials	100 million KRW	1,849	2,233	2,853
	Packaging	100 million KRW	2,217	2,475	3,071
	Outsourced processing	100 million KRW	1,526	1,552	1,541
Pledge on ethics	Total ratio of pledge on ethics ¹⁾	%	73	83	87
Partner company ESG assessments	Partner companies that completed assessment	Companies	-	23	812
Supporting win-win partnership	Financial support ²⁾	10,000 KRW	-	1,442,950	1,515,825
	Technical support ³⁾	10,000 KRW	47,014	123,257	521,618
	Support for ESG training	10,000 KRW	-	500	3,000

1) Pledge on ethics will become 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 the partner companies included in the 2021 Korea Commission of Corporate Partnership evaluation

Governance

Board of Directors

	Category	Unit	2021	2022	2023
BoD composition	Inside directors	Persons	4	4	4
	Outside directors	Persons	2	2	3
	Ratio of outside directors	%	33.3	33.3	42.9
	Average tenure of directors	Persons	46	51	45
BoD expertise	Number of directors with industry expertise	Persons	4	4	4
	Ratio of directors with industry expertise	%	67	67	57
BoD efficiency	Average number of concurrent positions of directors	Persons	1.3	1.2	1.4
	Number of the BoD meetings held	Times	10	10	9
	Attendance rate of directors	%	90	98	96
	Agenda with dissenting opinions presented by outside directors	Cases	0	0	0
	Number of the BoD evaluations	Times	0	1	1

BoD Compensation

	Category	Unit	2021	2022	2023
Fixed wage ¹⁾		KRW	29,283,650	26,165,680	27,285,574
Variable wage ²⁾		KRW	67,289,110	191,308,500	290,770,020
Retirement benefits ³⁾		KRW	611,369,800	529,573,180	680,677,999

1) Average wage of inside and outside directors (including fixed wages)

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

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

Inspection on Internal Ethical Management

	Category	Unit	2021	2022	2023
Number of internal ethics and compliance checks		Cases	0	2	2
Number of internal disciplinary cases	Corruptions ¹⁾ reported	Cases	0	1	0
	Discrimination ²⁾ reported	Cases	2	5	1
	Total number of disciplinary cases	Cases	2	6	1
Anti-corruption policies and procedures	Percentage of employees notified	%	100	100	100

1) Acceptance of bribes from partner companies, illegal use of company assets, document and accounting manipulation, etc.

2) Sexual harassment, workplace bullying, etc.

Violation of Laws

	Category	Unit	2021	2022	2023
Number of violations		Cases	0	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

Ethics and Compliance Training

	Category	Unit	Unit	2021	2022	2023
Online training	Number of trainings	Times		0	1	0
	Participants	Persons		0	823	0
Offline training	Number of trainings	Times		0	2	2 ¹⁾
	Participants	Persons		0	147	207

1) Company-wide training on Fair Trade Practices and trade secrets

Integrated ESG Performance

Economy

Key Financial Performance

Category	Unit	Kolmar Korea			HK inno.N Co.,Ltd			YONWOO CO.,LTD		
		2021	2022	2023	2021	2022	2023	2021	2022	2023
Revenue	KRW	632,823,513,300	724,645,671,224	856,755,450,058	769,785,555,465	846,521,700,634	828,908,232,826	287,098,295,487	234,737,945,885	235,902,680,015
Equity	KRW	632,338,674,175	602,307,704,296	603,683,464,430	1,150,954,248,116	1,164,221,376,394	1,203,646,389,259	244,177,752,970	247,283,464,894	184,372,199,780
Liabilities	KRW	360,902,613,580	556,489,638,382	625,688,874,960	686,548,657,153	638,886,765,094	644,344,357,799	56,048,345,204	46,354,633,201	86,913,949,810

Environmental

Greenhouse Gas Management

Category	Unit	Kolmar Korea			HK inno.N Co.,Ltd			YONWOO CO.,LTD		
		2021	2022	2023	2021	2022	2023	2021	2022	2023
Total GHG emissions (Scope 1+2)	tCO ₂ -eq	7,215.3	7,523.2	7,983.4	33,135	32,908	35,386	16,804	15,024	16,499
GHG emission intensity	tCO ₂ -eq/billion KRW	11.4	10.4	9.3	43.0	38.9	42.7	60.1	67.4	72.4
Scope 1	Total tCO ₂ -eq	2,101.9	2,257.6	2,320.6	10,782	11,473	11,637	525.088	512.760	507.641
Scope 2	Total tCO ₂ -eq	5,113.5	5,265.6	5,662.8	22,353	21,435	23,750	16,281.078	14,513.046	15,992.889

Energy Management

Category	Unit	Kolmar Korea			HK inno.N Co.,Ltd			YONWOO CO.,LTD		
		2021	2022	2023	2021	2022	2023	2021	2022	2023
Total energy usage	TJ	145	152	162	676	670	721	347	308	339
Energy intensity	TJ/billion KRW	0.23	0.21	0.19	0.88	0.79	0.87	1.24	1.38	1.49

* Energy usage reporting unit changed from GJ to TJ compared to last year

Integrated ESG Performance

Environmental Waste Management

Category	Unit	Kolmar Korea			HK inno.N Co.,Ltd			YONWOO CO.,LTD			
		2021	2022	2023	2021	2022	2023	2021	2022	2023	
Total waste generated	ton	1,493.5	1,246.3	1,498.6	1,019	1,205	1,416	890	762	839	
Waste intensity	ton/billion KRW	2.36	1.72	1.75	1.32	1.42	1.71	3.18	3.42	3.67	
General waste	Total	ton	1,458.3	1,222.5	1,470.9	689.74	715.86	699.94	586	512	580
	Recycling	ton	1,022.9	1,045.0	1,247.8	319.77	418.05	490.95	0	0	580
	Incineration	ton	254.1	149.1	199.2	363.35	295.32	203.23	0	0	0
	Landfill	ton	181.4	28.4	24.0	0	0	0	0	0	0
Designated waste	Total	ton	25.7	15.5	18.0	289.25	448.71	672.13	304	250	259

Pollutant Management - Total

Category	Unit	Kolmar Korea			HK inno.N Co.,Ltd			YONWOO CO.,LTD			
		2021	2022	2023	2021	2022	2023	2021	2022	2023	
Air pollutants	NOx	kg	1,552.8	1,700.5	1,129.9	3,370	4,600	3,438	0	0	0
	PM	kg	274.5	510.9	215.5	385	309	321	34	325	75
	SOx	kg	26.2	0	0	154	63	165	0	0	0

Integrated ESG Performance

Social

Domestic Employee Status

Category	Unit	Kolmar Korea			HK inno.N Co.,Ltd			YONWOO CO.,LTD				
		2021	2022	2023	2021	2022	2023	2021	2022	2023		
Number of employees	Total	Persons	987	1,003	1,110	1,662	1,716	1,709	1,377	1,322	1,319	
Employment type	Full-time (No fixed-term)	Total	Persons	987	1,003	1,105	1,650	1,703	1,669	1,320	1,266	1,264
	Part-time (Fixed-term employee)	Total	Persons	0	0	5	12	13	40	57	56	55
Gender	Male	Total	Persons	590	595	643	1,208	1,237	1,237	515	501	510
	Female	Total	Persons	397	408	467	454	479	472	862	821	809
By position	Total executives	Total	Persons	30	36	35	16	19	19	6	5	6

New Recruitment Status

Category	Unit	Kolmar Korea			HK inno.N Co.,Ltd			YONWOO CO.,LTD				
		2021	2022	2023	2021	2022	2023	2021	2022	2023		
New employees	Number of new employees	Persons	292	203	230	371	341	235	246	242	338	
Gender	Male	Total	Persons	145	91	115	247	243	168	197	147	188
	Female	Total	Persons	147	113	115	124	98	67	49	95	150
By age	Under 30	Total	Persons	213	133	161	291	236	149	59	87	86
	30-50	Total	Persons	79	68	67	78	102	78	176	146	236
	Over 50	Total	Persons	0	3	2	2	3	8	11	9	16

Integrated ESG Performance

Social

Turnover and Retirement

Category		Unit	Kolmar Korea			HK inno.N Co.,Ltd			YONWOO CO.,LTD			
			2021	2022	2023	2021	2022	2023	2021	2022	2023	
Employee turnover	Total	Persons	112	164	119	245	300	239	280	294	338	
Voluntary turnover rate		%	81	91	97	93.88	91.00	90.79	92.5	89.8	89.9	
Gender	Male	Total	Persons	71	81	68	182	213	162	197	158	177
	Female	Total	Persons	41	83	51	63	87	77	83	136	161
By age	Under 30	Total	Persons	67	78	68	108	146	99	60	54	46
	30-50	Total	Persons	40	81	48	125	143	126	188	206	238
	Over 50	Total	Persons	5	5	3	12	11	14	32	34	54

Diversity and Inclusion

Category		Unit	Kolmar Korea			HK inno.N Co.,Ltd			YONWOO CO.,LTD			
			2021	2022	2023	2021	2022	2023	2021	2022	2023	
Parental leave	Parental leave usage	Male	Persons	1	2	1	12	11	7	3	4	12
		Female	Persons	10	16	15	15	14	17	10	19	10
	At-least 1-year retention rate after return to work ¹⁾	Male	Persons	0	1	1	0	2	7	0	2	3
		Female	Persons	7	6	11	10	7	15	10	9	10
Diversity	Employees with disabilities	Total	Persons	6	6	11	17	17	24	27	27	24

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

Integrated ESG Performance

Social

Employee Empowerment Development

Category	Unit	Kolmar Korea			HK inno.N Co.,Ltd			YONWOO CO.,LTD			
		2021	2022	2023	2021	2022	2023	2021	2022	2023	
Annual average hours of training per employee	Executive	Hours	30.07	25.14	80.21	35	36	69	23.04	16.40	18.33
	Staff	Hours	22.93	27.98	24.74	54	84	63	4.11	9.17	7.45

Social Contribution Activities

Category	Unit	Kolmar Korea			HK inno.N Co.,Ltd			YONWOO CO.,LTD			
		2021	2022	2023	2021	2022	2023	2021	2022	2023	
Donation	Monetary donation	100 million KRW	6.88	1.43	8.35	24.00	8.36	5.38	-	-	4.70
	In-kind donation	100 million KRW	0.12	0.46	0.27	9.90	12.32	4.49	-	-	0

Client Information Security

Category	Unit	Kolmar Korea			HK inno.N Co.,Ltd			YONWOO CO.,LTD		
		2021	2022	2023	2021	2022	2023	2021	2022	2023
Leakage, theft, and loss of client data	Cases	0	0	0	0	0	0	0	0	0
Number of substantiated complaints that confirmed violation of client privacy protection and loss of client information	Cases	0	0	0	0	0	0	0	0	0
Number of complaints on client privacy violation presented by regulators	Cases	0	0	0	0	0	0	0	0	0

Governance

Board of Directors

Category	Unit	Kolmar Korea			HK inno.N Co.,Ltd			YONWOO CO.,LTD			
		2021	2022	2023	2021	2022	2023	2021	2022	2023	
BoD composition	Inside directors	Persons	4	4	4	3	2	2	2	2	3
	Outside directors	Persons	2	2	3	3	3	3	1	2	2
	Ratio of outside directors	%	33.3	33.3	42.9	42.8	50.0	50.0	33.3	40.0	40.0

HK inno.N Co.,Ltd

Economy

Key Financial Performance

Category	Unit	2021	2022	2023
Revenue	KRW	769,785,555,465	846,521,700,634	828,908,232,826
Equity	KRW	1,150,954,248,116	1,164,221,376,394	1,203,646,389,259
Liabilities	KRW	686,548,657,153	638,886,765,094	644,344,357,799

Distribution of Economic Value

Category	Unit	2021	2022	2023	
Operating expense	100 million KRW	1,778	2,004	2,071	
Employees	Wage	100 million KRW	1,089	1,158	1,256
	Welfare benefits	100 million KRW	188	207	218
Shareholders and creditors	Dividends	100 million KRW	53	52	57
Government	Corporate tax	100 million KRW	30	-3	-20

Environmental

Greenhouse Gas Management

Category	Unit	2021	2022	2023	
Total GHG emissions (Scope 1+2)	tCO ₂ -eq	33,135	32,908	35,386	
Indirect GHG emissions (Scope 3)	tCO ₂ -eq	50,684	54,712	55,216	
Category 1 (Purchased goods and services)	tCO ₂ -eq	45,044	49,131	47,659	
Category 2 (Capital goods)	tCO ₂ -eq	621	680	1,735	
Category 3 (Fuel and energy)	tCO ₂ -eq	2,762	2,753	3,811	
Category 5 (Waste disposal)	tCO ₂ -eq	400	296	224	
Category 6 (Business trip)	tCO ₂ -eq	3	36	134	
Category 7 (Commuting)	tCO ₂ -eq	1,116	1,113	1,110	
Category 10 (Processing of sold products)	tCO ₂ -eq	659	615	443	
Category 12 (Final processing of sold products)	tCO ₂ -eq	79	88	100	
GHG emission intensity	tCO ₂ -eq/billion KRW	43.0	38.9	42.7	
Scope 1	Total	tCO ₂ -eq	10,782	11,473	11,637
Scope 2	Total	tCO ₂ -eq	22,353	21,435	23,750

Energy Management

Category	Unit	2021	2022	2023	
Energy usage intensity	Energy usage per Unit	TJ/billion KRW	0.88	0.79	0.87
Energy usage	Total	TJ	676	670	721
Non-renewable energy usage	LNG	TJ	185	193	194
	Kerosene	TJ	20	25	26
Renewable energy usage	Solar energy	TJ	2.2	2.3	2.2
Indirect energy usage	Electricity	TJ	469	450	498

HK inno.N Co.,Ltd

Environmental Waste Management

Category		Unit	2021	2022	2023
Total waste generated		ton	1,019	1,205	1,416
Waste intensity		ton/billion KRW	1.32	1.42	1.71
General waste	Total	ton	689.74	715.86	699.94
	Recycling	ton	319.77	418.05	490.95
	Incineration ²⁾	ton	363.35	295.32	203.23
	Others	ton	6.62	2.49	5.76
	Landfill	ton	0	0	0
Designated waste	Total	ton	289.25	448.71	672.13
Medical waste	Total	ton	40.38	40.06	44.05
Designated and medical waste	Incineration	ton	192.32	137.92	61.69
	Others	ton	0.65	0.00	0.00
	Landfill	ton	0	0	0
	Recycling	ton	136.66	350.85	654.49
Amount of waste disposed (A)		ton	563	436	271
Amount of waste recycled (B)		ton	456.43	768.90	1,145.44
Recycling rate		ton	44.78	63.83	80.89

Resource Recycling

Category		Unit	2021	2022	2023
Use of renewable raw materials	Ratio of renewable raw materials used	%	27.63	30.56	27.60

Water Resource Management

Category		Unit	2021	2022	2023
Water withdrawal intensity	Water withdrawal per Unit	ton/100 million KRW	62.46	61.90	68.44
	Total water withdrawn (A+B)	ton	480,831	524,037	567,274
Water withdrawn	Wastewater discharge (A)*	ton	315,411	360,770	384,702
	Water consumption (B)	ton	165,420	163,267	182,572
	Water withdrawal in Osong (waterworks)	ton	214,361	211,431	219,251
Water withdrawn by worksites	Water withdrawal in Daeso (waterworks)	ton	232,594	272,199	306,428
	Previous water withdrawal (waterworks)	ton	33,876	34,690	36,154
	Water withdrawal in Seoul (waterworks)	ton	-	5,717	5,302
	Water withdrawal in Hanam (waterworks)	ton	-	-	139
Amount of reused/ recycled water	Amount of water reused	ton	19,598	25,243	33,327
	Water reuse rate**	%	3.92	4.60	5.55

* Water quality standard (freshwater) Total Water Discharged Freshwater: (Total dissolved solids ≤ 1,000 mg/L)

** Water reused/(water withdrawn + Water Reused)*100

HK inno.N Co.,Ltd

Environmental

Environmental Management System

Category	Unit	2021	2022	2023
Major violation of environmental laws	Cases	0	0	0
Fines due to violation of environmental laws	KRW	0	0	0
Number of non-monetary measures	Cases	0	0	0
Ratio of worksites with environmental management system certification	%	33	50	75
Number of worksites with environmental management system certification	Sites	1	2	3

Environmental Investment

Category	Unit	2021	2022	2023
Environmental investment	100 million KRW	0.08	3.69	6.03

Environmental Training

Category	Unit	2021	2022	2023
Time spent on environmental education	Hours	-	5,902	9,997
Employee participants in environmental training	Persons	-	1,716	1,709

Pollutant Management

	Category	Unit	2021	2022	2023
Water pollutants	BOD	kg	1,550	2,120	1,918
	TOC	kg	1,890	2,360	1,868
	SS	kg	2,990	1,700	2,187
	Total	kg	6,430	6,180	5,973
Air pollutants	NOx	kg	3,370	4,600	3,438
	PM	kg	385	309	321
	VOCs	kg	4,530	5,560	2,140
	SOx	kg	154	63	165
	Total	kg	8,439	10,532	6,064

* Exclusion of COD metrics due to legal metrics conversion

HK inno.N Co.,Ltd

Social

Domestic Employee Status

Category		Unit	2021	2022	2023
Number of employees	Total	Persons	1,662	1,716	1,709
Total number of worksites		Sites	25	21	24
Employment type	Full-time (No fixed-term)	Total	1,650	1,703	1,669
		Female	444	470	424
		Male	1,206	1,233	1,227
	Part-time (Fixed-term employee)	Total	12	13	40
		Female	10	9	10
		Male	2	4	30
Number of full-time workers at the end of the year	Female	Persons	448	473	465
	Male	Persons	1,208	1,237	1,230
Number of part-time workers at the end of the year	Female	Persons	6	6	7
	Female	Persons	0	0	7

Category		Unit	2021	2022	2023	
Job type	Prescription drugs	Total	Persons	1,589	1,649	1,648
		Male	Persons	1,166	1,196	1,201
		Female	Persons	423	453	447
	H&B	Total	Persons	73	67	61
		Male	Persons	42	41	36
		Female	Persons	31	26	25
Remuneration	Minimum wage (Hourly)	Base	KRW	8,720	9,160	9,620
		Male	KRW	11,522	11,660	12,062
		Female	KRW	11,522	11,660	12,062
	Male wage compared to minimum wage	%	132.13	127.29	125.39	
	Female wage compared to minimum wage	%	132.13	127.29	125.39	
	Equal remuneration	Basic salary	Male	KRW	56,339,974	57,212,256
Female			KRW	51,005,718	52,137,053	53,813,284
Female basic salary ratio		%	90.53	91.13	90.92	
Retirement pension	Calculated amount of defined benefit pension system liabilities	KRW	66,402,957,000	57,593,519,000	68,266,947,000	

HK inno.N Co.,Ltd

Social

Domestic Employee Status

Category			Unit	2021	2022	2023
Number of employees who received performance evaluations and career development reviews	Gender	Male	Person	1,119	1,127	1,153
		Female	Person	408	439	418
	By position	Executive	Person	15	15	18
		Director	Person	53	55	52
		Assistant director/manager	Person	436	444	434
		Assistant manager/staff	Person	1,023	1,052	1,067
Ratio of employees who received performance evaluations and career development reviews	Gender	Male	%	92.63	91.11	93.21
		Female	%	89.87	91.65	88.56
	By position	Executive	%	93.75	78.95	94.74
		Director	%	100.00	98.21	96.30
		Assistant director/manager	%	96.89	98.01	98.19
		Assistant manager/staff	%	89.50	88.55	89.36
Gender	Male	Total	Person	1,208	1,237	1,237
		Female	Person	454	479	472
	Male ratio	%	72.68	72.09	72.38	
	Female ratio	%	27.32	27.91	27.62	
By age	Under 30	%	32.79	32.52	28.91	
	30~50	%	60.77	60.49	63.14	
	Over 50	%	6.44	6.99	7.96	
	Under 30 Persons	Person	545	558	494	
	30~50 Persons	Person	1,010	1,038	1,079	
	Over 50 Persons	Person	107	120	136	

Category			Unit	2021	2022	2023
By employment type	Total number of full-time employees	Total	Persons	1,650	1,703	1,669
		Male	Persons	1,206	1,233	1,227
		Female	Persons	444	470	442
	Total number of fixed-term contract employees	Total	Persons	12	13	40
		Male	Persons	2	4	10
		Female	Persons	10	9	30
By position	Total executives	Total	Persons	16	19	19
		Male	Persons	14	17	17
		Female	Persons	2	2	2
		Ratio	%	0.96	1.11	1.11
	Team leader/director	Total	Persons	53	56	54
		Male	Persons	36	37	37
		Female	Persons	17	19	17
		Ratio	%	3.19	3.26	3.16
	Assistant director/manager	Total	Persons	450	453	442
		Male	Persons	363	365	359
		Female	Persons	87	88	83
Ratio		%	27.08	26.40	25.86	
Assistant manager/staff	Total	Persons	1,143	1,188	1,194	
	Male	Persons	794	818	824	
	Female	Persons	349	370	370	
	Ratio	%	68.77	69.23	69.87	

HK inno.N Co.,Ltd

Social

New Recruitment Status

Category		Unit	2021	2022	2023	
New employees	Number of new employees	Persons	371	341	235	
	Ratio of new employees	%	22.32	19.87	13.75	
Gender	Male	Total	Persons	247	243	168
	Female	Total	Persons	124	98	67
	Male Ratio		%	66.58	71.26	71.49
	Female Ratio		%	33.42	28.74	28.51
By age	Under 30	Total	Persons	291	236	149
		Ratio	%	78.44	69.21	63.40
	30~50	Total	Persons	78	102	78
		Ratio	%	21.02	29.91	33.19
	Over 50	Total	Persons	2	3	8
		Ratio	%	0.54	0.88	3.40

Turnover and Retirement

Category		Unit	2021	2022	2023	
Employee turnover	Total	Persons	245	300	239	
	Ratio	%	14.74	17.48	13.98	
Number of voluntary employee turnover		Persons	230	273	217	
Voluntary turnover rate		%	93.88	91.00	90.79	
Gender	Male	Total	Persons	182	213	162
	Female	Total	Persons	63	87	77
	Male Ratio		%	74.29	71.00	67.78
	Female Ratio		%	25.71	29.00	32.22
By age	Under 30	Total	Persons	108	146	99
		Ratio	%	44.08	48.67	41.42
	30~50	Total	Persons	125	143	126
		Ratio	%	51.02	47.67	52.72
	Over 50	Total	Persons	12	11	14
		Ratio	%	4.90	3.67	5.86

HK inno.N Co.,Ltd

Social

Diversity and Inclusion

Category		Unit	2021	2022	2023	
Parental leave	Eligible for parental leave	Male	Persons	302	274	284
		Female	Persons	58	57	57
	Parental leave usage	Male	Persons	12	11	7
		Female	Persons	15	14	17
	Return to work after parental leave	Male	Persons	2	7	8
		Female	Persons	9	15	10
	At-least 1-year retention rate after return to work	Male	Persons	0	2	7
		Female	Persons	10	7	15
	Return retention rate	Male	%	0	100	100
		Female	%	77	78	100
Equal salary	Average basic wage for male Employees		1,000 KRW	56,340	57,212	56,340
	Average basic wage for female employees		1,000 KRW	51,006	52,137	51,006
	Ratio of female basic wage to male		%	90.53	91.13	90.92
Diversity	National veterans	Total	Persons	10	9	7
		Ratio	%	0.61	0.52	0.41
	Foreigners	Total	Persons	3	3	2
		Ratio	%	0.18	0.17	0.12
	Employees with disabilities	Total	Persons	17	17	24
		Ratio	%	1.01	0.99	1.40

Employee Empowerment Development

Category		Unit	2021	2022	2023	
Training hours	Gender	Male	Hours	45	74	75
		Female	Hours	58	78	75
	Annual average hours of training per employee	Executive	Hours	35	36	69
Training costs	Staff	Team leader/director	Hours	54	69	75
		Assistant director/manager	Hours	43	56	76
	By position	Average investment costs per employee	Male	KRW	272,509	422,512
Executive		Female	KRW	336,422	629,529	628,389
		Director	KRW	2,110,593	482,604	1,483,803
Assistant director/manager		KRW	1,020,649	1,028,772	509,394	
Assistant manager/staff		KRW	331,434	376,397	763,897	
Assistant manager/staff		KRW	209,295	489,688	503,356	

Human rights

Category		Unit	2021	2022	2023
Human rights training	Time spent on human rights training	Hours	3,324	3,432	3,418
	Completion rate of training on human rights policies and procedures	%	100	100	100
Occurrence of discrimination incidents and actions taken	Number of discrimination incidents (total)	Cases	0	0	0
	Number of resolved cases	Cases	0	0	0
Child labor	Number of worksites with high risk of incident occurrence	Sites	0	0	0
	Number of high-risk worksites where youth workers perform hazardous work	Sites	0	0	0

HK inno.N Co.,Ltd

Social

Safety Management at Worksite

Category		Unit	2021	2022	2023	
Work-related injuries	Employee	Total number of workers	Persons	1,662	1,716	1,709
		Total working hours	Hours	3,988,800	4,118,400	4,101,600
		Total number of injured people (a+b+c)	Persons	1	1	3
		Number of fatalities (a)	Persons	0	0	0
		Fatality rate	%	0.00	0.00	0.00
		Number of serious accidents (b)	Persons	0	0	1
		Serious accident rate	%	0.00	0.00	0.24
		Number of injuries (c)	Persons	1	1	2
		Days lost	Days	59	163	199
		Occupational accident rate	%	0.06	0.06	0.18
		Loss time injury frequency rate (LTIFR)	-	0.05	0.05	0.15
Work-related illness	Employee	Number of fatalities	Persons	0	0	0
		Fatality rate	%	0	0	0
		Number of illnesses	Persons	0	0	0
		Illness occurrence rate	%	0	0	0
Occupational health and safety management system	Application of occupational health and safety management system	Number of employees	Persons	1,662	1,716	1,709
		Employee ratio	%	100	100	100
	Application of system which has been internally evaluated/verified	Number of employees	Persons	1,662	1,716	1,709
		Employee ratio	%	100	100	100
	Application of system which has been internally evaluated/verified	Number of employees	Persons	546	587	631
		Employee ratio	%	32.85	34.21	36.92

Political Funds

Category	Unit	2021	2022	2023
Total amount of monetary and in-kind political funds donated directly and indirectly by the organization (by country)	KRW	0	0	0

Social Contribution Activities

Category	Unit	2021	2022	2023	
Community participation	Ratio of worksites that participate in local communities and conduct impact assessments and development programs	%	100	100	100
Donation	Monetary donation	100 million KRW	24.00	8.36	5.38
	In-kind donation	100 million KRW	9.90	12.32	4.49

Client Information Security

Category	Unit	2021	2022	2023
Leakage, theft, and loss of client data	Cases	0	0	0
Number of substantiated 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

Supply Chain Management

Category	Unit	2021	2022	2023	
Local procurement costs	Local (domestic) partner companies procurement costs	100 million KRW	3,168	3,304	2,879
	Total partner company procurement costs	100 million KRW	3,968	4,222	3,656
	Local partner company procurement cost ratio	%	79.84	78.27	78.75

HK inno.N Co.,Ltd

Governance

Board of Directors

Category		Unit	2021	2022	2023	
BoD composition	Total number of board members	Persons	7	6	6	
	Male	Total	6	5	5	
	Female	Total	1	1	1	
	By age	Under 30	Persons	0	0	0
		Under 30 ratio	%	0	0	0
		30~50	Persons	2	2	2
		30~50 ratio	%	28.57	33.33	33.33
		Over 50	Persons	5	4	5
	Over 50 ratio	%	71.43	66.67	83.33	
	Male Ratio	%	85.71	83.33	83.33	
	Female Ratio	%	14.29	16.67	16.67	
	Inside directors	Persons	3	2	2	
	Inside directors ratio	%	42.86	33.33	33.33	
	Number of other outside directors	Persons	1	1	1	
	Other outside director ratio	%	14.29	16.67	16.67	
	Outside directors	Persons	3	3	3	
	Outside directors ratio	%	42.80	50.00	50.00	
	Average tenure of directors	Months	23	30	38	

Category		Unit	2021	2022	2023	
BoD expertise	Number of directors with industry expertise	Persons	5	4	4	
	Ratio of directors with industry expertis	%	71.43	66.67	66.67	
BoD efficiency	Average number of concurrent positions of directors	Jobs	0	1	1	
	Number of the BoD meetings held	Times	10	7	6	
	Attendance rate of directors	%	100	95	100	
	Agenda with dissenting opinions presented by outside directors	Cases	0	0	0	
	Number of the BoD evaluations	Times	-	0	1	
Board operations	attendance rate	Inside directors	%	100	93	100
	Outside directors	%	100	95	100	
Board participation	Number of the BoD meetings held	Times	10	7	6	
	BoD advance Notice Date	Days	2	2	7	
Key agenda	Number of directors with low attendance rate(75% or below) Persons	Persons	0	0	0	
	Number of board agendas	Cases	18	20	18	
	Number of agendas with dissenting or modifying opinions presented by outside directors	Cases	0	0	0	

HK inno.N Co.,Ltd

Governance

Corporate Ownership/Operations

Category		Unit	2021	2022	2023
Voting rights status	Total stake of internal/registered directors (excluding largest shareholder and related parties)	%	0.02	0	0
	Total stake of largest shareholder and related parties	%	42.18	42.16	43.01
General shareholders' meeting regulations	Date of prior notice for the regular general shareholders' meeting	Days	15	18	16
Internal transactions	Total investment amount in affiliates compared to equity	%	0	0	0

Inspection on Internal Ethical Management

Category		Unit	2021	2022	2023
Number of internal disciplinary cases	Number of compliance violations	Cases	8	2	5
	Corruptions reported	Cases	5	0	0
	Dismissals reported	Cases	0	0	0
	Number of cases of contract termination/non-renewal with partner companies	Cases	0	0	0

Violation of Laws

Category		Unit	2021	2022	2023
Number of violations		Cases	2	0	1
Amount of fine		KRW	0	0	0
Number of violations of laws and regulations resulting in non-monetary sanctions		Cases	2	0	1

Violation of Laws

Category		Unit	2021	2022	2023
Number of employees, board members and partner companies notified of compliance policies and procedures	Number of employees	Persons	1,662	1,716	1,709
	Employee Ratio	%	100	100	100
	Number of board members	Persons	7	6	6
	Board members ratio	%	100	100	100
Number of employees and board members who received training on compliance policies and procedures	Number of employees	Persons	1,662	1,716	1,709
	Employee Ratio	%	100	100	100
	Number of board members	Persons	7	6	6
	Board members ratio	%	100	100	100
Legal procedures regarding compliance actions	Fine	KRW	0	0	0
	Settlement amount	KRW	0	0	0
Status of legal actions regarding unfair trading practices	Number of ongoing legal actions	Cases	0	0	0
	Number of completed legal actions	Cases	0	0	1

YONWOO CO.,LTD

Economy

Key Financial Performance

Category	Unit	2021	2022	2023
Revenue (consolidated)	KRW	287,098,295,487	234,737,945,885	235,902,680,015
Revenue (separate)	KRW	279,680,388,625	222,882,132,248	227,846,407,044
Equity	KRW	244,177,752,970	247,283,464,894	184,372,199,780
Liabilities	KRW	56,048,345,204	46,354,633,201	86,913,949,810

Environmental

Greenhouse Gas Management

Category	Unit	2021	2022	2023	
Total GHG emissions (Scope 1+2)	tCO ₂ -eq	16,804	15,024	16,499	
GHG emission intensity*	tCO ₂ -eq/billion KRW	60.1	67.4	72.4	
Scope 1	Total	tCO ₂ -eq	525.088	512.760	507.641
Scope 2	Total	tCO ₂ -eq	16,281.078	14,513.046	15,992.889

*GHG emission intensity: Based on revenue (separate)

Energy Management

Category	Unit	2021	2022	2023
Total energy usage	TJ	347	308	339
Direct energy usage	TJ	7,928	7,709	7,671
Gasoline	TJ	2,001	1,956	1,928
Diesel	TJ	4,498	4,509	4,363
LNG	TJ	1,113	1,025	1,114
LPG	TJ	0,316	0,219	0,266
Indirect energy usage	TJ	340,215	303,270	334,192
Electricity	TJ	340,215	303,270	334,192
Intensity	TJ/billion KRW	1,240	1,380	1,487

Waste Management

Category	Unit	2021	2022	2023	
Total waste generated	ton	890	762	839	
Waste intensity	ton/billion KRW	3.18	3.42	3.67	
General waste	Total	ton	586	512	580
Recycling	ton	0	0	580	
Designated waste	Total	ton	304	250	259
Incineration	ton	13	7	104	

YONWOO CO.,LTD

Environmental Resource Recycling

	Category	Unit	2021	2022	2023
Use of renewable raw materials	Total raw material usage	ton	2,209,235	1,473,799	2,057,796
	Non-renewable raw material	ton	2,137,492	1,400,668	1,958,852
	Renewable raw material	ton	71,743	73,131	98,944
	Ratio of renewable raw materials used	%	3.25	4.96	4.80

Water Resource Management

	Category	Unit	2021	2022	2023
Total water consumption		ton	47,504	51,161	61,368

Environmental Management System

	Category	Unit	2021	2022	2023
Acquisition of environmental management system certification		%	67	67	67
Number of worksites with environmental management system certification		Sites	2	2	2

Pollutant Management

	Category	Unit	2021	2022	2023
Air pollutants	NOx	kg	0	0	0
	PM	kg	34	325	75
	SOx	kg	0	0	0

Social Domestic Employee Status

	Category	Unit	2021	2022	2023
Total employees		Persons	1,377	1,322	1,319
By employment type	Full-time	Persons	1,320	1,266	1,264
	Part-time	Persons	57	56	55
Gender	Male	Persons	515	501	510
	Female	Persons	862	821	809

* 3-year adjustment of number of employees (Unified based on the Annual Report: Including registered executives -> Excluding registered executives)

New Recruitment Status

	Category	Unit	2021	2022	2023
Total new employees		Persons	246	242	338
Gender	Male	Persons	197	147	188
	Female	Persons	49	95	150
By age	Under 30	Persons	59	87	86
	30~50	Persons	176	146	236
	Over 50	Persons	11	9	16

YONWOO CO.,LTD

Social

Turnover and Retirement

Category		Unit	2021	2022	2023	
Employee turnover		Total	Persons	280	294	338
Number of voluntary employee turnover			Persons	259	264	302
Voluntary turnover rate			%	92.5	89.8	89.9
Gender	Male	Total	Persons	197	158	177
		Under 30	Persons	50	37	30
		30~50	Persons	143	115	137
		Over 50	Persons	4	6	10
		Total	Persons	83	136	161
	Female	Under 30	Persons	10	17	16
		30~50	Persons	45	91	101
		Over 50	Persons	28	28	44
		Male ratio	%	70.4	53.74	52.4
		Female ratio	%	29.6	46.26	47.6
By age	Under 30	Total	Persons	60	54	46
	30~50	Total	Persons	188	206	238
	Over 50	Total	Persons	32	34	54

Diversity and Inclusion

Category		Unit	2021	2022	2023	
Female leadership	Total number of managers	Persons	76	73	86	
	Number of female managers	Persons	8	7	7	
	Percentage of female managers	%	9.21	9.59	8.14	
Parental leave	Eligible for parental leave	Total	Persons	13	23	22
		Male	Persons	3	4	12
		Female	Persons	10	19	10
	Parental leave usage	Total	Persons	13	23	22
		Male	Persons	3	4	12
		Female	Persons	10	19	10
Return to work after parental leave	Total	Persons	16	13	28	
	Male	Persons	2	3	9	
	Female	Persons	14	10	19	
At-least 1-year retention rate after return to work	Total	Persons	10	11	13	
	Male	Persons	0	2	3	
	Female	Persons	10	9	10	
Diversity	National veterans	Total	Persons	3	3	3
	Foreigners	Total	Persons	23	23	27
	Employees with disabilities	Total	Persons	27	27	24

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Social

Employee Empowerment Development

Category		Unit	2021	2022	2023	
Training hours	Total training hours	Hours	12,647	16,282	15,356	
	Average hours of training per employee	Hours	9.18	12.32	11.62	
	Gender	Male	Hours	19.70	24.22	21.81
		Female	Hours	2.90	5.05	5.15
Annual average hours of training per employee	Executive	Hours	23.04	16.40	18.33	
	Staff	Hours	4.11	9.17	7.45	
	Team leader/director	Hours	5.19	5.07	42.78	
	Assistant director/manager	Hours	53.37	39.31	38.81	

Employee Performance Evaluation

Category	Unit	2021	2022	2023
Number of employees subject to performance evaluation	Persons	396	389	399
Number of employees who received regular performance evaluations	Persons	396	389	399
Percentage of employees who received regular performance evaluations	%	100	100	100

Occupational Health and Safety Management System

Category	Unit	2021	2022	2023
Ratio of employees applied for occupational health and safety management system	%	100	100	100
Worksites with ISO 45001 certification	Sites	2	2	2
Ratio of worksites with ISO 45001 certification	%	66	66	66

Safety Management at Worksite

Category		Unit	2021	2022	2023
Occupational accidents	Number of work-related injuries	Persons	6	8	7
	Number of work-related illnesses	Persons	1	2	1
	Days of labor loss	Days	759	1,206	1,248
	Occupational accident rate	%	0.51	0.76	0.61

Client Information Security

Category	Unit	2021	2022	2023
Leakage, theft, and loss of client data	Cases	0	0	0
Number of substantiated 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

Supply Chain Management

Category		Unit	2021	2022	2023
Local procurement costs	Outsourcing processing costs	Million KRW	126,398	88,763	98,928
	Total outsourcing purchase costs million	Million KRW	149,972	109,445	121,909
	Outsourcing processing ratio	%	84.3	81.1	81.1

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Social

Product Responsibility

Category		Unit	2021	2022	2023	
Compliance with health and safety regulations for products/services	Number of violations of voluntary regulations	Cases	0	0	0	
	Number of violations of related regulations	Total	Cases	0	0	0
		Fines or punishments	Cases	0	0	0
		Warnings	Cases	0	0	0
Information provision and labeling regulations	Number of violations of voluntary regulations	Cases	0	0	0	
	Number of violations of related regulations	Total	Cases	0	0	0
		Fines or punishments	Cases	0	0	0
		Warnings	Cases	0	0	0
Compliance with marketing communication regulations	Number of violations of voluntary regulations	Cases	0	0	0	
	Number of violations of related regulations	Total	Cases	0	0	0
		Fines or punishments	Cases	0	0	0
		Warnings	Cases	0	0	0

Governance

Board of Directors

Category		Unit	2021	2022	2023	
BoD composition	Total number of board members	Persons	3	5	5	
	Male	Total	Persons	3	4	4
		Under 30	Persons	0	0	0
		30~50	Persons	0	3	2
		Over 50	Persons	3	1	2
	Female	Total	Persons	0	1	1
		Under 30	Persons	0	0	0
		30~50	Persons	0	1	0
		Over 50	Persons	0	0	1
	By age	Under 30	Persons	0	0	0
		Under 30 ratio	%	0	0	0
		30~50	Persons	0	4	2
		30~50 ratio	%	0	80	40
		Over 50	Persons	3	1	3
		Over 50 ratio	%	100	20	60
Male ratio	%	100	80	80		
Female ratio	%	0	20	20		
Inside directors	Persons	2	3	3		
Inside directors ratio	%	67	60	60		
Outside directors	Persons	1	2	2		
Outside directors ratio	%	33.3	40.0	40.0		

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Governance

Status of Committees under the Board of Directors

	Category	Unit	2021	2022	2023
Outside director recommendation committee	Ratio of outside directors	%	0	0	67
	Number of meetings	Times	0	0	0
	Female director ratio	%	0	0	33

Corporate Ownership/Operations

	Category	Unit	2021	2022	2023
Voting rights Status	Total stake of inside/registered directors (excluding largest shareholder and related parties)	%	0	0	0
	Total stake of largest shareholder and related parties	%	60	60	55
General shareholders' meeting regulations	Date of prior notice for the BoD meetings	Days	5	30	16

Ethics and Compliance Training Status

	Category	Unit	2021	2022	2023
Employee code of conduct training	Participants who completed code of conduct training	Persons	0	353	313
	Code of conduct training application rate	%	0	26.7	23.7

Market Position

	Category	Unit	2021	2022	2023
Local senior management (Overseas worksite)	Number of senior managements	Persons	7	8	9
	Number of local senior managements	Persons	1	1	1
	Local senior management ratio	%	14.29	12.5	11.1

APPENDIX

Kolmar Korea has joined various ESG initiatives in order to meet the needs of the global community. We are currently carrying out activities that satisfy the criteria for each initiative, and the disclosed data has undergone external verification.

- 160 GRI Index
- 164 TCFD Index
- 165 SASB Index
- 166 UN SDGs Commitment
- 167 UNGC Commitments
- 168 Independent Assurance Statement
- 171 Greenhouse Gas and Energy Verification
- 172 Awards and Association Membership

GRI Index

Statement of Use	Kolmar Korea reports sustainability management contents during the period from January 1, 2023 to December 31, 2023 in accordance with GRI Standards.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standards	As of June 2024, 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.

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

GRI Standards	Disclosure	Page	Remark
Universal Standards			
GRI 2: General Disclosures 2021	2-1 Organizational details	p.7,9	
	2-2 Entities included in the organization’s sustainability reporting	p.2	
	2-3 Reporting period, frequency and contact point	p.2	
	2-4 Restatements of information	p.35, 60, 65	
	2-5 External assurance	p.2, 168, 171	
	2-6 Activities, value chain and other business relationships	p.7, 11	
	2-7 Employees	p.133	
	2-8 Workers who are not employees	p.133	
	2-9 Governance structure and composition	p.110	
	2-10 Nomination and selection of the highest governance body	p.111-112,114	
	2-11 Chair of the highest governance body	p.110-111	
	2-12 Role of the highest governance body in overseeing the management of impacts	p.19	
	2-13 Delegation of responsibility for managing impacts	p.19	
	2-14 Role of the highest governance body in sustainability reporting	p.19	
	2-15 Conflicts of interest	p.111	
	2-16 Communication of critical concerns	p.110, Annual Report	
	2-17 Collective knowledge of the highest governance body	p.112	

GRI Standards	Disclosure	Page	Remark
Universal Standards			
GRI 2: General Disclosures 2021	2-18 Evaluation of the performance of the highest governance body	p.113	
	2-19 Remuneration policies	p.113	
	2-20 Process to determine remuneration	p.113	
	2-21 Annual total compensation ratio	p.134	
	2-22 Statement on sustainable development strategy	p.5-6	
	2-23 Policy commitments	p.24, 80, 106	
	2-24 Embedding policy commitments	p.80-81	
	2-25 Processes to remediate negative impacts	p.108	
	2-26 Mechanisms for seeking advice and raising concerns	p.46, 108	
	2-27 Compliance with laws and regulations	p.137	
	2-28 Membership associations	p.172	
	2-29 Approach to stakeholder engagement	p.25	
	2-30 Collective bargaining agreements	p.81	Working conditions are determined based on employment rules despite the absence of labor union

GRI Index

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

GRI Standards	Disclosure	Page	Remark
Material Topic			
GRI 3: Material Topics 2021	3-1 Process to determine material topics	p.26	
	3-2 List of material topics	p.27	
Waste Management and Circular Economy			
GRI 3: Material Topics 2021	3-3 Management of material topics	p.28	
GRI 306: Waste (2020)	306-2 Management of significant waste-related impacts	p.66	
	306-3 Waste generated	p.130	
	306-4 Waste diverted from disposal	p.130	
	306-5 Waste directed to disposal	p.130	
Sustainable Purchasing of Raw Materials			
GRI 3: Material Topics 2021	3-3 Management of material topics	p.28	No applicable Topic standards

GRI Standards	Disclosure	Page	Remark
Product Safety and Quality Responsibility			
GRI 3: Material Topics 2021	3-3 Management of material topics	p.28	
GRI 416: Customer Health and Safety	416-1 Assessment of health and safety impacts of product and service categories ¹⁾	p.21, 58	
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	p.58	
Response to Climate Change Risk			
GRI 3: Material Topics 2021	3-3 Management Approaches for Material Issues	p.28	
GRI 201: Economic Performance	201-2 Financial Implications and Other Risks and Opportunities Due to Climate Change	p.121-123	
GRI 302: Energy	302-1 Energy consumption within the organization	p.126, 129	
	302-2 Energy consumption outside of the organization	p.126, 129	
	302-3 Energy intensity	p.129	
	302-4 Reduction of energy consumption	p.33, 34	
GRI 305: Emissions	305-1 Direct (Scope 1) GHG emissions	p.126, 129	
	305-2 Energy indirect (Scope 2) GHG emissions	p.126, 129	
	305-3 Other indirect (Scope 3) GHG emissions	p.126, 129	
	305-4 Greenhouse gas (GHG) emissions intensity	p.126, 129	
	305-5 Reduction of greenhouse gas (GHG) emissions	p.33-34	
	305-7 Nitrogen Oxide (NOx), Sulfur Oxide (SOx), and other significant air emissions	p.131-132	

1) Performance rate in compliance with the Mandatory Requirements of the Food and Drug Administration's Distribution Cosmetics Safety Management Standards

GRI Index

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

GRI Standards	Disclosure	Page	Remark
Development of products contributing to environmental and social problem-solving			
GRI 3: Material Topics 2021	3-1 Process to determine material topics	p.26	No applicable Topic standards
Information and Technology Security			
GRI 3: Material Topics 2021	3-3 Management of material topics	p.28	
GRI 418: Customer Privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	p.136	
Enhancement of Compliance and Ethical Management			
GRI 3: Material Topics 2021	3-3 Management of material topics	p.28	
GRI 205: Anti-corruption	205-2 Communication and training about anti-corruption policies and procedures	p.137	
	205-3 Confirmed incidents of corruption and actions taken	p.137	
Healthy Organizational Culture			
GRI 3: Material Topics 2021	3-1 Process to determine material topics	p.26	No applicable Topic standards

GRI Standards	Disclosure	Page	Remark
Specific Topics			
Economic			
GRI 201: Economic Performance	201-1 Direct economic value generated and distributed	p.128	
	201-4 Government's financial support	p.128	
GRI 202: Market Presence	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	p.128	
	202-2 Proportion of senior management hired from the local community	p.128	
Environmental			
GRI 303: Water and Effluents	303-2 Management of water discharge-related impacts	p.65	
	303-3 Water withdrawal	p.130	
	303-4 Water discharge	p.65, 130	
	303-5 Water consumption	p.65, 130	
GRI 304: Biodiversity	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value	p.74-75	

GRI Index

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

GRI Standards	Disclosure	Page	Remark
Environmental			
GRI 304: Biodiversity	304-4 IUCN Red List species and national conversation list species with habitats in areas affected by operations	p.75	
Social			
GRI 401: Employment	401-1 New hires and employee turnover	p.133-134	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	p.82	
	401-3 Parental leave	p.134	
GRI 403: Occupational Health and Safety	403-1 (MA) Occupational health and safety management system	p.88-89	
	403-2 (MA) Hazard identification, risk assessment, and incident investigation	p.89, 92	
	403-3 (MA) Occupational health services	p.93	
	403-4 (MA) Employee participation and communication on occupational health and safety	p.88, 90-91	
	403-5 (MA) Training related to occupational health and safety	p.90-91	
	403-6 (MA) Promotion of worker health	p.93	
	403-7 (MA) Mitigation of direct health and safety impacts related to Business	p.90, 92	
	403-8 Scope of application of occupational health and safety system	p.89, 135	
	403-9 Work-related injuries	p.135	
	403-10 Work-related illnesses	p.135	

GRI Standards	Disclosure	Page	Remark
Social			
GRI 404: Training and Education	404-1 Average hours of training per employee	p.86, 131, 135	
	404-2 Programs for upgrading employee skills and transition assistance programs	p.85-86	
	404-3 Percentage of employees receiving regular performance and career development reviews	p.135	
GRI 405: Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	p.133-134	
	405-2 Ratio of basic salary and remuneration of women to men	p.134	
GRI 406: Non-Discrimination	406-1 Incidents of discrimination and corrective actions taken	p.137	
GRI 407: Freedom of Association and Collective Bargaining	407-1 Operations and partner companies in which the right to freedom of association and collective bargaining may be at risk	p.80-81, 44-45	The impact is insufficient or absent
GRI 408: Child Labor	408-1 Operations and partner companies at significant risk for incidents of child labor	p.80-81, 44-45	The impact is insufficient or absent
GRI 409: Forced or Compulsory Labor	409-1 Operations and partner companies at significant risk for incidents of forced or compulsory labor	p.80-81, 44-45	The impact is insufficient or absent
GRI 410: Security Practice	410-1 Security personnel trained on human rights policies or procedures	p.80, 135	
GRI 413: Local Community	413-1 Operations with local community engagement, impact assessments, and development programs	p.95	

TCFD Index

Task Force on Climate-related Financial Disclosures		
Topics	Metric	Page
Governance	a) Description of the Board of Directors' oversight in managing and supervising risks and opportunities related to climate change	p.120
	b) Description of the role of management in assessing and managing risks and opportunities related to climate change	p.120
Strategy	a) Description of the risks and opportunities related to climate change identified over the short, medium, and long-term	p.121-123
	b) Explanation of the impact of risks and opportunities related to climate change on the organization's business, strategy, and financial planning	p.121-123
	c) Description of the organization's resilience considering various climate change-related scenarios, including a scenario below 2°C	p.124
Risk Management	a) Description of the process to identify and assess risks related to climate change	p.125
	b) Description of the process to manage risks related to climate change	p.125
	c) Explanation of how the process of identifying, assessing, and managing risks related to climate change is integrated into the organization's overall risk management	p.125
Metrics and Targets	a) Disclosure of metrics used to assess risks and opportunities related to climate change in line with the strategy and risk management process	p.126
	b) Disclosure of Scope 1, Scope 2, and if applicable, Scope 3 greenhouse gas (GHG) emissions and related risks	p.126
	c) Description of the targets used by the organization to manage climate-related risks and opportunities, and performance against these targets	p.126













SASB Index

SASB Sustainability Disclosure – Household & Personal Products





Sustainability Disclosure Topics & Accounting Metrics				
Topic	Code	Accounting Metric	Page and Response	Remark
Water Management	CG-HP-140a.1	(1) Total water withdrawn	p.65, 130	
	CG-HP-140a.1	(2) Total water consumed	p.65, 130	
	CG-HP-140a.1	Percentage of each in regions with High or Extremely High Baseline Water Stress	p.130 (Refer to p.65 for areas with high Water Stress)	
	CG-HP-140a.2	Description of water management risks and discussion of strategies and practices to mitigate those risks	p.65, Through not only improvements in fairness but also various research and development activities for our products, we plan to continuously reduce water usage. (Aim to reduce our company's annual water consumption by approximately 3.8% in 2023.)	
Product Environmental, Health, and Safety Performance	CG-HP-250a.1	Revenue from products that contain REACH (EU New Chemical Substances Management System)		Kolmar Korea develops products by reviewing the guidelines of the Cosmetic Ingredient Review (CIR) and the Scientific Committee on Consumer Safety (SCCS), and by considering the varying regulations on cosmetic ingredients in different countries. We also ensure that our products comply with the chemical management standards of the countries to which we export. We verify the registration status of our products under EU REACH and Australia's AICIS, and check for the presence of CMR substances, SVHCs, and substances subject to California Proposition 65. By understanding the risks and prevalence of each chemical substance in advance, we ensure their safe use.
	CG-HP-250a.2	Revenue from products that contain substances on the California DTSC Candidate Chemicals List	p.55, 63, 64	
	CG-HP-250a.3	Discussion of process to identify and manage emerging materials and chemicals of concern		
	CG-HP-250a.4	Revenue from products designed with green chemistry principles	p. 49, 76	
Packaging Lifecycle Management	CG-HP-410a.1	(1) Total weight of packaging	Due to the nature of Kolmar Korea's business, we primarily use packaging materials designated and developed by our clients. Therefore, due to client information security issues, it is difficult to disclose data related to packaging materials.	
	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.67, 72	
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.21, 136	We are managing our operations through research and development support for RSPO, promotion of RSPO through product specifications, and other means. However, the procurement volume of palm oil and the proportion according to the type of RSPO certification are not disclosed.
Activity Metrics				
	CG-HP-000.A	Units of products sold, total weight of products sold	31,373 ton	The fluctuation compared to the previous year is significant and has been identified as a simple unit conversion error.
	CG-HP-000.B	Number of manufacturing facilities	1,316	

UN SDGS Commitment

Kolmar Korea presents a direction for sustainable management through its ESG activities and contributes to sustainable development by addressing environmental, social, and economic issues in connection with the detailed goals of the UN SDGs. The UN SDGs are a consensus document that encapsulates the international community's efforts to solve universal human issues, climate change problems, and economic and social issues, and Kolmar Korea is also striving to achieve these goals.

UN SDGs	Detailed Activities	Page	
 5 GENDER EQUALITY	Gender Equality	<ul style="list-style-type: none"> • Operation of family-friendly systems such as flexible work arrangements, half-day leave system, and child care support system, we are retaining and fostering female talent 	p.82
 6 CLEAN WATER AND SANITATION	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 5.3% of annual water use at Sejong Factory by improving the process of reusing RO concentrated water management 	p.65
 7 AFFORDABLE AND CLEAN ENERGY	Affordable and Clean Energy	<ul style="list-style-type: none"> • Reduction of energy intensity by approximately 9.5% by replacing fluorescent lamps with LEDs at Sejong Factory • Reduction of GHG emissions through photovoltaic power generation facility expansion at Sejong Factory 	p.33-34
 8 DECENT WORK AND ECONOMIC GROWTH	Decent Work and Economic Growth	<ul style="list-style-type: none"> • Conducting recruitment without discrimination based on gender, age, religion, social status, place of origin, education, pregnancy, or medical history • Fostering a culture of self-compliance through the introduction of the Fair Trade Self-Compliance Program 	p.84, 106
 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Industry, Innovation and Infrastructure	<ul style="list-style-type: none"> • 5% of sales in 2023 allocated to investments in R&D • Enhancing order competitiveness through Go-To-Market and collaboration-based digital business innovation 	p.13-14
 10 REDUCED INEQUALITIES	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 	p.80
 11 SUSTAINABLE CITIES AND COMMUNITIES	Sustainable Cities and Communities	<ul style="list-style-type: none"> • Providing continuous support programs for protected youth and children preparing for independence • Operating a Local Community Communication Forum with stakeholders at the Sejong Factory 	p.96-97
 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Responsible Consumption and Production	<ul style="list-style-type: none"> • 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) • Officially joining the Roundtable on Sustainable Palm Oil (RSPO) and using palm oil that has been certified by the RSPO when procuring raw materials 	p.48, 67-69
 13 CLIMATE ACTION	Climate Action	<ul style="list-style-type: none"> • Monitoring of GHG emissions and management of climate change risk by joining K-RE100 • Establishing an inventory for Scope 1 and 2 emissions, and calculating and verifying the expansion of the Scope 3 category 	p.33-34
 14 LIFE BELOW WATER	Life Below Water	<ul style="list-style-type: none"> • Operating a compliance process with The Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) during product development 	p.74
 15 LIFE ON LAND	Life on Land	<ul style="list-style-type: none"> • Voluntary participation in environmental purification activities in areas near the worksite • Identifying factors that threaten biodiversity and endangered wildlife in the regions (Seoul, Gyeonggi, Sejong) where Kolmar Korea worksites are located 	p.74-75
 17 PARTNERSHIPS FOR THE GOALS	Partnerships for the Goals	<ul style="list-style-type: none"> • Complying with the 10 principles in the areas of human rights, labor, environment, and anti-corruption by joining the UNGC • Securing and operating various communication channels with key stakeholders 	p.100-102

UNGC Commitments

	Classification	Major Activities of Kolmar Korea	Page
 <p>Human rights</p>	<p>Principle 1</p> <p>Businesses should support and respect the protection of internationally proclaimed human rights,</p>	<p>Kolmar Korea supports and practices international human rights standard guidelines such as the 'Universal Declaration of Human Rights' and the 'United Nations Global Compact Ten Principles', and has established and is operating the 'Kolmar Korea Human Rights Policy'</p>	<p>p.80-81</p>
	<p>Principle 2</p> <p>Businesses should make sure that they are not complicit in human rights abuses.</p>	<p>Kolmar Korea implements a human rights policy that complies with international standards, and is conducting various education programs to prevent human rights violations, such as improving awareness of disabilities and preventing sexual harassment.</p>	
 <p>Labor</p>	<p>Principle 3</p> <p>Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.</p>	<p>Kolmar Korea operates an open council composed of executives and member representatives once a quarter, striving for continuous communication based on mutual trust between labor and management.</p>	<p>p.81</p>
	<p>Principle 4</p> <p>Businesses should uphold the elimination of all forms offorced and compulsory labor.</p>	<p>Kolmar Korea aims to prevent child labor that may occur in the mineral extraction process. When purchasing conflict minerals (3TGs), we only purchase from smelters certified by the RMAP. Kolmar Korea strives to eliminate forced labor and child labor that can occur within the value chain.</p>	<p>p.48, 80</p>
	<p>Principle 5</p> <p>Businesses should uphold the effective abolition of child labor.</p>		
 <p>Environmental</p>	<p>Principle 6</p> <p>Businesses should uphold the elimination of discrimination in respect of employment and occupation.</p>	<p>Kolmar Korea strives to eliminate discrimination that may occur in employment and work through disability awareness improvement education and women's leadership lectures, promoting diversity among employees.</p>	<p>p.80, 86</p>
	<p>Principle 7</p> <p>Businesses should support a precautionary approach to environmental challenges,</p>	<p>Kolmar Korea minimizes the environmental impact of its business activities through ISO14001 operation and environmental management at each stage of the value chain.</p>	<p>p.60-65</p>
	<p>Principle 8</p> <p>Businesses should undertake initiatives to promote greaterenvironmental responsibility.</p>	<p>Kolmar Korea has established a 3R Green policy to minimize the consumption of resources and energy, and is striving to use materials optimized for the circular economy system.</p>	<p>p.67-71</p>
 <p>Anti-corruption</p>	<p>Principle 9</p> <p>Businesses should encourage the development and diffusionof environmentally friendly technologies.</p>	<p>Kolmar Korea has been continuously developing environmentally friendly ingredients and packages to reduce environmental pollution that may occur during the production and use of products.</p>	<p>p.67-72, 76-78</p>
	<p>Principle 10</p> <p>Businesses should work against corruption in all itsforms, including extortion and bribery.</p>	<p>Kolmar Korea strengthens compliance and ethical management by establishing and implementing an ethical code and anti-corruption policy. We have obtained ISO37001 and ISO37301 certifications and continue our efforts to prevent corruption.</p>	<p>p.104-108</p>

INDEPENDENT ASSURANCE STATEMENT



INDEPENDENT ASSURANCE OPINION STATEMENT

Overview

BSI (British Standards Institution) Group Korea (hereinafter referred to as the "Assurer") was requested to verify the KOLMAR KOREA 2023 Sustainability report (hereinafter referred to as the "Report"). The Assurer is independent of the KOLMAR KOREA and has no major operational financial interest other than the assurance. This assurance opinion statement is intended to provide information related to the assurance of the KOLMAR KOREA report relating to the environment, social and governance (ESG) to the relevant stakeholders and may not be used for any purpose other than the purpose of publication. This assurance opinion statement was prepared based on the information presented by the KOLMAR KOREA and the assurance was carried out under the assumption that presented the information and data were complete and accurate.

KOLMAR KOREA is responsible for managing the relevant information contained within the scope of assurance, operating the relevant internal control procedures, and for all information and claims contained in the report. Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to KOLMAR KOREA only.

The Assurer is responsible for providing KOLMAR KOREA management with an independent assurance opinion containing professional opinions derived by applying the assurance methodology to the scope specified, and to provide the information to all stakeholders of KOLMAR KOREA. The Assurer shall not bear any other responsibility, including legal responsibility, to any third party other than KOLMAR KOREA in providing the assurance opinion and shall not be liable to any other purpose, purpose or stakeholders related thereto for which the assurance opinion may be used.

Scope

The scope of engagement agreed upon with KOLMAR KOREA includes the following:

- Reporting contents during the period from January 1st to December 31st 2023 included in the report, some data included the half of 2024.
- Major assertion included in the Report, such as sustainability management policies and strategies, goals, projects, and performance, and the Report contents related to material issues determined as a result of materiality assessment.
- Appropriateness and consistency of processes and systems for data collection, analysis and review.

- In Accordance with the four principles of AA1000 AccountAbility in the report, based on the type of Sustainability Assurance based on AA1000AS v3 and if applicable, the reliability of the sustainability performance information contained in the Report.
- Reporting contents of Integrated ESG Performance of Kolmar Korea, HK inno-n and Yeonwoo (FACTS & FIGURES p.138~142).

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, SASB and TCFD.
- Other related additional information such as the website, business annual report.

Assurance Level and Type

The assurance levels and types are as follows;

- Moderate level based on AA1000 AS and Type 2 (confirmation to the four principles as described in the AA1000 Accountability Principle 2018 and quality and reliability of specific performance information published in the report.)

Description and sources of disclosures covered

Based on the scope and methodology of assurance applied, the assurer reviewed the following Disclosures based on the sampling of information and data provided by KOLMAR KOREA.

[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, 205-2~3, 302-1~4, 303-2~5, 304-1, 304-4, 305-1~5, 305-7, 306-2~5, 401-1~3, 403-1~10, 404-1~3, 405-1~2, 406-1, 407-1, 408-1, 409-1, 410-1, 413-1, 416-1~2, 418-1

INDEPENDENT ASSURANCE STATEMENT

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;

- A top-level review of issues raised by external parties that could be relevant to organizations policies to provide a check on the appropriateness of statements made in the report.
- Discussion with managers and staffs on organization's approach to stakeholder engagement.
- Review of the supporting evidence related to the material issues through interviews with senior managers in the responsible departments.
- 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
- Verification of data generation, collection and reporting for each performance index and document review of relevant systems, policies, and procedures where available
- An assessment of the company's reporting and management processes concerning this reporting against the principles of Inclusivity, Materiality, Responsiveness and Impact as described in the AA1000 AccountAbility Principles Standard (2018).
- Visit of the KOLMAR KOREA R&D Complex to confirm the data collection processes, record management practices.

Limitations and approach used to mitigate limitations

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.

Competency and Independence

BSI (British Standards Institution) is a leading global standards and assessment body founded in 1901. BSI 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 globally. 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 indepth understanding of the BSI Group's assurance standard methodology.

Opinion Statement

The assurer was carried out by a team of sustainability report assurors in accordance with the AA1000 Assurance Standard v3. Assurer planned and performed this part of our work to obtain the necessary information and explanations assurer considered to provide sufficient evidence that KOLMAR KOREA's description of their approach to AA1000 Assurance Standard and their selfdeclaration of compliance with the GRI standards were fairly stated.

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. We believe that the economic, social and environment performance indicators are accurate and are supported by robust internal control processes.

Conclusions

The Report is prepared in accordance with the GRI Standards. (Reporting in accordance with the GRI standards). The detailed reviews against the AA1000 AccountAbility Principles of Inclusivity, Materiality, Responsiveness and Impact and the GRI Standards are set out below.

Inclusivity: Stakeholder Engagement and Opinion

KOLMAR KOREA defined clients, shareholders/investors, local communities, NGO, government agencies, partner companies and employees as a Key Stakeholder Groups. In order to collect opinions by each stakeholder groups in the context of sustainability, operated the stakeholder engagement process. KOLMAR KOREA conducted a review of the stakeholder engagement process at the governance level in order to reflect the major issues derived through the stakeholder engagement process in sustainability strategy and goals. KOLMAR KOREA disclosed the results related to the process in the Report.

Materiality: Identification and reporting of material sustainability topics

KOLMAR KOREA implemented its own materiality assessment process in consideration of the major business and operational characteristics to derive important reporting issues related to sustainability. KOLMAR KOREA conducted media analysis, benchmarking of similar companies and global sustainability reporting standards frameworks analysis. KOLMAR KOREA has derived 8 material issues through the relevant process, and disclosed GRI topic standards disclosures related to material issues in the Report.

INDEPENDENT ASSURANCE STATEMENT

Responsiveness: Responding to material sustainability topics and related impacts

KOLMAR KOREA operated a management process for material issues in the context of sustainability derived from the materiality assessment. KOLMAR KOREA established mid- to long-term sustainability plans and goals in according to the management methodology established to effectively reflect the expectations of key stakeholders. KOLMAR KOREA disclosed key response achievements such as related performances and improvement measures in the Report.

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

KOLMAR KOREA identified the scope and extent of the impacts to the organization and key stakeholders in the context of the sustainability of the material issues reported. KOLMAR KOREA established sustainability strategies and objectives based on the analysis results of major impacts, including risks and opportunities for key issues, disclosed mid- to long-term plans and strategic system in the Report.

Findings and conclusions concerning the reliability and quality of specified performance information

Among the GRI Topic Standards, the following disclosure were carried out in a assurance Type 2 based on the information and data provided by the reporting organization. In order to verify the reliability and accuracy of the data and information, internal control procedures related to data processing, processing, and management were verified through interviews with the responsible department, and accuracy was verified through sampling. Errors and intentional distortions in sustainability performance information included in the report were not found through assurance processes. The reporting organization manages the sustainability performance information through reliable internal control procedures and can track the process of deriving the source of the performance. Errors and unclear expressions found during the assurance process were corrected during the assurance process and prior to the publication of the report, and the assurer confirmed the final published report with the errors and expressions corrected.

- GRI Topic standards: 201-2, 205-2~3, 302-1~4, 303-3~5, 305-1~5, 305-7, 306-2~5, 401-1, 401-3, 403-1~10, 404-1, 404-3, 405-1~2, 413-1, 416-1~2, 418-1

Recommendations and Opportunity for improvement

The assurer will provide the following comments to the extent that they do not affect the result of assurance.

- Considering the business characteristics of the consolidated subsidiary, It may be helpful to advance the sustainability management system by specifying ESG mid- to long-term strategies and goals for each subsidiary and disclosing the year-to-date achievement of those goals and ways.
- It may be helpful to advance the sustainability management system by strengthening the management system and internal control procedures of key sustainability performance indicators such as the environmental and social.

GRI-reporting

KOLMAR KOREA provided us with their self declaration of compliance within GRI Standards. Based on our review, we confirm that social responsibility and sustainable development indicators with reference to the GRI Index. The Assurer confirmed that the Report was prepared in accordance with the GRI Standards and the disclosures related to the Universal Standards and Topic Standards Indicators based on the data provided by KOLMAR KOREA. The sector standard was not applied.

Issue Date: 19/06/2024

For and on behalf of BSI (British Standards Institution):

BSI representative



Jungwoo Lee, Lead Assurer/ACSAP



Seonghwan Lim, Managing Director of BSI Korea



BSI Group Korea Limited: 29, Insa-dong 5-gil, Jongno-gu, Seoul, South Korea
Hold Statement Number: SRA 791323

Greenhouse Gas and Energy Verification Statement

Domestic workplaces : 4 Factory(Sejong, Jeonui, Jeondong, Bucheon), R&D Complex
 The Korea Management Registrar Inc. (hereinafter "KMR") has conducted the verification on the greenhouse gas (hereinafter "GHG") emission (Scope 1,2&3) of KOREA KOLMAR Co., Ltd (hereinafter "the Company") in 2023.

SCOPE

Verification of places of business and emission facilities under the control of the company.

STANDARDS

- ISO 14064-1:2018, ISO 14064-3:2019
- IPCC Guidelines for National GHG Inventories
- Guidelines for Reporting and Certification of Emissions under the GHG Emissions Trading System
- The Communication method of EPD(Environmental Product Declaration)

PROCEDURE

We conducted a risk analysis approach and on-site verification based on data evaluation, and we identified the appropriateness of the data and factors applied to GHG emission calculations based on objective evidence. The verification team verified the GHG emissions during the reporting period in a reasonable way based on the verification guidelines.

INDEPENDENT

KMR does not have any stake in the verified entity and does not conduct verification with biased opinions/views. We have drawn an independent and objective verification conclusion based on the verification standards, and reviewed the every aspect of the verification we performed throughout the entire verification process through internal review.

LIMITATIONS

The verification team verified the related reports, information and data presented by the audited institution by sampling or enumeration methods. As a result, there are many inherent limitations, and there may be disagreements in the interpretation of appropriateness. Although we have tried to faithfully perform verification that meets the verification standards, we suggest that errors, omissions, and false statements that could not be found may be latent as the limitations to the verification.

OPINION

GHG verification has been performed to meet the limited assurance level according to the verification standards.

- IWe express that no significant errors were found in the calculation of emissions during the verification process, and that relevant activity data and evidence were appropriately managed and calculated. As a result, we express an "unmodified" opinion.
- ICriticality: meets the criterion, which is less than 5%
- IGHG Emissions (tCO₂-eq)

GHG Emissions (tCO₂-eq)

Operational boundaries	Organizational boundaries	Sejong Factory	Jeonui Factory	Jeondong Factory	Bucheon Factory	R&D Complex	Total
Scope 1	Direct Emission	1,614.987	275.603	79.883	144.454	205.692	2,320.619
Scope 2	Indirect Emission	2,730.222	163.821	-	1,335.953	1,432.806	5,662.802
	Scope 1+2	4,345.209	439.424	79.883	1,480.407	1,638.498	7,983.421
Scope 3	Purchased goods and service(1)	15,715.126	2.199	-	15.015	3.435	15,735.775
	Capital goods(2)	744.077	196.907	104.271	775.628	1,294.162	3,115.045
	Fuel and energy related activities(3)	355.332	35.770	6.451	118.197	129.606	645.356
	Waste generated and distribution(5)	321.133	21.191	1.112	51.866	66.160	461.462
	Business travel(6)	57.286			8.792	362.187	428.265
	Employee commuting(7)	922.211	38.827	7.592	54.668	402.825	1,426.123
	Scope 1+2+3	22,460.374	734.318	199.309	2,504.573	3,896.873	29,795.447

Energy Consumption (TJ)

Operational boundaries	Organizational boundaries	Sejong Factory	Jeonui Factory	Jeondong Factory	Bucheon Factory	R&D Complex	Total
Scope 1	Direct	30.086	4.126	1.187	2.842	3.9	42.141
Scope 2	Indirect	57.052	3.423	-	27.917	29.94	118.332
	Scope 1+2	87.138	7.549	1.187	30.759	33.84	160.473

RESULTS

- We confirm through verification that the emissions from major emission facilities have been calculated and reported without omission.

* The abovementioned company is responsible for preparing verification data in accordance with the "Guidelines for Reporting and Certification of Emissions in the Greenhouse Gas Emissions Trading System (Ministry of Environment Notice No. 2021-278)", and KMR's responsibility is limited to the party in the verification contract according to the agreed contract terms. and is not responsible for other decisions, including investment decisions based on this verification statement.

* The abovementioned company must comply with the use of the certification and logo marks under the contract entered into with KMR.



April 29, 2024
 Authorized By

E J Hwang

Awards and Association Membership

Awards

Awards	Host	Date
Paper Stick, Main Prize for the Beauty & Care Category at the iF Design Award 2024	International Forum Design	2024
Best Award in the Beauty Category at the 21st Money Today IR Awards	Money Today	2023
Silver and Bronze Prizes for National Quality Organization	Minister of Trade, Industry and Energy	2023
2023 'K-Girls' Day Excellent Experience Site' Minister of Trade, Industry and Energy Award	Ministry of Trade, Industry and Energy	2023
2023 Korea ESG Management Awards 'The Best ESG' Mid-sized Enterprise Division Grand Prize	Korea ESG Committee	2023
2023 Korea Sustainable Management Communication Awards Health and Welfare Committee Chairman's Award	Korea Association for Business Communication	2023
Selected as a next-generation world-class product (anti-aging cosmetics)	Ministry of Trade, Industry and Energy	2022
Grand Prize (Minister of Culture, Sports and Tourism Award) at the 2022 Book Management	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 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	Presidential Award (Minister of Public Administration and Security Committee)	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	Zentrum Nordrhein Westfalen Design Center	2021
IR52 Jang Yeong-sil Award (highly effective anti-aging basic cosmetics)	Korea Industrial Technology Association	2021

ESG Evaluation Ratings (as of 2023)



Climate Change Score: B



EcoVadis Silver Rating



한국ESG기준인
Korea Institute of Corporate Governance and Sustainability



Integrated A grade



Environmental A grade



Social A+ grade



Governance A grade

Association Membership

Association	
Korea 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	Daejeon, Sejong, Chungnam Korea Environmental Engineers Association
Korea Cosmetic Association	Federation of Middle 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
	Bureau Veritas	ISO22716 International Good Cosmetics Manufacturing and Quality Control Standards	~2026.12.24
	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	ISO 17025 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
Environmentally Friendly Products	Ministry of Environment	Korea Eco-label Certification (The premium level)	~2026.09.03
Natural / Organic Cosmetics	KTR	COSMOS – Natural organic certification	
	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	Certification by product
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	-

2023 Kolmar Korea Sustainability Report

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