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2020

Amorepacific Group Sustainability Report

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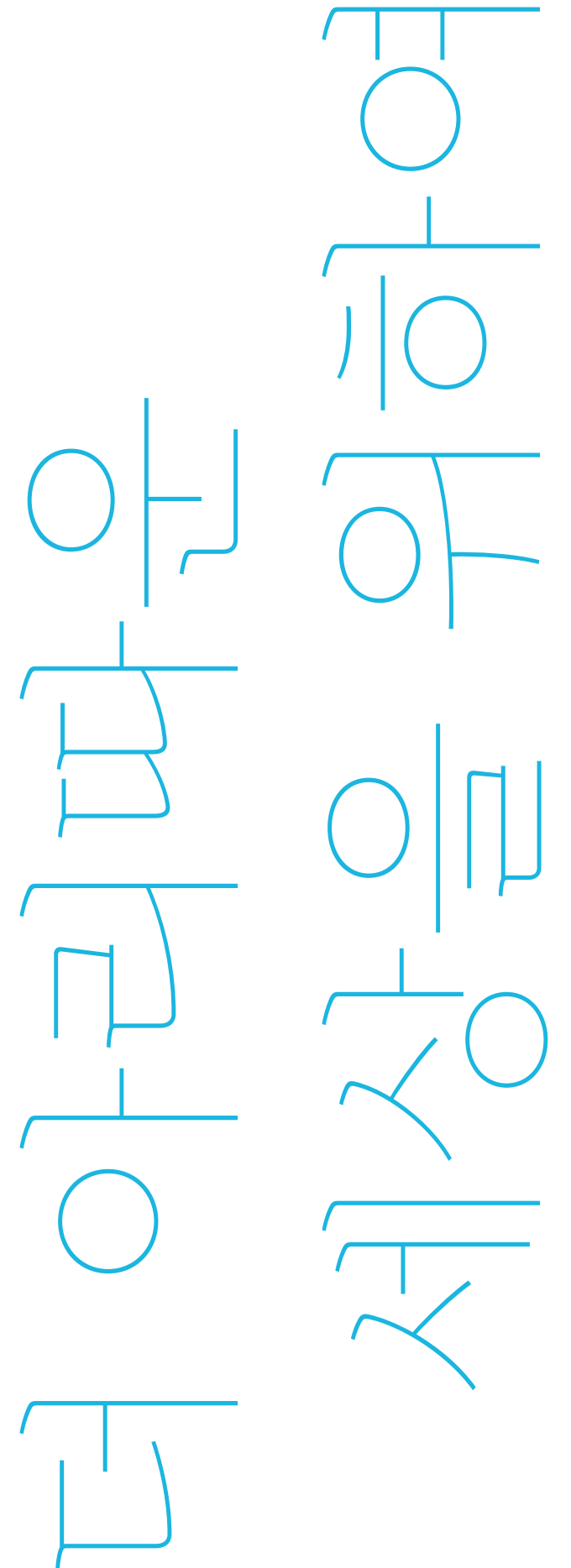
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# CEO Message

Dear valued stakeholders,

Since its foundation, Amorepacific Group has innovated and led Korea's beauty culture across the world, while constantly presenting brands with unique value and innovative products. Having an unwavering customer-centric perspective at the heart of our business, we have embarked on a path to accomplish our goal of "We make A MORE beautiful world" with perseverance against numerous obstacles and hardships.

Since Amorepacific Group established its mid- and long-term sustainability goals to great fanfare in 2017, we have achieved several notable milestones, completing them expeditiously by 2020. For the past four years, Amorepacific Group has continued its efforts to keep its promises with customers for a more beautiful future. We have focused on minimizing our environmental impact by suggesting sustainable lifestyles through eco-friendly and socially responsible products and services; conducting activities to grow together with the corporate ecosystem, including women, business partners, and local communities; increasing the generation rate of new and renewable energy and promoting resource recycling. We documented the results of all these efforts in this 2020 Amorepacific Group Sustainability Report.

Amorepacific Group is now preparing to take bold initiatives in a new era. The Group supports The Ten Principles of the UN Global Compact on human rights, labor, environment, and anti-corruption, and will take more active measures this year in order to accelerate the implementation of the UN Sustainable Development Goals, a shared mission of all humanity. In particular, as a corporation that has grown and developed together with women, Amorepacific Group will promote gender equality<sup>SDG 5</sup> and focus on measures to contribute to the responsible consumption and production of products.<sup>SDG 12</sup>

Amorepacific Group considers today's era of great transition accelerated by COVID-19 as an untrodden area full of opportunities and will be a leading company in its field. With efforts to meet much higher customer expectations, grow harmoniously with members of society, and coexist with nature, we will continue to build a corporate ecosystem at a higher level that enables all stakeholders to win together as the Group's growth leads to the development of a better world. I would like to ask for your continued interest and support of Amorepacific Group as we move forward in the future.

June 2021

Suh Kyung-bae, Chairman & CEO of Amorepacific Group



# Brand Portfolio

Sulwhasoo

LANEIGE

*innisfree*

Mamonde

ETUDE



AMORE PACIFIC

HERA

primera

IOPE

한올

*espoir*

ΔESTURA

ARITAUM  
아리따움

*makeON*

**BE READY**

**BRO&TIPS**

**RAREKIND**

GOUTAL  
PARIS

*fradore*



ILLIYOON

메디안

FRESH  
POP

LABO·H  
[SCALP SKIN LAB]

amos  
PROFESSIONAL

VITALBEAUTIE

**cubeme**



## Sulwhasoo

Timeless Wisdom, Ageless Beauty

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

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



## LANEIGE

A New Wave of Beauty

LANEIGE is a premium brand for young people around the world, presenting delightful changes in the lives of customers through new beauty experiences.

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



## *innisfree*

Natural Benefits from Jeju

innisfree is one of the most well-known natural skincare brands in Korea. innisfree means “an island where your skin can rest,” and is a natural brand that delivers the benefits of nature and youthful beauty to customers, while realizing a greener way to live life to maintain wellness.

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





## Mamonde

### Flowering Energy and Vitality for You

With true know-how on flowers from devoted and advanced research, Mamonde sincerely conveys the vitality and flowering energy of flowers in its products. Filled with the energy of beautiful flowers, Mamonde is a companion to your blissful and blossoming life.

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



## ETUDE

### PLAY PINK, PLAY ETUDE

ETUDE is Korea's leading makeup brand, helping spread the fun of putting on makeup for all women. With much easier and vibrant experiences of putting on makeup using the best products and services, ETUDE enables every woman to discover and develop their own beauty.

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



### A Premium Global Haircare Brand That Embodies Asian Wisdom and Korean Beauty

Ryo provides the best solutions for scalp and hair problems through carefully selected Asian-based herbal ingredients fused with modern technology. Ryo's delicate and precise resolutions deliver the value of true benefit to customers.

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

## AMORE PACIFIC

The Artisanship of Beauty

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



## primera

A Mindful Clean Beauty Brand Bringing Goodness to Your Skin and Nature

[www.primera-beauty.com](http://www.primera-beauty.com)



## 한올

See the Benefits of Korea's Nature Every Day

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



## AESTURA

Medi Becomes Beauty

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



## HERA

Contemporary Seoul Beauty

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



## IOPE

A Lab-based, Highly Functional Skincare Brand

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



## espoir

Beautiful Makeup with Your Own Personal Beauty Crew

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



## ARITAUM

A Beauty Brand for the Fashion & Trends of a Beautiful Life

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



makeON

A Life Beauty Device



BE READY

Men's Color Makeup Brand that Let You Find Your Colors

www.beready.co.kr



ILLIYOON

A Daily Dermatologic Cosmetics Brand for Sensitive Skin



메디안

Customized Oral Care for Your Dental Health



BRO&TIPS

A Brand with Daily Tips for Men's Skin

www.brontips.com



RAREKIND

Blast Your Potential



FRESH POP

Cool, Natural Brand for a Healthy Lifestyle



LABO·H [SCALP SKIN LAB]

A Lab-based Brand for High-performance Scalp Care Solutions

www.laboh.co.kr



GOUTAL PARIS

A French perfume house found in 1981 by Annick Goutal who transformed inspirations from nature, poetry and culture into enchanting fragrances

www.goutalparis.com



fradore

An Attractive Body Fragrance Brand



amos PROFESSIONAL

Fashion Inspired by Professionalism

www.amosprofessional.com



VITALBEAUTIE

The Beginning of Healthy Beauty

www.vitalbeautie.com



mise scene 미장센

Total Hair Cosmetics Brand Leading Hair & Style Trends

www.miseenscene.com



HAPPY BATH

Pump Happiness! A Little Moment of Happiness in the Bath or Shower

www.happybath.com



cubeme

An Inner-Beauty Brand Providing Simple and Easy Solutions for a Life of Wellness

www.cubeme.co.kr



오설록 OSULLOC

Meaningful Relaxation Delivered by Tea from Jeju

www.osulloc.com





# Footsteps Searching for New Possibilities



In 2020, we experienced things that no one had predicted.  
There is always a new world awaiting us where changes have taken place.  
The new world is like an unknown land where we have just arrived.  
There are also infinite possibilities and just as many opportunities as  
the difficulties we face.

Just as we connected with nature on Jeju and cultivated green tea fields,  
Amorepacific Group took its first steps to find new possibilities and  
new standards of beauty that would come after the crisis. We will continue to  
take bold initiatives to make the world more beautiful in the new era.

# Our Vision

Amorepacific Group is conducting innovative activities to continue to grow as a leading company despite rapidly changing market conditions. We expand digital-based online platforms, create innovative products and new markets with enhanced R&D technologies, and respond to the diversifying business environment.

## Great Beauty Company



- Reinforcing market leadership in Asia
- Delivering Asian beauty and heritage to customers

- Entering new markets
- Global expansion in new ways

- Establishing a virtuous circle of hyperconnection between digital assets and physical stores

# Our Value System

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

## Mission

We make A MORE beautiful world.

Amorepacific Group has the mission to make a more beautiful world, and has a firm belief that the world becomes more beautiful when each and every person shines with their own unique beauty. This is why we take this path. To realize this dream, we promise to follow five principles at work.

## ABC Spirit



### Customers first

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



### Be the first and the best

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



### Collaborate with an open mind

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



### Respect differences

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

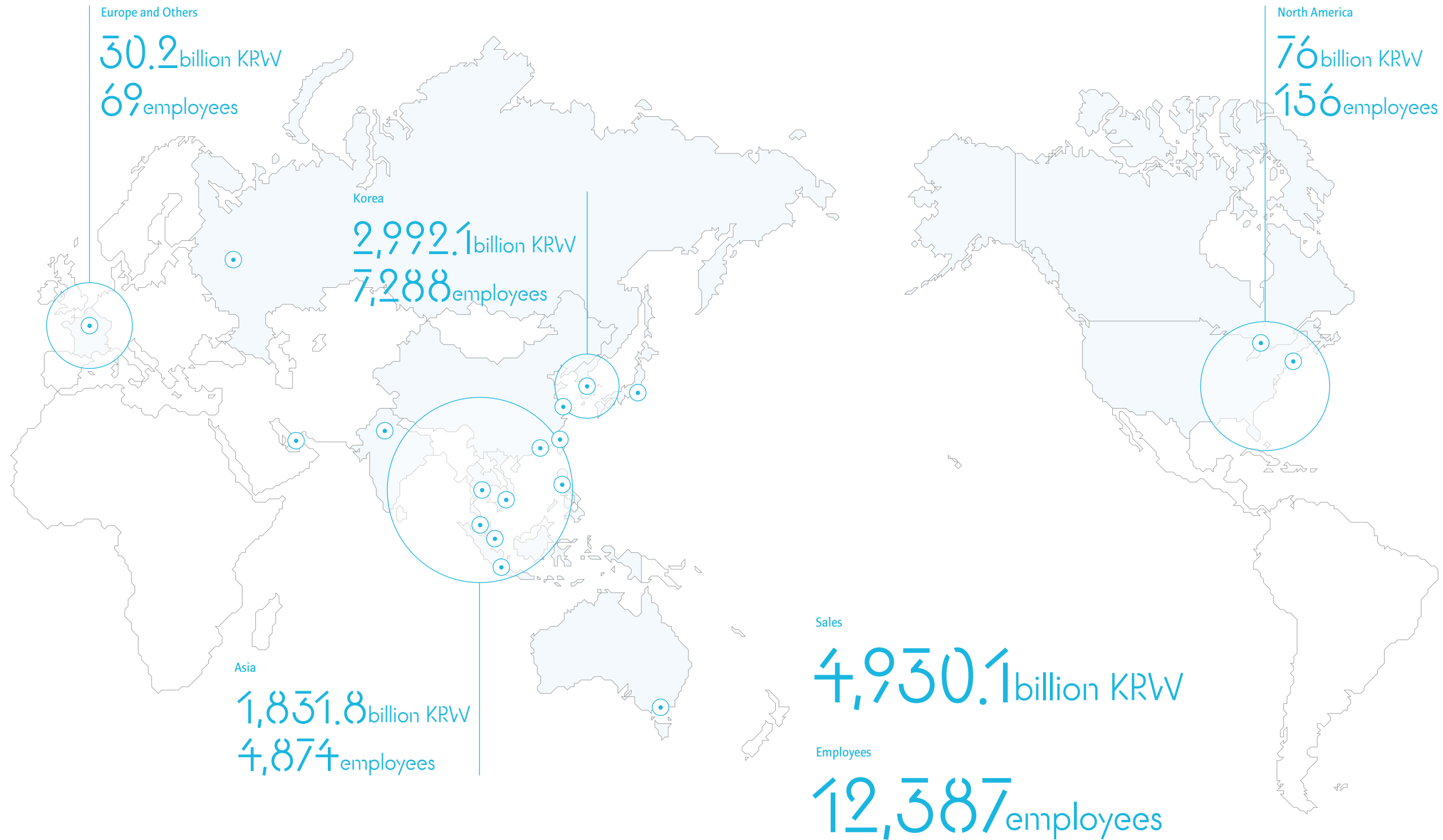


### Act with integrity

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

# Global Network

Major Holding Companies and Subsidiaries





# We are Overcoming COVID-19 Together



Amorepacific Group x Hope Store Pop-up Stores

## Support for Business Partners

Amorepacific Group has provided various forms of support for franchisees and sales counselors who are suffering from severe financial difficulties due to COVID-19 in today's omnichannel commerce environment, where the boundary between online and offline business becomes blurred. Innisfree, ETUDE, and Aritaum signed win-win agreements with franchise owners to provide roughly 4.2 billion KRW in rent for one month and 5.1 billion KRW in special returns for unsold products. Amorepacific Group also exempted franchisees from the interior design cost returns of closed stores. In addition, the Group has expanded the My Shop System, which shares its income with franchisees when customers purchase products by designating certain franchise stores through online malls directly managed by the Group. At the same time, we provided 1.5 billion KRW for the preservation of door-to-door sales counselors' income and sales activities, and food to strengthen their immunity, as well as free personal hygiene products such as masks and hand sanitizers.



Support with hand sanitizers and handwash

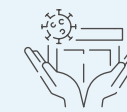
COVID-19 brought unexpected difficulties to every part of our society. In order to share the burden of handling the challenges in local communities, Amorepacific Group has supported our society with sanitation, rent, and emergency resources according to each situation. Until COVID-19 disappears, Amorepacific Group will continue supporting local communities, its business partners and suppliers.

## Support for Suppliers

For suppliers who are struggling to manage their funds due to reduced sales, the Group's payment dates were brought forward from the previous 10 days and 30 days to 5 days and 15 days, respectively, resulting in about 200 billion KRW being paid to suppliers in advance. On top of this, the advance payment of 7 billion KRW was made to suppliers who needed emergency funds. Moreover, we provided free personal hygiene products such as masks and hand sanitizers for the safety of their employees.

20 billion KRW

Scope of support for shared growth with franchisees



200 billion KRW

Scope of early payments for suppliers



## Support for Local Communities in Korea and Abroad

### Win-win Relationships with Small Businesses and Donations for Local Communities

Amorepacific Group has been providing customized support for struggling local communities. In April 2020, we participated in the Flower Bucket Challenge campaign to increase sales for flower farms and Hope Stores. Hope Store is Amorepacific Group's CSR activity that supports single mothers achieve economic autonomy by providing loans to start businesses. In order to send presents to Hope Store owners who were having difficulties under the influence of COVID-19, we bought flower baskets from three Hope Store flower shops in Incheon and Daejeon to deliver hope to 220 Hope Store founders across the country, and sponsored those stores with personal hygiene products, including hand sanitizers.

In May 2020, Amorepacific Group opened a pop-up store at its headquarters in Seoul to support small business owners who run Hope Stores. 50 percent of the sales amount was paid by the Group so that employees could buy products from Hope Stores at lower prices. Some 250 staff and executives purchased a total of 550 products at the store, and delivered profits worth 27.5 million KRW to Hope Store owners.

In addition, after hearing that medical staff in Daegu were suffering from skin trouble due to long-term mask wearing, Amorepacific Group provided cosmetics to 1,100 medical staff to soothe and help heal their skin, along with health products to improve their immunity and donations worth 500 million KRW in total.

Some Amore counselors who work in Asan, Chungcheongnam-do, and Jincheon-gun, Chungcheongbuk-do visited temporary living facilities for Korean residents in Wuhan, China to donate their own collected items and encourage the residents.

### Expanding Support around the World

Amorepacific Group's support for overcoming COVID-19 also included overseas regions. Amorepacific Group's Chinese subsidiary donated about 350 million KRW to the Hubei Charity Federation in Hubei Province, China to provide medical supplies and protective goods for Wuhan, Hubei Province. The Singapore subsidiary prepared care packs consisting of products to help with skin damage suffered by local medical staff, and delivered them to a hospital through a volunteer group called Everyday Heroes SG. In addition, Taiwanese and U.S. subsidiaries donated cosmetics and household goods along with funds to help local communities recover from the damage caused by COVID-19 and to provide medical support.

## Key Achievements

# Development of Innovative Products

Amorepacific Group leads the cosmetics industry by developing innovative products that reflect customer needs and trends based on the technological prowess of the Group that has long studied and developed cosmetics.

## Sulwhasoo Yoonjo Essence Exceeds 3 Trillion KRW in Cumulative Sales

Korea's key luxury beauty brand, Sulwhasoo's global bestseller Yoonjo Essence exceeded 3 trillion KRW in cumulative sales in October 2020. Sulwhasoo Yoonjo Essence has evolved since its launch in 1997, becoming a best, steady seller for Sulwhasoo. Customers around the world now purchase the product once every 10 seconds. It achieved cumulative sales of 1 trillion KRW in 2014 and exceeded 2 trillion KRW in 2017.



Sulwhasoo Yoonjo Essence

3 trillion KRW

Sulwhasoo Yoonjo Essence past  
3 trillion KRW in cumulative sales in Oct. 2020



LANEIGE Neo Cushion

## Innovation in the Stabilization Technology of Retinol

The main task of Amorepacific Group lately has been to stabilize Amorepacific's core material, retinol, for the complete application of its effective substances to the skin because it sensitively reacts to light, air, and moisture. To this end, Amorepacific Group has carried out research for 25 years, and developed a new formulation technology called "Cube Cell," which isolates pure retinol in a mesh structure made up of polymer, a cocktail of antioxidants, and skin soothing ingredients, improving the stability of retinol. Furthermore, with an improved way of preventing the serial oxidation of retinol caused by heat, light, or oxygen in the production process, we were able to develop new processes, packaging, and storage technology equipment. We also improved our packing containers. This allowed to radically improve the stability of retinol, securing its best quality for an expiry up to 24 months. This enabled mass production and the completed IOPE Retinol products have achieved more than 26 billion KRW in sales within one year since their launch in January 2020.



IOPE Retinol Expert

## LANEIGE Neo Cushion with Innovative Cushions Newly Released

In July 2020, LANEIGE, Amorepacific Group's premium brand specializing in moisturizing cosmetic products, released Neo Cushion, an innovative cushion product which revolutionized everything from container design to its content. Neo Cushion's new, attractive design and blue light protection to keep a person's skin safe received attention even before its release, exceeding cumulative sales of 40,000 units within a month of its launch. LANEIGE Neo Cushion adopted a "one-touch spinning refill" method to facilitate refill replacement. In addition, as two-way assembly is possible during refill replacement, anyone can use the product with convenience whether they are left-handed or right-handed.

## Developing an Original Technology That Reverses the Aging of Skin Cells in Joint Research with KAIST

Together with KAIST, the Amorepacific Group R&D Center developed an original technology that reverses the aging process in human dermal fibroblasts. The result of the research showed the potential that aging cells which have stopped cell division can become younger cells again and divide. The original technology was widely recognized and published in the online edition of an internationally renowned scientific journal, *Proceedings of National Academy of Sciences (PNAS)*, on November 23, 2020. Based on the results of the studies, Amorepacific Group is developing cosmetics that reduce wrinkles by extracting a core ingredient in *Camellia japonica* seed extract, which controls aging in human skin.



# Digital Innovation

Due to COVID-19, digitization has quickly spread around the world. As a result, our market situation and work environment have both rapidly changed. To respond to these changes, Amorepacific Group is working with a variety of e-commerce companies to expand its online market and build a system that provides customized cosmetics to customers. We have also made many innovations in the way members work to create a safe and free work environment.

## Reinforcement of E-commerce Business Capability

### Signing an MOU with NAVER

Amorepacific Group signed an MOU with Naver to promote friendly relations. The two companies agreed to cooperate closely with each other in strengthening synergies that link online and offline distribution. In addition, they will cooperate for innovating customer experiences as they collaborate on new technologies, such as data processing for digital marketing as well as AI-related services.

### A Beauty and Fashion Partnership with Musinsa

In order to expand the digitization of beauty markets and to foster promising early-stage startups in related fields, Amorepacific Group entered into the AP&M Beauty-Fashion Partnership with the online commerce company Musinsa. Both companies agreed to invest in a variety of areas related to their businesses, including retail, multichannel networking, and consumer services.

### Strategic Partnership with 11STREET

Amorepacific Group established a strategic partnership with 11STREET, a leading commerce portal site in Korea. Amorepacific will upgrade sales campaign events for its major brands by collaborating with 11STREET for the analysis and utilization of data, and continue to improve customer benefits by expanding 11STREET's same-day dispatch service and joining the VIP section of the portal site.



Signing an MOU with NAVER

49%

Revenue growth rates of Korea's top 5 platforms



Lip Factory by Color Tailor

## 2021 CES Innovation Award for Real-time Customized Manufacturing Technology

Lip Factory by Color Tailor Smart Factory System is an online-offline linked customized technology that enables lip makeup manufacturing immediately onsite, as AI recommends lip makeup colors fit for the customer's skin tone. This system, which can produce over 2,000 shades of lip color makeup in real time, is applied with advanced technology to precisely combine/manage various colors. It allows for the rapid manufacturing of precise lip color makeup with a simple manipulation of the system. Formularity makes a new dose of skincare ampoule for use each time and delivers it on a cotton pad for application at a proper temperature for a user's skin. These two devices applied with innovative technologies won CES 2021 Innovation Award honoree recognitions.

## Reinforcing Digital Marketing Power through Strategic Investment on the Beauty MCN Company DMIL

In November 2020, Amorepacific Group made a strategic investment of 3 billion KRW in DMIL, a multichannel network company specializing in the beauty business. As a strategic investor, the Group will establish a close partnership in the fields of beauty influencer content and commerce, and create synergies in strengthening digital marketing capabilities through DMIL, with a high-level of expertise in the beauty sector.

3 billion KRW

Scope of a strategic investment in DMIL, a beauty-specialized, multichannel network company



## Digital Innovation at Work

### Reinforcement of Data-based Decision Making

We expanded and strengthened the scope and functions of our data dashboard. The dashboard collects data throughout our business activities in real time, including financial performance, marketing performance, analysis of product reviews and trends in malls where our stores are operated. It then classifies the myriad data by purpose so we can visualize the results. Each department in the Group can check all the changing data in real time to increase efficiency in decision making and accuracy of output at work.

### Work Process Innovation Using Digital Tools

We have improved our work efficiency by introducing Robotic Process Automation (RPA) to automate work processes that took a lot of time earlier because they had been manually handled, such as the inspection of regulatory compliance, order allocation, and shipping.

### Establishing a Non-contact Work Environment

In response to COVID-19, we have established a safe work environment. This includes a Virtual Private Network (VPN) and video conferencing system to optimize telecommuting for all employees. We are also building non-contact communities and remote education platforms to innovate communication with our counselors and partners.

## Key Achievements

# Enhancing the Customer Experience

Amorepacific Group offers new and diverse experiences to help customers discover their own beauty. We are constantly working to provide beauty that suits each customer by helping them experience products in multiple ways and solve their skin problems with beauty services that combine IT technology.

## Opening of Amore Store Gwanggyo

In October 2020, we opened Amore Store Gwanggyo where customers can purchase up to 43 Amorepacific brands and 2,000 of the company's products. The store provides customers with moments of various first-hand experiences, such as Gwanggyo Market, where over 200 samples are offered free of charge as well as a Beauty Session Class where customers can learn beauty tips. Amore Store Gwanggyo is the first beauty refill station in Korea's cosmetics industry, and responds to customer needs for eco-friendliness while offering a refill service for daily beauty products such as shampoo and bodywash.

## Customized Services Created with Digital Technology

Amorepacific Group continues to develop services that combine beauty and IT technology for customers. Skin Finder is a mobile skin diagnostic service that enables customers to check their skin types and concerns through over 20 questions related to skin conditions and living conditions. Through this service, customers can have a sophisticated diagnosis of their skin online. Skin Finder is the first outcome of the Beauty Concierge Project, and is currently available at Amorepacific Mall.

The customized cosmetics service Base Picker is a service that suggests makeup products that match with each customer perfectly. After assessing the customer's skin tone and a round of counselling, the robot makes foundations and cushion compacts onsite that are a perfect fit for every customer from over 200 tones and products. The service will be offered at Amore Seongsu in the near future.

## Renewal of IOPE Lab Myeongdong: A Research Lab for the Future of Skin

Amorepacific Group renewed its lab-based high functional skincare brand IOPE's flagship store IOPE Lab in Myeong-dong, Seoul in May 2020. The IOPE Lab is where you can experience not only skin genetic analysis and innovative products such as customized serum and 3D masks, but also professional counseling services through specialized skin diagnosis. IOPE conducts research on advanced future skincare based on data obtained during encounters with customers, providing personalized solutions and a substantial brand experience.



Amore Store Gwanggyo

## Key Achievements

# Global Expansion

Amorepacific Group has partnered with leading retailers in major parts of the global market and formed strategic partnerships with local beauty groups, thus increasing competitiveness and responsiveness. Through borderless cooperation and partnerships, Amorepacific Group is growing stronger around the world.



Strategic partnership with China Duty Free Group

## Sulwhasoo Launched in an Indian Market of 1.4 Billion People

Korea's leading luxury cosmetics brand Sulwhasoo took its first step into India as it presented the brand's signature products through the local retailer Nykaa's online e-commerce channel in July 2020. In the second half of 2020, the brand additionally entered Nykaa Luxe—luxury offline stores in major Indian cities such as Delhi and Mumbai. With the world's second-largest population of nearly 1.4 billion people, India is considered to have high consumption potential along with a growing middle class.

## Amorepacific Teams up with China's Largest Travel Retailer

Amorepacific Group signed a strategic partnership with China Duty Free Group (CDFG), the largest travel retailer in China. The Group paved the way for its growth in the global duty-free business by further strengthening collaboration with CDFG and effectively responding to a rapidly growing Chinese duty-free market centered around Hainan.

## Amorepacific Forms a Partnership with the Australian Beauty Group RATIONALE

Amorepacific announced a partnership with the Australian luxury skin-care company RATIONALE Group, acquiring a significant minority share of RATIONALE at the same time in May 2020. Through this partnership, Amorepacific Group will strengthen its luxury portfolio, as well as secure leadership in the field of personalized cosmetics solutions. Founded in 1992 in Australia, RATIONALE Group has been rapidly growing in the country, as it offers assessment and diagnosis of people's skin as well as personalized cosmetics services.

## Amorepacific Group Signs a Business Partnership with MAP

Amorepacific Group entered into a business partnership with MAP, the largest lifestyle retailer in Indonesia, in January 2020. Through this partnership, Amorepacific Group plans to present products from Sulwhasoo, LANEIGE, innisfree, and ETUDE by making use of MAP's distribution channels. With the world's fourth largest population, Indonesia is a huge market. According to Euromonitor, one of the world's leading market research companies, Indonesia's cosmetics market scope is expected to grow more than 40 percent by 2023, compared to 2018.



# Securing Eco-friendly Beauty Leadership



Amore Store Gwanggyo Refill Station

### Taking Part in the 2030 Cosmetics Plastic Initiative

Amorepacific Group took part in the 2030 Cosmetics Plastic Initiative declaration along with the Korea Cosmetic Association and other companies in the industry in January 2021. Through this, the Group will strive to solve the problems of plastic cosmetic packaging materials and realize a sustainable circular economy. We will implement 10 major action plans to achieve the initiative's four major goals: removing 100 percent of products with low recyclability (Recycle); reducing the use of petroleum-based plastics by 30 percent (Reduce); enhancing refills (Reuse); and collecting containers of sold products (Reverse collect). In particular, we are going to actively implement a "Less Plastic" strategy to reduce unnecessary consumption of plastics and facilitate recycling and reuse.

### Development of "Metal Zero" Pumps and Improving the Recyclability for Packaging Materials

The metal springs included in pumps make them a mixed material product, which is difficult to be recycled. We developed our pump solely made of plastic—without metal—and applied it for the first time to Grapefruit Essence Body Wash for the HAPPY BATH brand. In addition to the application of metal zero pumps, packaging materials that increase recycling rate of product containers are applied to products. To facilitate container recycling, colorless glass is used in the primary packaging of products including primera Alpine Berry Watery Cream, with easily removable labels used for the containers. This improvement effort leads customers to easily separate waste while increasing the rate of container recycling.

The COVID-19 pandemic has raised people's awareness about the seriousness of environmental issues. Amorepacific Group conducts bold, innovative activities to reduce the environmental impact of its corporate activities, and proactively suggests eco-friendly beauty lifestyles to customers.

### Eco-friendly Logistics

Amorepacific Group applied FSC-certified paper to 100 percent of its packaging materials, including boxes used in logistics, in April 2021. All of our boxes and buffer materials are now made of FSC-certified paper, and the packaging process, which was previously automatically packed with plastic shrink film, has been converted to manual packaging with paper pad buffer materials. By unifying packaging materials into paper, we reduced our environmental footprint and further facilitated customers' separate disposal of those materials.



(Before) Automatic packaging with plastic shrink film



(After) Manual packaging with paper buffer materials

### Opening the First Cosmetics Industry Refill Station in Korea

Amorepacific Group opened a refill station for the first time in Korea's cosmetics industry. The refill station sells 15 different shampoo and body wash products at the amount customers want by filling up a specialized refill container. The containers are eco-friendly and economic, with 30 percent less plastic than usual containers. The refill station only sells materials made within the last 100 days, and the containers are disinfected before a refill using an ultraviolet LED lamp, which makes customers feel safe.

### Packaging Plastic Usage Reduced by 304.6 tonnes per Year

Amorepacific Group is trying to reduce plastic packaging materials in multiple ways. The Group's campaign to collect empty bottles, called GREENCYCLE, collected 204 tonnes of plastic in 2020 and reduced plastic usage by 77.4 tonnes using Post-Consumer Recycled (PCR) plastic in the primary packaging of products. Plastic usage was reduced by lightening containers and renewing their structures by 62.4 tonnes. In particular, in-inisfree is making various attempts to reduce plastic usage. For example, the brand launched its Re-stay line of products that consist only of refill products along with a special edition of Green Tea Seed Serum, which uses 51.8 percent less plastic than conventional containers by adopting a paper-based outer container and the light-weight plastic inner container.

### Reduced Amount of Plastics in Packaging Materials

Type	Reduction (tonnes)
Use of bioplastics	161.6
Use of recycled plastics	77.4
Lightening the weight of containers and structure renewal	62.4
Use of refill containers	3.2
<b>Total</b>	<b>304.6</b>

### Earth & Us: An Eco-friendly Holiday Gift Set

In February 2021, Amorepacific Group released Earth & Us, an eco-friendly holiday household goods gift set that contains the value of upcycling. We reduced plastic use by adopting biodegradable sugarcane-based materials and Forest Stewardship Council (FSC)-certified paper for packaging. For improved recyclability, we used colorless plastic containers and applied paper sleeves instead of glue labels. To solve the difficulty of distinguishing products due to a lack of labels, the product also includes removable stickers to make it more fun for consumers. In addition, the gift set includes a PET eco bag, which is an upcycled product made of recycled PET, and features greater emphasis on eco-friendliness.



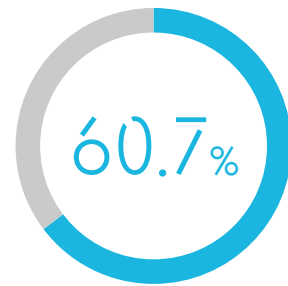
Holiday gift set, Earth & Us

# Financial Performance

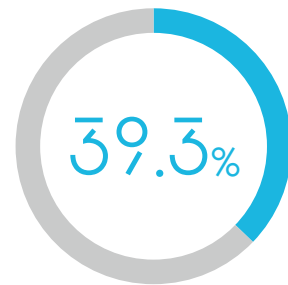
## Amorepacific Group's Financial Performance

In 2020, Amorepacific Group's revenue reached 4,930.1 billion KRW, a decrease of 21.5 percent from the previous year, while its operating profit stood at 150.7 billion KRW, a decrease of 69.8 percent. Faced with challenging business conditions due to COVID-19 and internal and external uncertainties, Amorepacific Group sought to innovate itself and strengthen its business competitiveness based on its broad principle of customer-centeredness and a management policy based on "Let's enjoy changes."

## APG's Revenue from Domestic Business



## APG's Revenue from Overseas Business



## APG's Financial Performance

(billion KRW)

Category	2018	2019	2020
Revenue	6,078.2	6,284.3	4,930.1
Operating profit	549.5	498.2	150.7
Net profit	376.3	282.4	22

## Amorepacific's Financial Performance

(billion KRW)

Category	2018	2019	2020
Revenue	5,277.8	5,580.1	4,432.2
Operating profit	482	427.8	143
Net profit	334.8	223.8	21.9

## Amorepacific

In 2020, revenue at Amorepacific, the Group's major affiliate, decreased by 20.6 percent from the previous year to 4,432.2 billion KRW, while its operating profit decreased by 66.6 percent to 143 billion KRW. Due to COVID-19, the limited sales environment of offline channels continued, and Amorepacific focused on strengthening the capabilities of digital channels along with the qualitative improvement of offline stores in Korea and abroad. With the online business, the company continued to grow its revenue solidly by expanding its entry to digital channels, launching exclusive brands and products, and strengthening marketing through collaborations with different platforms, including live commerce. Overall duty-free sales also fell with a decrease in global travelers, but duty-free sales in China recovered in the second half of 2020. At the same time, Amorepacific worked hard to strengthen its core products by brand, and continued to launch differentiated and innovative products, making efforts to strengthen its brand power.

## Domestic Cosmetics Business

In 2020, revenue from domestic cosmetics sales totaled 2,210.3 billion KRW, a decrease of 26.3 percent from the previous year. Offline channel sales also decreased, but online channels achieved solid growth due to digital marketing diversification and enhanced collaboration with different platforms. In addition, Amorepacific continued to improve its brand competitiveness by enhancing its capabilities based on key categories of each brand and launching innovative and differentiated products to lead new trends.

Sulwhasoo strengthened its high-performance luxury brand assets by focusing on the Yoonjo Essence and Jaeumsaeng product lines, while HERA increased its competitive edge in the lip and face makeup categories. LANEIGE once again demonstrated the brand's innovative leadership by launching Neo Cushion with a sensuous new design and innovative technology to customers' favorable response. IOPE reinforced the value of its lab-based high-performance brand by introducing Retinol Expert 0.1%, the first high-content retinol in Korea, and by improving IOPE Lab's expertise. In addition, the IOPE Tailored 3D Mask won an Innovation Award at CES 2020.

Amorepacific reinforced its luxury portfolio by launching a new luxury brand called SIENU. In addition, to meet customers' detailed needs and new demands, the company fostered a variety of new growth brands such as CUBE ME, BRO&TiPS, BE READY, HOLITUAL, and SOONPLUS, which led to a revenue increase and further strengthened the foundation for future growth.

### Domestic Daily Beauty Business

In 2020, revenue from the daily beauty business was 496.1 billion KRW, an increase of 3.5 percent over the last year. Revenue from major brands such as mise-en-scène, HAPPY BATH, and Illiyoon grew, and online sales largely increased through the reinforcement of digital marketing, leading the revenue growth of overall business divisions. In addition, we saw positive achievements in sales by concentrating our marketing capabilities on core products from each brand, such as Ryo Jayangyunmo, mise-en-scène Hello Bubble, HAPPY BATH Micro Micellar Deep Cleansing Foam, and Illiyoon Ceramide ato. Furthermore, we reinforced our premium portfolio when we launched a new brand called Laboh and HAPPY BATH's new product line Skin U, as well as mise-en-scène's new product called Salon Plus Clinic 10.

### Overseas Business

Amorepacific Group's overseas revenue was 1,938 billion KRW in 2020, a decrease of 12.7 percent from the previous year. Overseas revenue overall fell due to temporary closures of offline stores around the world and recommended social distancing measures by countries due to COVID-19, but online sales were expanded thanks to the expansion of digital channel entry and marketing. The overall operating profit of the overseas business decreased due to a drop in offline sales, but the deficit narrowed in North America and Europe as the business was focused on profitability.

Revenue in Asia fell 12.4 percent year-on-year, but in the Chinese market, revenue from our online business significantly grew by strengthening sales and focusing on the core products of luxury brands and digitally responding to major events. We also tried to lay the foundation for improving our business constitution and profitability by strengthening the entry and response to growth channels such as digital platforms and MBS as well as reorganizing department stores and pop-up stores for higher efficiency.

In North America, there was an overall year-on-year revenue decrease of 18.7 percent due to reduced offline demand, the reduced number of Amorepacific Group's shops in department stores, and more efficiently and directly managed pop-up stores. Still, revenue from major brands through their online business largely increased. Sulwhasoo entered Sephora, an American beauty multi-shop, and LANEIGE strengthened its response to the multi-brand shop channel by releasing products exclusively for Sephora.

Although the Group's total revenue decreased by 11.6 percent due to the closure of major offline stores in Europe, LANEIGE brand sales laid a solid foundation for growth as it focused on digital marketing and expanded collaboration with a multi-brand shop platform.

### innisfree

innisfree's overall revenue and operating profit decreased due to the reduction of offline stores and COVID-19. On the other hand, revenue from its online business increased as strategic collaborations with digital platforms were strengthened. The brand also tried to bolster its leadership in the high-performance skincare category by releasing high-efficiency products such as Brightening Pore Serum and Black Tea Youth Enhancing Ampoule.

### ETUDE

ETUDE's total revenue decreased due to reduced offline sales, but its operating loss was reduced through the brand's effort to reduce manufacturing costs. By entering a multi-brand shop, ETUDE diversified its channel portfolio and worked hard to strengthen its responsiveness to distribution channels by operating products exclusively for digital platforms. The brand also improved its brand attractiveness by launching a variety of new products in collaboration with other companies, including the Muhly Romance Collection and Play Color Eyes Mini Hershey.

### espoir

espoir's overall revenue fell due to the reduction of offline direct management stores, while marketing costs increased. This all resulted in an operating loss. However, revenue from the online business grew by providing products exclusively for online platforms and conducting differentiated promotions. This brand developed its competitive edge in its product category by releasing new lip and face makeup products, such as Red Meets Yellow and Taping Cover Moist Cushion.

### AESTURA

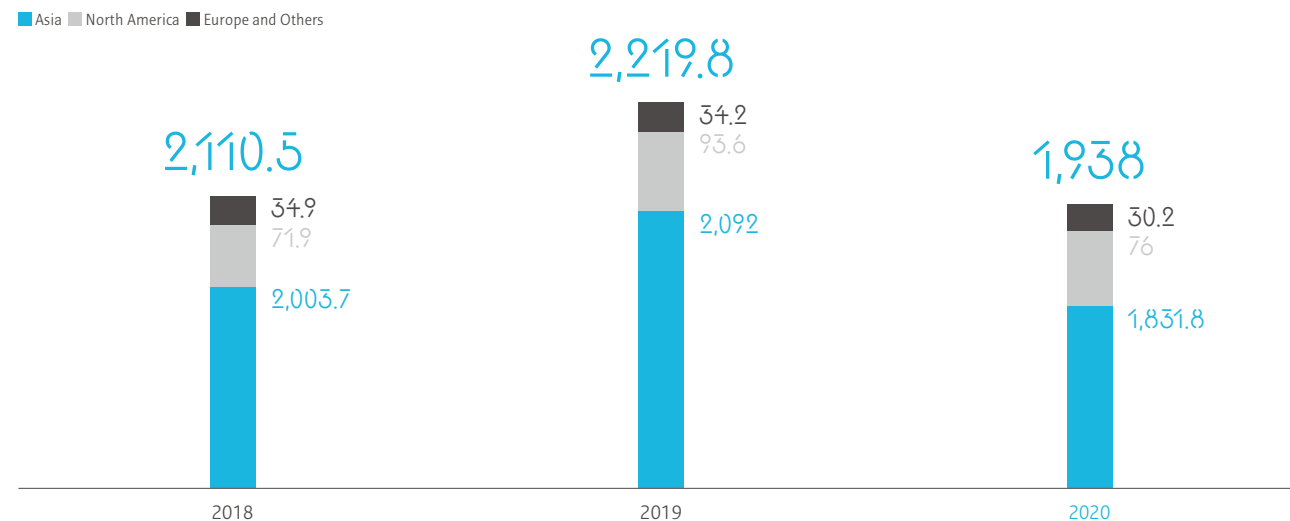
AESTURA's revenue from medical beauty products increased and that was mainly a result of online platforms, but sales of inner-beauty products declined, resulting in a drop in overall revenue and operating profit. In 2020, AESTURA was selected as the "Brand of the Year" in the hospital cosmetics category for the fifth consecutive year by Customers Council. It has long strived to improve the competitiveness of the dermatology category by expanding the number of client hospitals and clinics. In addition, the brand laid the foundation for growth by intensively fostering Atobarrier 365 Cream as its leading product through the multi-brand shop channel.

### AMOS Professional

AMOS Professional's revenue from beauty salons decreased due to COVID-19, resulting in decreased total revenue and operating profit. However, the brand grew its marketing capabilities by turning to digital technology with the launch of the app THE AYUNCHE, while also reinforcing its online content. In addition, AMOS Professional strengthened product competitiveness through salon-exclusive products such as Repair Cica and Green Tea Active.

### APG's Overseas Revenue

(billion KRW)



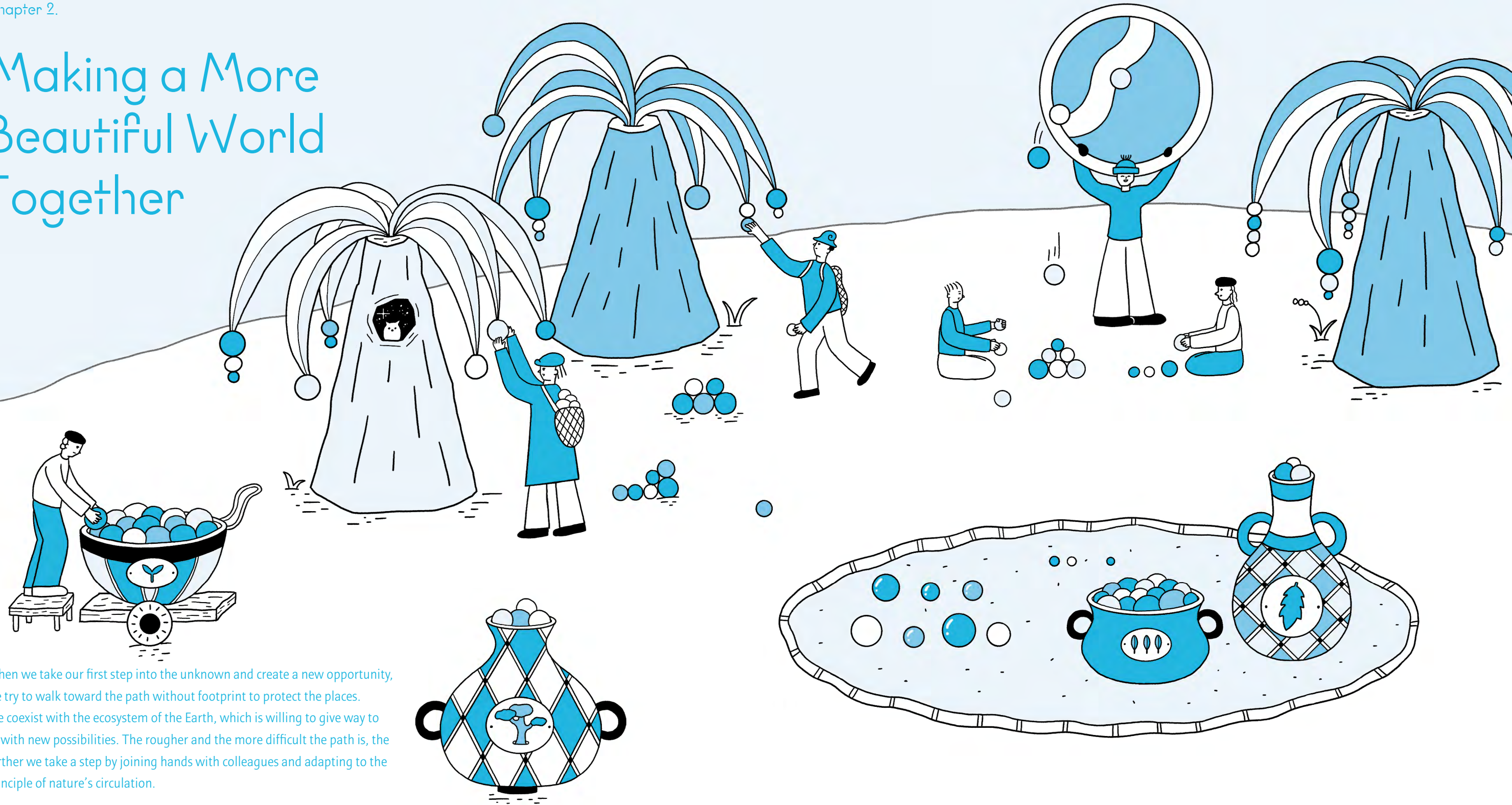
### Performance of Subsidiaries

(billion KRW)

Category		2019	2020
innisfree	Revenue	551.9	348.6
	Operating Profit	62.6	7
ETUDE	Revenue	180	111.3
	Operating Profit	-18.5	-18
espoir	Revenue	46.7	42.5
	Operating Profit	0.1	-2.3
AESTURA	Revenue	111.1	99
	Operating Profit	6.8	0.4
AMOS Professional	Revenue	83.4	67.9
	Operating Profit	16.8	14.3



# Making a More Beautiful World Together



When we take our first step into the unknown and create a new opportunity, we try to walk toward the path without footprint to protect the places. We coexist with the ecosystem of the Earth, which is willing to give way to us with new possibilities. The rougher and the more difficult the path is, the further we take a step by joining hands with colleagues and adapting to the principle of nature's circulation.

Amorepacific Group dreams of a world where nature, people, and businesses are in harmonious coexistence and grow together. The Group continues to innovate and is moving towards a dream to be achieved in a new world.

# Amorepacific 2020 Sustainability Goals

## Sustainable Lifestyle



1

### Strengthening the Sustainability of New Products

Incorporate at least one environmental or social benefit into more than 40 percent of our new products.



2

### Improving the Sustainability of Stores

Integrate environmental and social consideration into the design and operation of our stores and disclose all of our improvements.



3

### Providing a Value-oriented Consumption Experience

Provide customers with opportunities to join value-driven consumption initiatives and enhance their awareness of environmentally and socially sustainable lifestyles.

## Inclusive Growth



4

### Realizing Great Workplaces

Create great places to work by improving the health and welfare of employees.



5

### Supporting Business Partners for Inclusive Growth

Achieve inclusive growth by actively supporting the development and growth of our business partners.



6

### Supporting the Health, Well-being, and Economic Empowerment of Women

Support the health, wellbeing, and economic empowerment of 200,000 women.

## Circular Economy



7

### GHG Emissions Intensity Reduced

Reduce our CO<sub>2</sub> emissions by 30 percent per tonne of production. (compared to 2015)



8

### Improving Water Resource Efficiency

Increase resource efficiency by reducing water and packaging materials and by promoting reusing and recycling resources.



# A Bold Initiative for Coexistence in Everyday Life



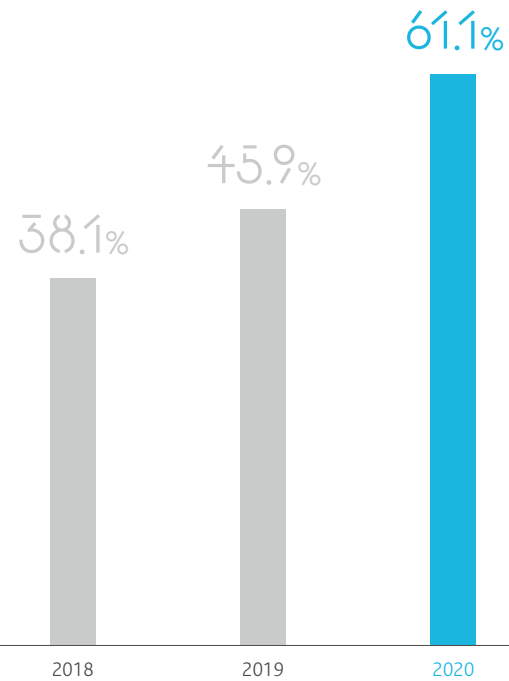
Amorepacific Group strives to make the moment our customers meet our brands and products a time to experience sustainable change for nature and society. As we efficiently use and recycle natural resources that are provided to us, we capture meaningful messages for a better society and environment in our products and brands. Our small attempts are completed and spread with the participation of our customers to create sustainable beauty for a new era.

# Sustainable Lifestyle

## 2020 Key Achievements

### Incorporating Environmental and Social Benefits in New Products

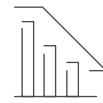
Ratio of new products incorporated with environmental and social benefits



Performance in improving plastic packaging materials

304.6 tonnes

The reduction of plastic usage



239 tonnes

The usage of recycled and bio-based plastics



### Expanding Value-driven Consumption

Sulwhasoo



**Beauty from Your Culture**  
Number of countries participating in the campaign to reinterpret beautiful traditional culture with modern values

LANEIGE



**Rescue Walter CSR Campaign**  
Total amount of donations (Korea, Thailand, Vietnam) for the campaign to preserve water resources and to supply drinking water for vulnerable social groups

primera



**Let's Love Campaign**  
Number of mango saplings donated (2020)

### Making Our Stores Sustainable

Ratio of LED lighting installed in all new and renovated stores in Korea

ARITAUM, ETUDE, innisfree

100%

Ratio of eco-friendly materials used

ETUDE (domestic stores)

70.8%

# Suggesting Value-driven Consumption in Everyday Life

## Sulwhasoo

### From Products to Culture: "Beauty from Your Culture"

Sulwhasoo believes that beauty does not exist only in a certain time period, but grows and deepens over time. Sulwhasoo's idea of beauty is reflected in culture beyond products. Sulwhasoo conducts numerous activities so that traditions do not only exist in the past, but can be recreated into more valuable cultures by embracing modernity.



Yoonjo Beauty from Your Culture Limited Edition

### Sulwhasoo Limited Edition: A Collaboration of Traditional Craftsmen and Artists

Sulwhasoo has continued to release limited editions of cosmetics that have become artworks beyond mere products through a collaboration with traditional craftspeople and artists.



Silan: Rediscovering the traditional beauty from women of the past



Sulwhasoo Silan Masterpiece: A noble craftsmanships

Each brand at Amorepacific Group meets its customers through its unique brand identity and persona. To fulfill the brand's social responsibility, we are developing CSR campaigns linked to each brand's philosophy, while proposing products that take into account the impact on the environment and society, while also helping customers consume true value.

Sulwhasoo offers skin solutions that infuse traditional wisdom with modern science and widely promotes traditional beauty. In addition, under the slogan "Timeless Wisdom, Ageless Beauty," it helps women confidently enjoy the beauty that exists throughout their lives.

### "Beauty Grows": A Digital Campaign to Find Natural Beauty

Sulwhasoo has been conducting a digital campaign called Beauty Grows that delivers a message to modern women about the continuity and the depth of beauty. This campaign captured true beauty in trendy video clips through the violinist Kyung-wha Chung, actress Lee Jung-eun, top model Song Kyunga, and vocalist So!YoON! (Hwang So-yoon) from the band Se So Neon. Sulwhasoo also supported the automatic release of story video, "My Own Beauty Grows," and social networking posts of customers so that participants can share their own stories and confidently talk about their beauty. Through this campaign, Sulwhasoo has communicated with customers by delivering its brand message—"Beauty is not limited or determined at any one moment. Your beauty deepens and continues to grow as time goes by."—in various ways.



Sulwha Cultural Exhibition, Screen: The Overlap of Traditions and Modern Society

### Sulwha Cultural Exhibition: Connecting Tradition and Modernity

Every year since 2006, Sulwhasoo has held the Sulwha Cultural Exhibition as a venue for cultural communication and merchant activity to bring together communication and understanding among different generations by reinterpreting Korean traditional culture from a modern perspective. Screen: *The Overlap of Traditions and Modern Society* is a media artwork of the Sulwha Cultural Exhibition, which is celebrating its 14th anniversary this year. Through this project, Sulwhasoo has provided communication tools between traditions and modern society by utilizing media walls that can be seen as the "screen" in downtown Seoul. Evolved from the existing offline exhibition to the form of online and offline public art that transcends constraints of time and space, the pieces were displayed at Korea's largest outdoor media wall, SM Town Coex Artium in Samseong-dong, and the media wall at Incheon International Airport.

### Cultural Support Activities in Korea and Abroad

Sulwhasoo is keenly aware of traditional cosmetics found in the burial site of Princess Hwahyeop (1733-1752), the daughter of King Yeongjo of the Joseon Dynasty. We have supported the production of a documentary on the reproduction of Joseon Dynasty cosmetics and conducted related lectures, thereby widely promoting Korea's beautiful cosmetics culture. The brand is also dedicated to continuing its cultural support activities, including support for the intangible cultural heritage restoration project, as part of Sulwhasoo CSR in China.



"Beauty Grows": Sulwhasoo's Digital Campaign

#아름다움은 자란다



# innisfree

innisfree is a natural skincare brand that delivers healthy beauty to customers by capturing the benefits of Jeju, an island where various aspects of pristine nature coexist. innisfree is actively trying to develop products that reduce their environmental impact to ultimately protect all of nature.



Upcycling experience program × inniclass eco-bag

## Beautifully Recreating Recycled Plastic

innisfree started using recycled plastic in limited edition products. Since 2019, it has also introduced recycled plastic in products that are sold today. In 2020, the brand expanded the usage of recycled plastic to containers of makeup products such as foundations, cushions, and pallets. Moreover, plastic for the container of the popular No-Sebum Mineral Pact was replaced with 100 percent recycled plastic (ABS).



The conventional plastic container of No-Sebum Mineral Pact was replaced with recycled plastic.

## Open Innovation for Innovative Products and Services

innisfree conducted open innovation to collaborate with eco-friendly startups for the development of innovative eco-friendly products and services. The brand discovered ideas and technologies from eco-friendly startups, promoted the required experiments and cooperation needed to apply them to actual products, encouraged the eco-friendly startup ecosystem, and planted seeds for further innovation. innisfree also collaborated with upcycling startups through Seoul Upcycling Plaza to spread a culture of resource circulation. The PlayGreen booth at innisfree's directly managed mall introduced products from Seoul Upcycling Plaza tenant businesses and supported their sales. In addition, innisfree linked the upcycling experience programs run by the tenant companies to innisfree's education program, called "inniclass," and encouraged customers to join various upcycling programs.

## Re-stay: A Specialized Line for Refilling and Circulation

Under the name Re-stay, innisfree launched a line of products that consist only of refill products. Customers can naturally join the Less Plastic initiative just by using Re-stay's refill products, which include shampoo and conditioner. Re-stay also offers a specialized dispenser that can easily be refilled and washed. The dispenser is made from a new material of reclaimed coconut peel (5%) and minerals (25%). This in turn reduces the use of plastic by 30 percent. The opening of the container is wider than usual containers, and can be divided into three parts. Therefore it is easy to wash, providing an effortless refill experience. With the design capturing the curves of Korean porcelain and the beauty of emptiness, the container can be used in different ways. One example is as a vase.



Re-stay, a specialized line of refill products

## Giving Value to Abandoned Resources for Greater Sustainability

### Upcycling Beauty Line, Ugly Carrot

Carrots produced in Gujwa-eup, Jeju Island are rich in nutritional value and boast high commerciality. However, some are not distributed due to wounds or breaks on their surface and were usually thrown away in the past. innisfree found the value of a cosmetics ingredient in these abandoned "ugly carrots." In collaboration with I'M JEJU, which harvests carrots in season from Gujwa-eup to make juice, innisfree secured many of these ugly carrots, and then made carrot water, carrot oil, and carrot powder to produce a hand care line.



Ugly Carrot, an upcycling beauty line

### A Special Edition of Green Tea Seed Serum Reducing 51.8 Percent of Plastic Use

innisfree released a special edition of Green Tea Seed Serum by applying paper packaging on the outer container. This edition is the combination of a paper-based outer container and a lightweight plastic inner container, reducing the use of plastic in the container by 51.8 percent compared to the previous container, while the paper bottle and lighter plastic container can be easily sorted out and recycled after use. In addition, 10 percent of recycled plastic was used in the cap and shoulder of the same product, reducing the use of newly manufactured plastic.

# LANEIGE

LANEIGE, which provides optimal solutions to various skin problems that occur 24/7 in people's lives, is loved for providing innovative and new beauty experiences. At the core of bestselling products such as Water Bank and Water Sleeping Mask is hydration, and LANEIGE works hard to preserve water resources. LANEIGE also reduces water consumption during the production process, donates part of the sales to water protection activities, and participates in suggesting value-driven consumption to customers.

## The Domestic Cosmetics Industry's First Water Footprint Certification with Reduced Water Consumption

A water footprint refers to measuring the amount of water consumed during the entire work process, from raw material collection for products to disposal after use. In October 2020, LANEIGE obtained Product Water Footprint (PWF), the certification for footprint measurement and usage reduction by the UK's Carbon Trust. This was a first in the Korean cosmetics industry and recognition of LANEIGE's Water Sleeping Mask.

The steps that most affect the total water footprint of the LANEIGE Water Sleeping Mask are the pre-manufacturing and manufacturing phases. LANEIGE was able to reduce water usage by 0.7L (10.9 percent) per product by reducing the weight of packaging materials, while maintaining the same function through a packaging material renewal. The total water consumption reduced per year through this renewal is equal to 1.3 times larger than an Olympic swimming pool (based on water consumption of 2,079 m<sup>3</sup> for the pool sized 50 m long × 21 m wide × 1.98 m deep).



Rescue Walter campaign poster

## Preserving Water in Daily Life: Rescue Walter Campaign

LANEIGE changed its "Refill Me" campaign—which it had been committed to since 2016—into "Rescue Walter" in 2020, and set a new goal to promote the importance of water filled with vitality.

Through the adventure story of Walter, a water-loving brand character, and his friends, LANEIGE seeks to promote environmental protection that can be practiced in everyday life. A portion of the profits from sales of the campaign product (Water Sleeping Mask Limited Edition) are donated to a domestic water protection NGO called Team & Team, as well as for a drinking water project for Vietnam's Good People Corporation. LANEIGE also set up drinking fountains at schools in Thailand through a local NGO called the Foundation for Children.

# primera

primera pursues "mindful clean beauty." This means that it works hard so that nature and people can live together happily. The brand has developed a new identity of containers and packaging materials to minimize resource losses and secure recycling possibilities throughout the production process, and to make it easier for customers to participate in recycling. It has also continued to propose a virtuous cycle in which customer consumption leads to donations for society and the environment through the "Love the Earth" and "Let's Love" campaigns over the years.

## Enhanced Sustainability through the Development and Application of a New Product Identity

primera has developed a new product identity for its skincare line in order to play a leading role in reducing waste from packaging materials and recycling containers. The new identity clearly states materials that will be used for different parts of each product. For primary packaging, a clear glass container and recycled plastic cap are used, while an easily removable label is used for simple recycling later on. For the secondary packaging (a box without glue), it uses eco-friendly paper from Earth Pact, and this is made of 100 percent sugar cane residue that naturally decomposes. The new identity was originally applied to Alpine Berry Watery Cream, which was then renewed in October 2020, and will be continuously expanded in the future.

## Fixtures Made of Paper Instead of Plastics

Starting with the brand's leading products—Organience special 2-item set, Men Organience special 2-item set, primera Super Black Seed special set, and Baby facial & wash special set—each is applied with a new set package design which takes the environment into account. Paper fixtures have been used to reduce plastic usage and minimize packaging to decrease the unnecessary waste of resources.



New containers applied with transparent glass and easily removable labels



Love the Earth campaign

## Love the Earth Campaign to Protect Ecological Wetlands

Started in 2012, primera's Love the Earth campaign is an eco-friendly campaign designed to protect wetland habitats. These areas of nature serve as the origin and habitat of life on Earth, and play a pivotal role in preserving the diversity of species.

In April 2020, primera released three limited editions of cosmetics using illustrations of an otter, an endangered animal living in wetlands, and conducted a #LovetheEarth challenge on social media to support a day without disposable products, taking the lead in practicing small things for the Earth with customers. PCR plastic was used in these limited editions, and some of the profits from the sales were donated to the Ramsar Regional Center-East Asia's wetland protection activities.

## Let's Love Campaign: The Beginning of a Virtuous Circle

The Let's Love campaign began in 2013 to support the dreams of girls in poor conditions in India's Jammu region. Some of the profits from the sales of primera's Mango Butter Comforting line are donated to Jammu, India as mango trees, and when the trees grow, the fruits will be purchased at a fair price and used again as raw materials for the product. Through this campaign, 1,500 mango trees were donated in 2020 and a total of 9,200 mango tree seedlings have been donated since the beginning of the campaign.



# 한울

HANYUL is a brand that delivers benefits to your skin and everyday life through ingredients from Korea's nature and wisdom accumulated over centuries. In order to fully preserve the benefits of nature in Korea, the brand releases products to cope with climate change by reducing carbon emissions and proposes a daily campaign that can be implemented in people's lives.

### Plant-derived Plastic Containers Found in Nature

Plant-derived plastic Bio-PET containers are made of raw materials derived from plants that can be re-grown without the use of oil, which is a resource being depleted. This saves limited resources and reduces carbon dioxide emissions in the production process by more than 20 percent.

In 2020, HANYUL used plant-derived plastics in a total of five products, including HANYUL Mentha Trouble Toner, HANYUL Pure Artemisia Deep cleansing oil, as well as three feminine cleansers. Furthermore, for the large capacity limited edition of Red Rice Essence Skin, a transparent, non-post-processed plastic container was used together with an easily removable label for more convenient recycling.



Red Rice Essence Skin with an easily removable label

### Seasonal Vegetarian Diet Campaign for the Environment and Health

Carbon dioxide worsens climate change and is emitted in large quantities in the process of producing the meat we eat on our tables. Therefore, a diet that reduces meat consumption is an effective lifestyle to reduce carbon emissions and protect people's health. It is also an eco-friendly activity that can be put into practice directly in everyday life.

HANYUL proposed seasonal vegetarian recipes using newly harvested rice from Yeosu. This is a raw material for HANYUL's Red Rice Essence line, and comes just in time for the September-October harvest season, so that customers can naturally contribute to reducing carbon emissions through a vegetarian diet with seasonal ingredients.

HANYUL will continue to regularly introduce seasonal vegetarian recipes which started in 2020, and promote the fact that we can contribute to reducing carbon emissions by eating natural ingredients in season.



The HANYUL Iron Lunch Box was offered along with the brand's products to encourage a vegetarian diet.



HAPPY BATH is a daily body care brand that supports a happy bathroom culture with items ranging from many different scents of natural materials to differentiated functional products. Due to the characteristics of the products that use a lot of plastic packaging materials, HAPPY BATH is continuously making efforts to reduce the burden on nature by using easily removable shrink wrap and applying plant-derived plastics.

### Application of 100 percent Recycled Plastic

In 2020, Amorepacific Group reduced plastic usage for HAPPY BATH Grapefruit Essence Body Wash by using 100 percent recycled plastic for all its containers through its product renewal process. Recycled plastic is attained by melting used plastic so it can be used again as a raw material for plastic. Although it is more difficult to achieve strong materiality for recycled plastic than new raw materials, we were able to realize containers made of 100 percent recycled plastic through ceaseless endeavors.

### Expanded Application of Easily Removable Shrink Wrap

Easily removable shrink wrap or film is used for the labels attached to products without glue. Customers can easily separate the label along the perforated line inserted in the label without stickiness. In order to improve the recyclability of product containers, HAPPY BATH applied transparent containers and easily removable shrink wrap design to all of its new products with labels, except for part of its premium line, in 2020.

### The First Metal Zero Pump without a Metal Spring

Amorepacific Group introduced its first metal zero pump without a metal spring into its product lineup and applied it to HAPPY BATH Grapefruit Essence Body Wash. The pump does not use a metal spring anymore, so it can be discharged without any disassembly, enabling easier recycling.



HAPPY BATH steady-selling Grapefruit Essence Body Wash



Mise-en-scène (“placing on stage”) is a French term for a theater or film production. Especially in modern theater and movies, it means the aesthetic arrangement that takes careful consideration of all elements, from characters to makeup, lighting, background, and camera movement. Our brand mise-en-scène intends to show how customers will enter their everyday life as if a stage. This will turn their daily moments into impressive scenes from a movie. In addition, mise-en-scène positively gives back to society with its brand influence.

### Universal Design for All

Daily beauty products such as shampoo and conditioner are daily necessities. However, it is difficult for visually impaired people to distinguish these products in the bathroom. mise-en-scène has consistently applied universal design to products so that anyone can easily distinguish those products regardless of their disability.

In April 2020, Braille for “shampoo” and “conditioner” was applied to the upper part of the back of the shampoo and conditioner containers through the renewal of the brand’s Damage Care, Aging Care, and Scalp Care lines.



mise-en-scène Short Film Festival poster

### mise-en-scène Short Film Festival for Growing Together

mise-en-scène has continued to have a steady relationship with Korea’s film industry, including sponsoring the Busan International Film Festival from the beginning of its launch. Since 2002, the brand has sponsored and operated the mise-en-scène Short Film Festival and discovered many new short films and film directors.

A total of 1,197 films were submitted to the 19th mise-en-scène Short Film Festival in 2020, with 57 of them selected for screenings. In 2020, it opened on June 25 through Naver TV’s mise-en-scène Short Film Festival (MSFF) channel and SERIES ON app due to concerns over the spread of COVID-19.



Damage Care Rose Protein Shampoo applied with a universal design



Since 1979, OSULLOC has cultivated the three most remote areas abandoned in Jeju to make world-class green tea fields. This was made possible because OSULLOC fully understood the natural environment of Jeju and adjusted to it to cultivate the areas. The brand is working hard to get the best tea leaves through scientific farming by pursuing co-prosperity along with Jeju’s beautiful nature.

### OSULLOC Sejak Reducing Carbon Footprint

In order to reduce the environmental impact of OSULLOC, the brand renewed the tin case material of Sejak 80g in 2019. Through these efforts, OSULLOC had its carbon footprint measured and obtained a reduction certification mark from Carbon Trust in the UK in 2020. A significant impact on the total carbon footprint of OSULLOC Sejak was measured in the production phase of raw materials and packaging materials as well as the use phase. After the renewal, approximately 336g per product and 12.7 percent of total carbon emissions were reduced. The Sejak tin case reduced the weight of resources used by downsizing the tin case compared to the previous one, while also reducing the number of filling envelopes inside from two to one. This is equivalent to the carbon reduction of

about 904 thirty-year-old pine trees based on the number of units sold in 2020.



OSULLOC Sejak 80g

## VITALBEAUTIE

### VITALBEAUTIE Ginseng Extract Ampoule Obtains Green Certification for Ultra-high Pressure Ginseng Processing Technology

Amorepacific Group has been studying ginseng for many years since its foundation. Developed in 2004, the Ultra Heaven Process technology extracts the effective substances of red ginseng by applying a high pressure of 6,000 atmospheres in a short period of time. This method of processing ginseng at ultra-high pressure enables the manufacture of high-quality, high-content red ginseng, and reduces energy use and carbon emissions by about 10 percent or more. This has the effect of planting 16,927 trees per year compared to conventional processing methods. In recognition of the excellence and eco-friendliness of this technology, the ultra-high pressure ginseng processing technology and Ginseng Extract

VITALBEAUTIE is a health functional food brand created with the know-how of Amorepacific Group, a company that has studied beauty for the longest time in Korea and in the most in-depth way. It has also studied the value of natural ingredients such as ginseng and green tea, and has continued developing genuine products to realize its belief that true beauty starts with health.

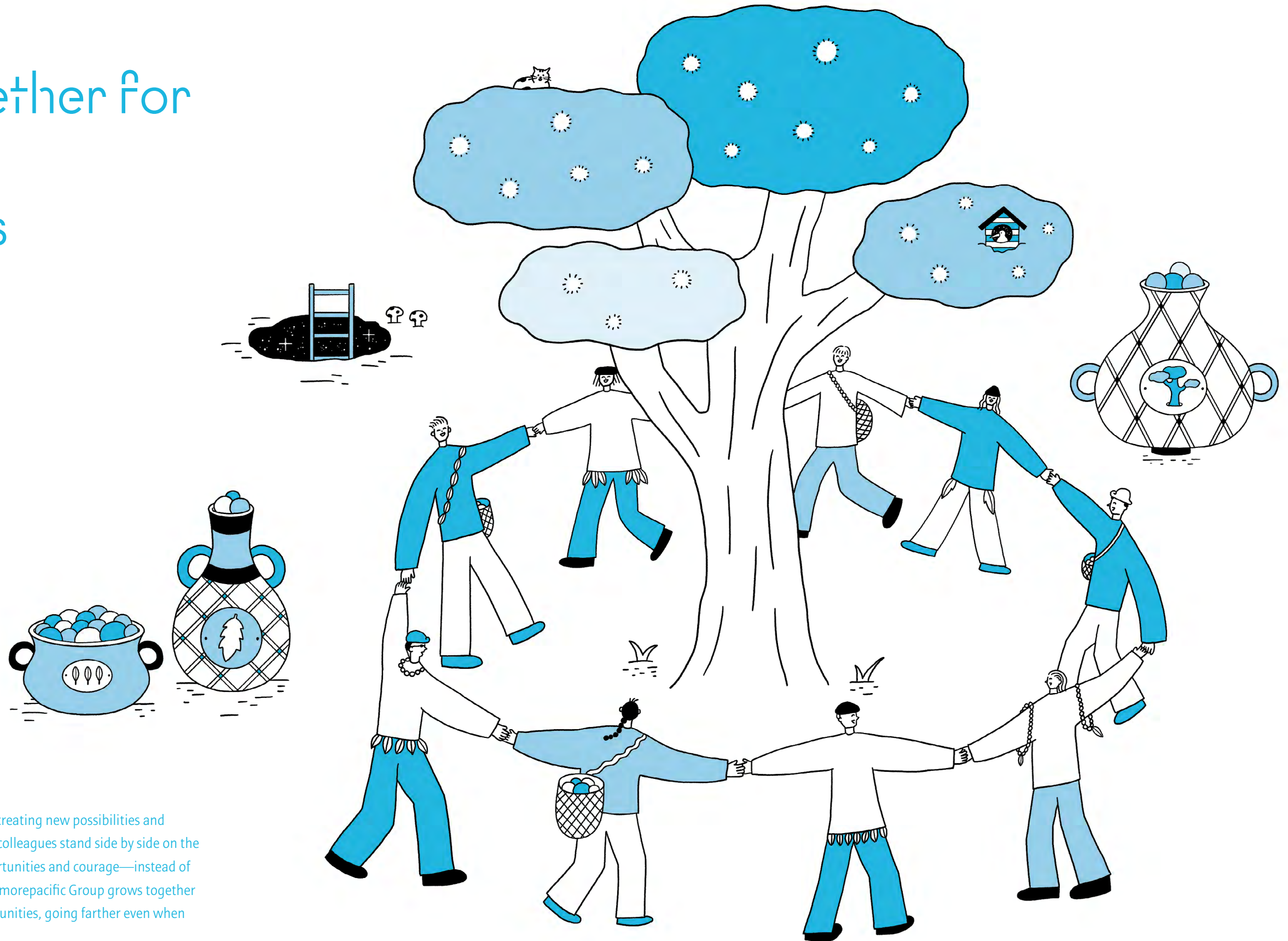
Ampoule (Myeongjaksu) applied with this technology obtained Green Certification from the Korea Institute for Advancement of Technology in September 2020.



Ginseng Extract Ampoule applied with ultra-high-pressure ginseng processing technology



# Walking Together for Greater Opportunities

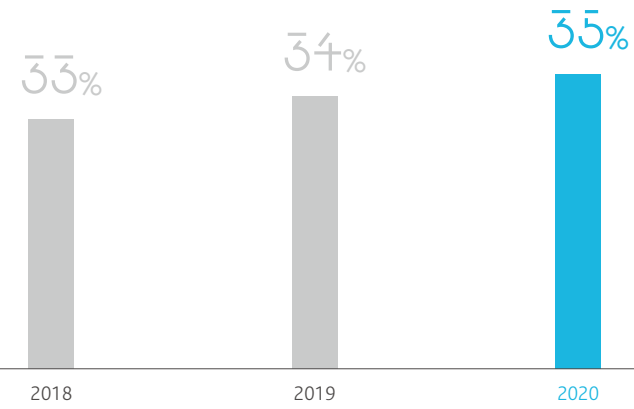


There are many difficulties and fears in the process of creating new possibilities and finding ways in uncharted territory. However, when colleagues stand side by side on the path together and walk as a guide to each other, opportunities and courage—instead of difficulties and fears—are added to everyone's step. Amorepacific Group grows together with its employees, business partners, and local communities, going farther even when blazing a trail in an uncharted land for a new era.

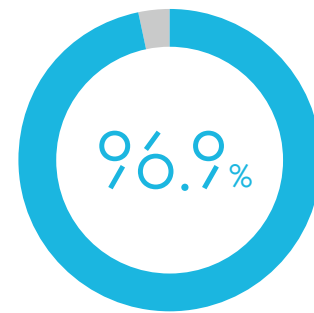
# Inclusive Growth 2020 Key Achievements

## Realizing Great Workplaces

Ratio of female managers



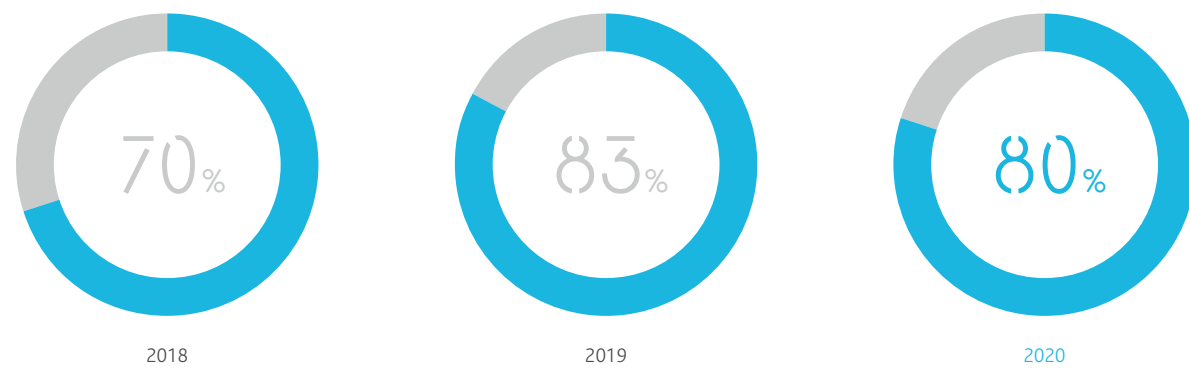
Ratio of local employees at overseas branches



## Conscious Business Partnerships

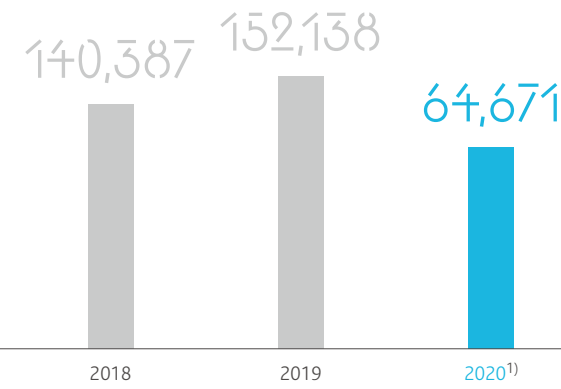
Ratio of suppliers in the top-rated category of sustainability assessment

Ratio of suppliers who received more than 70 points in the annual sustainability assessment conducted for major suppliers



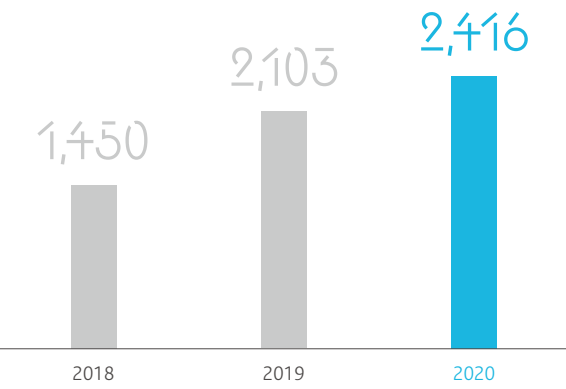
## Positive Social Impact

Number of beneficiaries for the women's health and well-being support programs (person)

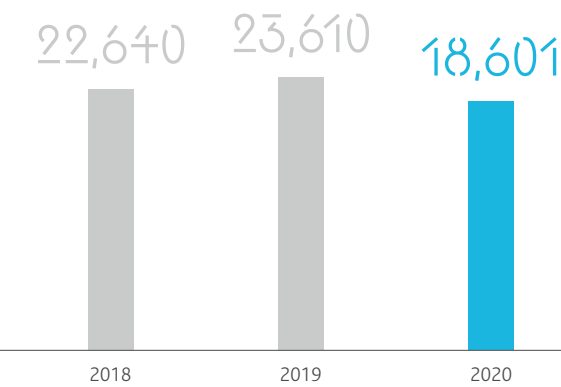


1) Reduced activities due to COVID-19

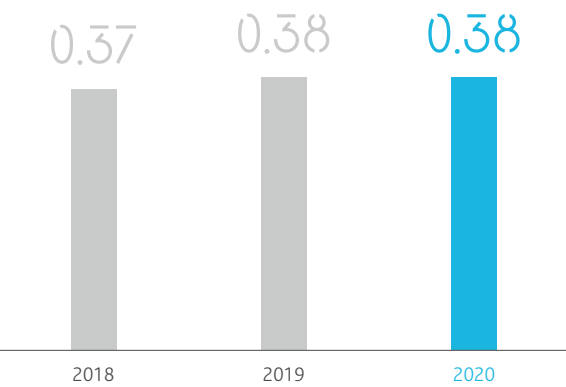
Number of beneficiaries for the women's economic empowerment programs (person)



Expenditures on CSR activities (million KRW)  
Expenditures



Expenditures on CSR activities (%)  
Ratio to revenue



# A Safe Workplace for Growing Together

## Quick Judgment and Information Sharing for the Safety of Employees

Amorepacific Group organized the Coronavirus Response Taskforce Team in preparation for the spread of the epidemic immediately after the first case of COVID-19 in Korea. The situation room is operated based on the P.C.D. principle to secure the safety of our employees and stakeholders. The P.C.D. principle means that it is necessary to reduce the probability of infection with COVID-19 as much as possible, minimize contact with people (major infection routes), and minimize the duration that an infected person can spread back to others.

Based on this principle, we are monitoring the progress of COVID-19, establishing safety guidelines for employees, distributing hygiene products, supporting safety measures and communicating with local organizations and overseas corporations. We also run weekly guide announcements to respond to changing situations minute by minute. With government guidance, Amorepacific Group sets its own severity level, implements response policies accordingly, and prevents the outbreak and spread of the infectious disease inside the Group as much as possible.

### APC's Response Policy Based on the P.C.D. Principle

#### P robability.

Implementing strong internal safety guidelines prior to the government's social distancing campaign / Providing hygiene products such as masks and disinfectants for all employees, and operating thermographic cameras

#### C ontact.

Limited contact with the outside world, minimization of business trips, disinfection of office buildings and limited access to them, and digital transformation, including expanded telecommuting and video conferencing

#### D uration.

Self-quarantine guidance provided; immediately examining people with similar symptoms at the Group's AP Clinic; making employees work at home when they have come in contact with a confirmed COVID-infected person; identifying the movement of confirmed COVID persons in the office building based on the company's access tags

The unexpected COVID-19 pandemic has caused rapid changes and many difficulties in our business environment. Through this extremely challenging situation, Amorepacific Group strived to overcome the crisis by further providing healthy and safe work environments for our employees to grow together.

## Development of VR Education Content for the Safety in Emergencies

Amorepacific Group continues to strive to create a healthy and safe work environment for its employees. In 2020, we introduced a hands-on VR education program that is more effective for education and accident prevention than the previous method. With this, we established a clear hands-on education system using VR technology for early response, emergency evacuation, reporting, and follow-up safety measures in case of fire or earthquakes.

Starting in 2021, VR education will be expanded for all employees of Amorepacific Group. In addition to education on general safety issues such as fire and earthquakes, we will develop and apply a customized education system specializing in Amorepacific Group's production sites and R&D centers.



Expansion of a hands-on VR education program

## We Care Health Program for the Mind and Body

Amorepacific Group works hard to strengthen the bodies and minds of its employees so that they can stay healthy both at work and life.

In 2020, we introduced an in-house mental care program to manage mental health risks for employees, including psychological depression caused by job stress and social issues like COVID-19. Through this program, employees were trained for mindfulness to develop mental health to cope with stress and had healing time using various artistic tools. In the future, this program will be expanded to the entire Group, and we will continue to extend Amorepacific Group's unique We Care Health program.

For physical health, various activities are carried out to prevent musculoskeletal disorders of employees and to improve their health. In 2020, we opened the Musculoskeletal Management Center in Beauty Park Osan through our industry-academic cooperation with Yonsei University. The Musculoskeletal Management Center prevents and manages musculoskeletal disorders that can occur during production activities or due to unstable posture and repetitive movements. Specialists will be stationed to select high-risk groups and intensively manage employees with musculoskeletal pain.



We Care Health program



# Bigger and Better Growth with Business Partners



Assessment of suppliers' compliance to environmental regulations

## A Win-win Relationship While Protecting the Environment

As interest and control about the environment have been strengthened recently, environmental regulations are especially burdensome for small and medium-sized companies. Amorepacific Group operates a project to assess suppliers' observation of environmental regulations in order to secure a stable supply chain and reduce the business burden of small and medium business partners. Since 2019, we have assessed major suppliers' implementation of environmental regulations in terms of air, water quality, waste, noise & vibration, and chemicals in their workplaces and suggested ways to improve their conditions. Through this, we assessed a total of 18 suppliers in 2020 to draw up improvement tasks and help them establish improvement measures. We also conducted follow-up monitoring and coaching for the six suppliers assessed in 2019. With such support, our suppliers reduced their violation of environmental regulations by 44 percent and greenhouse gas emissions by 15 percent through voluntary improvement activities.

44%



Reduction rate in risks of environmental regulation violations (Based on suppliers assessed in 2019)

15%



Suppliers' greenhouse gas reduction (Based on suppliers assessed in 2019, Compared to the two-year average of 2017-2018)

Amorepacific Group believes that the sustainable growth of our suppliers cooperating with us leads to our growth. We realize product innovation together with our suppliers in order to achieve our common goal of delivering better products to our customers while working hard to achieve solutions for the social and environmental impact caused by corporate activities.

## Shared Growth through Joint Development

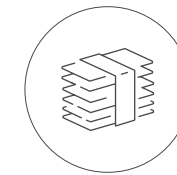
Amorepacific Group and the Korean government are jointly conducting a shared growth program called "New Product Development Support Project with Conditional Purchase Options." This project is a program to respond to customers' needs first and promote the culture of joint research and development between large, medium and small businesses. When small and medium-sized suppliers develop, perform, and complete the tasks proposed by Amorepacific Group, they can expand sales by building new markets later. As of 2020, we have created a total of 3.1 billion KRW in funding to implement four tasks with four suppliers to reduce plastic packaging waste.

### New Product Development Support Project with Conditional Purchase Options

45% or more from the government

30% or more from Amorepacific

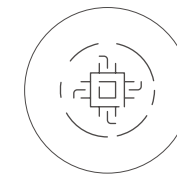
25% or less from mid and small-sized businesses



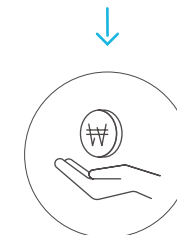
Joint investment funding for R&D

Physical support ↓ Human support

Small and medium-sized companies



Development of new technologies or products



Expansion of newly developed technologies or products

3.1 billion KRW



Funding for New Product Development Support Project with Conditional Purchase Options (As of 2020)

### Partner A. Non-PVC Alternative Fabric Development

As government controls such as the Act on the Promotion of Saving and Recycling of Resources were tightened, we are developing fabric for non-PVC (Poly Vinyl Chloride), an alternative material for existing PVC materials, to minimize the use of PVC materials.

PVC → non PVC



PVC packaging → Application of blistering technology fit for non-PVC fabric

### Partner B. Eco-friendly Pump Manufacturing Technology

Due to the fact that our existing pumps include metal springs, it is difficult to separate plastic parts from metal parts when disposing them, so we developed an eco-friendly pump without a metal spring.

ECO-friendly Pump



The pump structure with a metal spring  
→ An eco-friendly pump without a metal spring

### Partner C. Digital Printing Press

Ink spray, which is a post-processing method for the surface of plastic containers, was not easy to use due to printing speed and quality problems. As a result, ink spray was replaced with a production method using labels and shrink film, making it difficult to recycle packaging materials. We plan to develop a digital printing press suitable for printing on cosmetics containers to improve quality and productivity, while minimizing the use of labels and shrink film.

Multi-head Printing Press



The smart multi-head inkjet digital printing press for printing on containers

### Partner D. Development of Paper Fixtures

We plan to develop eco-friendly paper fixtures to replace the existing plastic fixtures for packaging to raise the durability of our packaging against the physical environment and increase productivity.

PET → PAPER



Plastic fixtures → Eco-friendly paper fixtures

These development efforts for the environment may enable suppliers to lead market changes, secure new markets, and generate long-term sales, while Amorepacific Group can expand its eco-friendly consumption culture by reducing plastic packaging materials.

# Realizing Inclusive Value with Local Communities

Our daily lives are maintained by everyone's efforts and hard work. The seemingly small yet positive changes in our lives make our world more beautiful. Amorepacific Group pays careful attention to every part of the world, and puts our values into all practices so that our everyday lives can be filled with a more positive influence, realizing a more kind-hearted world.



Let's Walk campaign

## Walking Together for Donations: Let's Walk Campaign

Amorepacific Group carried out the "Let's Walk" donation campaign to help customers easily participate in donations and improve the lives of abandoned animals through their everyday act of walking. If customers select an animal care organization in need, then achieve the target number of steps by using the pace counter service "Let's Walk" of Amorepacific Group's beauty point app, the Group delivers a certain amount of money to the chosen organization. In the first and second campaigns, from September through November 2020, we donated a total of 40 million KRW to the Gunsan Abandoned Animal Care Center in Jeollabuk-do, achieving 5 billion steps. In addition, in the third campaign conducted in November and December 2020, 20 million KRW was donated to the Korean Animal Welfare Association's Sseudam Sseudam (Pat Pat) project, which supports the treatment of abandoned, wounded animals, by achieving 4 billion steps. The customers who had participated in donations through this campaign revisiting the beauty point application increased by 94 percent over two months, revealing that the donation participant far more frequently visited the app. In addition, the Let's Walk campaign activities also spread through Instagram and blogs, suggesting the possibility of a donation culture in everyday life.

**9 billion steps**



Cumulative number of customers' steps through the Let's Walk campaign



Let's Walk campaign

**98,144 people**



Number of participants in the Let's Walk donation campaign

## A Design Project for Beautiful Local Stores

In 2019, Amorepacific Group started the Design Project for Local Stores, a corporate social responsibility (CSR) activity by Amorepacific Group designers and university student volunteers from the Seoul Volunteer Center with the purpose to revitalize local businesses in Yongsan-gu. The first store, Musuri, and the second store, Hukdonyeonga, reopened with new designs in December 2019, and the third store, Kkomul, reopened in December 2020. In 2020, we supported small business owners suffering from COVID-19 and conducted activities focusing on co-prosperity with the local economy. We will continue to improve the design of various stores in Yongsan-gu.

## Yongsan Dragons: Serving the Local Community

Started in 2018, the Yongsan Dragons is a volunteer group formed through a coalition of private, public, and academic institutions. Including Amorepacific Group and its employees, a total of 720 volunteers from 50 companies, schools, and organizations based in Yongsan District, located in the northern part of Seoul, have participated in various joint volunteer activities, such as Guerrilla Gardening, Mystery Bus for Sharing, and Plastic Waste Cup Olympics, taking the initiative in solving problems for a local community.

Its Pre-Christmas Santa Program is a volunteer activity to deliver gifts to children for the Christmas holidays. In 2020, the program was conducted for the third year to encourage local children. Due to COVID-19, the program this year was held in a remote way by minimum number of volunteers. The gifts of everyday items—hand sanitizers, stationery, and snacks prepared by each member institution—were shipped to a total of 230 children at 10 welfare institutions.



Pre-Christmas Santa Program Season 3

**Over 720 people**



Number of participants in the Yongsan Dragons' volunteer activities



# 20 by 20 Commitment

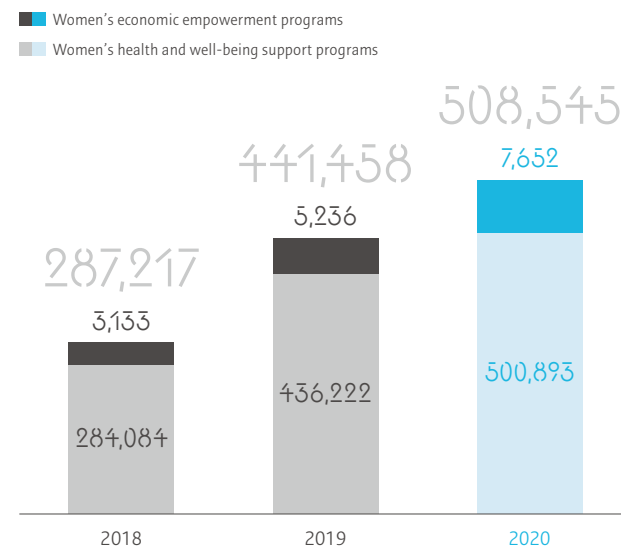
Amorepacific Group supports women's health, well-being, and economic independence so that all women around the world can be healthy and confident.

## Making Women's Lives More Beautiful and Confident

The 20 by 20 Commitment is Amorepacific Group's promise to beautify women's lives by supporting the health, well-being, and economic empowerment of 200,000 women by 2020. As a company that has grown by serving women, we try to promote the UN's Sustainable Development Goal 5—"Gender Equality"—and we believe that making women's lives more beautiful is one way to create a more beautiful world. We are dedicated to beautifying the lives of women not only in Korea, but also in countries with an Amorepacific presence, such as in China, Singapore, Hong Kong, Thailand, Vietnam, and Malaysia. We are also committed to our responsibilities as a global corporate citizen, sharing our vision with more people by joining the UN's global movement "Every Woman, Every Child."

The 20 by 20 Commitment achieved a cumulative number of 500,000 women, which is 254 percent of the goal of 200,000 women in 2020. In order to minimize the impact of COVID-19, we tried to convert of-line-oriented activities into digital activities, and have various methods and systems in place such as online education and live broadcasting.

Cumulative Number of Beneficiaries of the 20 by 20 Commitment (person)



# 254%



20 by 20 Commitment goal achievement rate  
(Accumulated no. of beneficiaries between 2017 and 2020: 508,545)



Makeup Your Life campaign

## Makeup Your Life: Being Yourself Every Moment in Life

Female cancer patients are twice as likely to suffer from stress than healthy women due to changes in their physical appearance. They are also three times more stressed out due to hair loss and twice more stressed out due to changes in their skin. Over 35 percent of patients continue to suffer from stress even 12 months after cancer surgery. Launched in 2008, the Makeup Your Life campaign has shared stories with female cancer survivors who struggle with a sudden change of appearance due to chemotherapy, as well as knowhow on how to beautify themselves.

For the Makeup Your Life campaign, which marked its 13th year in 2020, three corporations in Korea, China, and Taiwan conducted a campaign with a total of 976 female cancer patients. Korean and Chinese corporations turned offline hospital campaign-oriented activities into live broadcasts due to COVID-19. Patients who attended the Makeup Your Life campaign said in a survey that only 19 percent of them had self-esteem before joining the campaign, but 84 percent said they had self-esteem after taking part in the campaign. Through the Makeup Your Life campaign, many female cancer patients are experiencing a rise in their self-esteem.

## The Pink Ribbon Campaign: A Small but Important Approach for Women

In 2000, Amorepacific Group established the Korea Breast Cancer Foundation, a non-profit foundation for breast health, by investing all of its founding funds, and has been carrying out a Pink Ribbon campaign to support all generations of women so that they can live healthy lives.

In 2020, we marked the 20th anniversary of the Pink Ribbon campaign. For the past 20 years, the Pink Ribbon campaign has raised public awareness about breast cancer and contributed to the early detection of it through self-examination. Amorepacific China has continuously operated the running festival MORI Run and the examination programs for two major female cancers (breast cancer and cervical cancer). In Korea, Amorepacific held Pink Run, another running festival that observed social distancing to prevent the spread of COVID-19. Through this, we promoted the positive impact of regular exercise on healthy breasts. This year, Pink Tour, a breast health education program, was also carried out in a non-contact way to provide information on breast health in a more convenient way.



A breast health education program conducted online



MORI Run: Raising awareness for the world's two most prevalent cancers affecting women

# Actions for the Future Enabling Virtuous Circulation



We are organically connected to one another, influencing each other in the ecosystem created by nature. When the relationship of coexistence is maintained in it, nature finally gives us a chance to grow. Amorepacific Group strives to help the natural ecosystem continuously circulate in gratitude to nature, which has provided us with abundant benefits. We look back and take care of where our two feet have touched, and continue to do meaningful work by taking one step at a time.

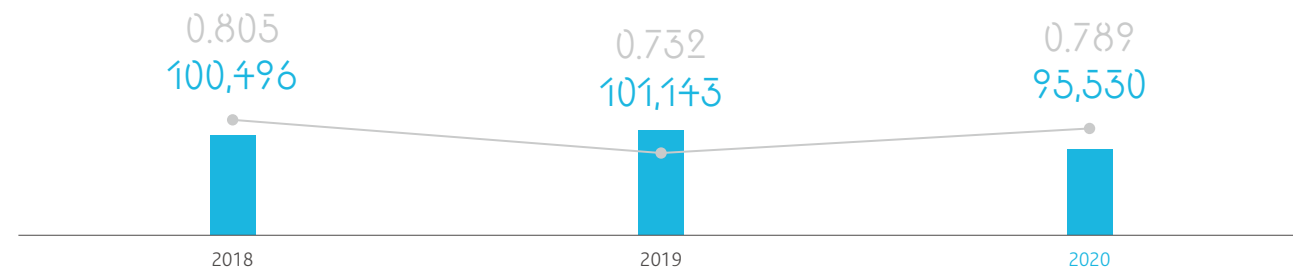


# Circular Economy 2020 Key Achievements

## Response to Climate Change

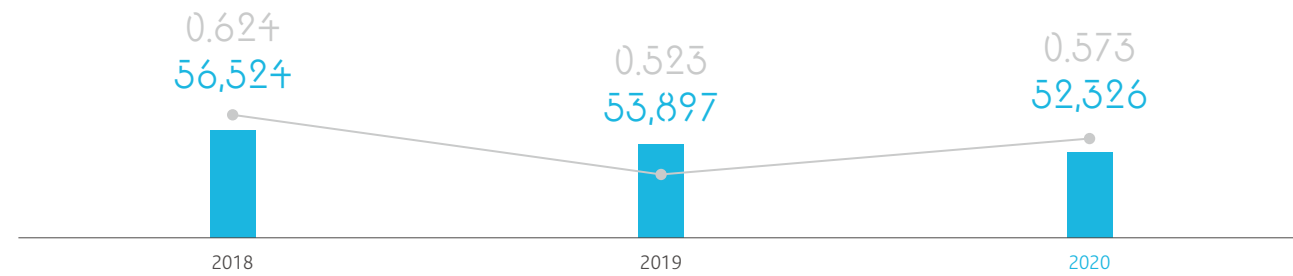
GHG emissions at Amorepacific Group

■ Total GHG emissions (tCO<sub>2</sub>eq) ● GHG emissions intensity (tCO<sub>2</sub>eq/tonnes of production)



GHG emissions at Amorepacific

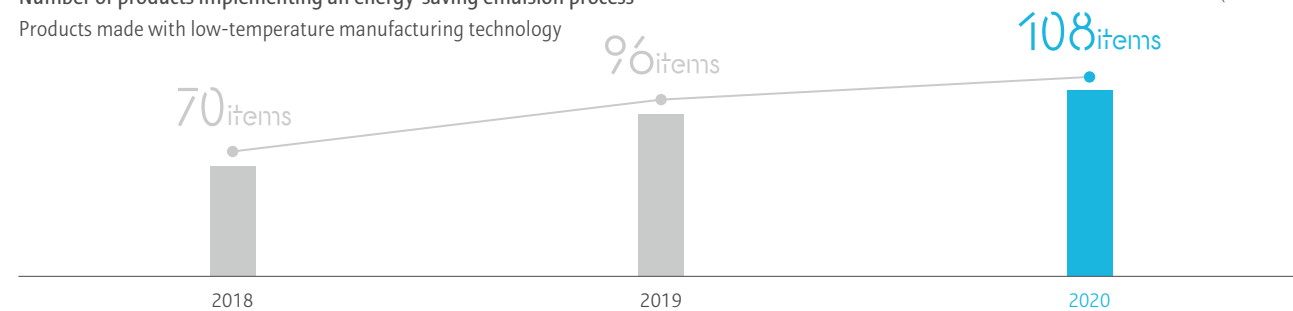
■ Total GHG emissions (tCO<sub>2</sub>eq) ● GHG emissions intensity (tCO<sub>2</sub>eq/tonnes of production)



Number of products implementing an energy-saving emulsion process

Products made with low-temperature manufacturing technology

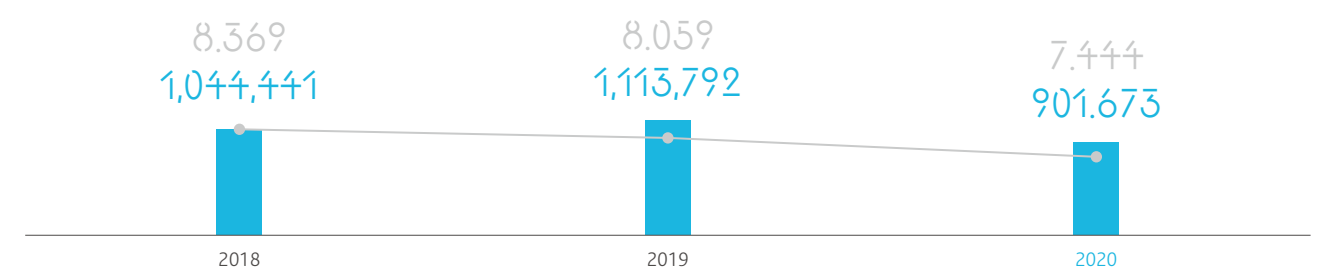
(accumulate)



## Innovation in Resource Efficiency

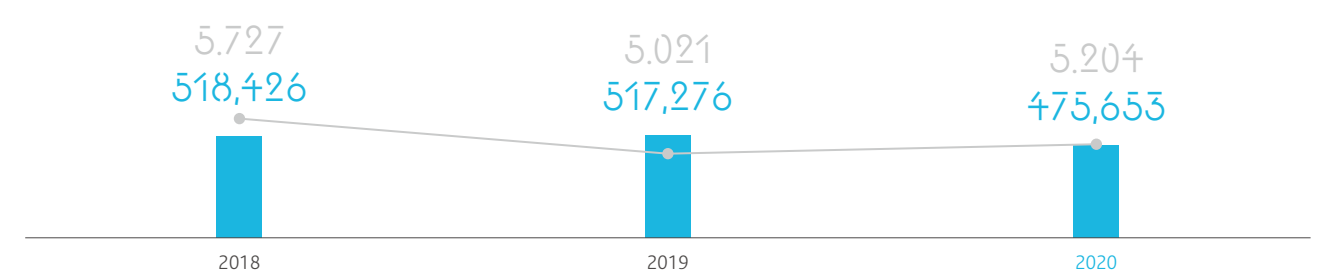
Water use at Amorepacific Group

■ Total water use ● Water use intensity (tonnes/tonnes of production)



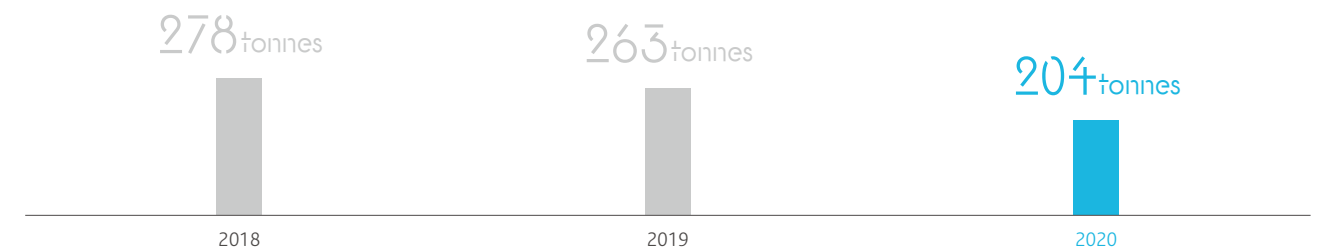
Water use at Amorepacific

■ Total water use ● Water use intensity (tonnes/tonnes of production)



Amount of empty containers collected

Amount of empty containers collected through our GreenCycle campaign



# Responding to Climate Change through Active Practices

Amorepacific Group is aware of the seriousness and urgency of responding to climate change. As a responsible global corporate citizen, the Group strives to reduce GHG emissions throughout all processes of production and overall business activities by introducing renewable energy and improving efficiency of energy consumption. We are also aware of the climate change risks and opportunities facing us and continue to address this accordingly as we consider global standards, including the recommendations of the Task force on Climate-related Financial Disclosures (TCFD) and the guidelines of the Sustainability Accounting Standards Board (SASB), as well as UN Sustainable Development Goals.

## RE100 Declaration for Protecting the Environment with Low-carbon Energy

RE100 (Renewable Energy 100) is a global campaign for companies to voluntarily declare that they will supply 100 percent of the electricity they need using renewable energy. Amorepacific joined the global RE100 initiative on March 10, 2021, becoming the first Korean beauty company to do so. Amorepacific will replace all electricity used by its entire production sites, R&D, logistics, and local business units for renewable energy by 2030. Furthermore, we will also prepare an “RE100 Roadmap” to replace all electricity for 100 percent renewable energy by 2030.



RE100: A global renewable energy campaign



Beauty Park Osan's solar panels



CoREi launching ceremony

## A Corporate Renewable Energy Initiative to Fight against Climate Change

Today, the use of renewable energy is a must, not just an option to overcome climate change. The Corporate Renewable Energy Initiative (CoREi) leads businesses to voluntarily declare transition into renewable energy, set goals, and support the implementation of the goals. In June 2020, four civil society organizations, including the Korea Sustainability Investing Forum and the World Wide Fund for Nature, launched CoREi. Amorepacific also joined CoREi to promote its transition to renewable energy.

## Reducing GHG Emissions and Expanding Renewable Energy Generation

### Energy Saving to Reduce GHG

Amorepacific Group continues to discover and implement tasks to reduce GHG emissions at its production sites. In particular, we regularly operate “Energy Technology Exchange Meetings” that encompass different worksites, share energy saving technologies for each worksite, and provide incentives to employees based on the results of implementing improvement tasks.

Beauty Park Osan saved about 2.09 million kWh of energy use in 2020 due to renewable energy generation, and increased application of energy-saving air conditioner inverters, while COSVISION expanded its lighting surveillance control system to improve energy efficiency. In addition, PACIFICGLAS introduced solar power facilities through the Korea Energy Agency building support project, and Pacificpackage enhanced its utility control system to expand facilities that can be controlled remotely.

### Amorepacific Group's Beauty Campus Shanghai Certified as National-level Eco-friendly Plant

Amorepacific Group's Beauty Campus Shanghai was certified as a “five-star eco-friendly plant in Shanghai” in August 2020 and a “national-level eco-friendly plant” by authorities in October. The eco-friendly plant certification is provided by comprehensively examining the plant in terms of the establishment of facilities using eco-friendly building materials, the work environment of workers, as well as good manufacturing practices (GMP) and energy efficiency & monitoring systems.

To secure the eco-friendly plant certification, Amorepacific Group used construction materials that had been certified as eco-friendly, minimizing energy use from the construction stage of the plant. Along with this, we have refined manufacturing management standards and strengthened monitoring systems for energy and water usage, wastewater and waste discharge. We also control dust collection facilities at production sites separately by space and attached pressure sensors to main pipes to ensure constant pressure for dust collection at all times, and completely replaced all traditional lighting with LED lights, saving 200,000 kWh and 520,000 kWh of energy after full installation.

2,070,000 kWh



Beauty Park Osan's renewable energy generation

720,000 kWh



Reduced amount of electricity usage through the installation of dust collectors and LED lighting at Beauty Campus Shanghai



# Creating an Efficient Cycle of Resource Circulation

We are accustomed to a linear consumption of using finite resources once and then disposing of them. Amorepacific Group strives to move away from linear resource consumption and to achieve circular consumption by reusing resources. We study and develop practices so that we can minimize the waste we make and recycle the waste that has already been generated.

## Every day, Efficiently: Water Resource Circulation

Amorepacific Group is deeply aware of the need for the efficient use of water resources, which is why it optimizes its water consumption under the principle of 3R: Reduce, Recycle, and Reuse.

### Using More Rainwater

Amorepacific Group's Beauty Park Osan has continuously identified tasks to reduce water usage. For example, 100 percent of laundry water has been replaced with rainwater, and recycled water pipes were additionally expanded for toilet supply.

### Reducing Wastewater Discharge by Saving and Reusing Water

Amorepacific Group strives to minimize the impact of water discharge from its worksites on nature. PACIFICGLAS has reduced wastewater and waste production by over 20 percent compared to the previous year by reducing the use of chemicals for wastewater treatment and optimizing the wastewater treatment process. The production sites of AESTURA and PACIFICGLAS replaced old dehydrators with high-efficiency dehydrators recently to improve the dehydration efficiency and reduce wastewater and waste generation.



Beauty Park Osan's wastewater storage facilities

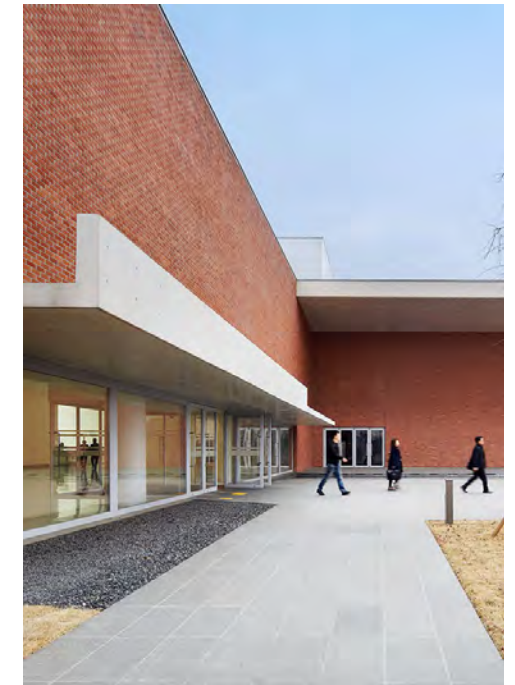
## The Beauty Industry's First Integrated Environmental Management

Amorepacific Group's Beauty Park Osan was the first of its kind in the Korean beauty industry to obtain integrated environmental permission from the Ministry of Environment. The integrated environmental permission system is a new system that integrates the control of pollutant-discharging facilities, which were previously managed sporadically through six different laws, into management under a single law.

Amorepacific Group acquired the industry's first integrated environmental permission in December 2020, two years prior to the application of the law to the cosmetics industry on January 1, 2023. Our goal is to improve the efficiency of resource utilization and to manage the internal emission standard of nitrogen oxides below 50 percent of the existing legal emission standard by conducting integrated environmental management and new investments in accordance with a plan for integrated environmental control.

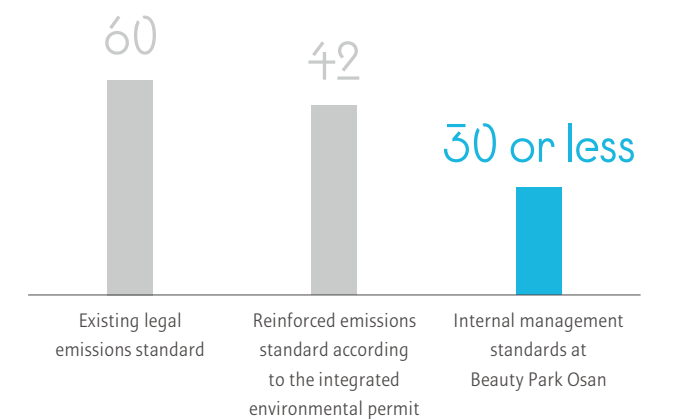
### Reducing Industrial Waste through Meticulous Management

Amorepacific Group strives to minimize waste generated by its production sites and promote waste recycling. To this end, each production site has subdivided the classification of wastes by their characteristics and types, and has implemented a recycling plan optimized for each type. Beauty Park Osan has exceeded its circular utilization target by continuously improving the recycling rate of waste.



Beauty Park Osan

Emission Standards of Nitrogen Oxides (maximum) (ppm)





### GreenCycle Campaign: A Beautiful World through Circulation

The GreenCycle campaign collects used cosmetic containers from customers. Collected cosmetic containers are cleansed and melted to be recycled as raw plastic materials or are creatively upcycled into artworks. For instance, the finishing material of the terrazzo technique, which is made by mixing crushed plastic cosmetic containers and ultra-high-intensity concrete, is applied to various fields, such as store flooring and furniture.

In 2020, flooring and furniture tops at Lotte's Duty-free COEX branch and Hyundai Department Store's Trade Center Store were applied with recycled plastic, and upcycling benches made by recycling 1,400 plastic cosmetic containers were donated to Chollipo Arboretum in Taean, Chungcheongnam-do, and Jongno-gu, Seoul.

Amorepacific Group will continue to seek creative ways to recycle resources and take the lead in solving plastic waste problems.



1,652 Summer Lights, an artwork using empty cosmetic containers

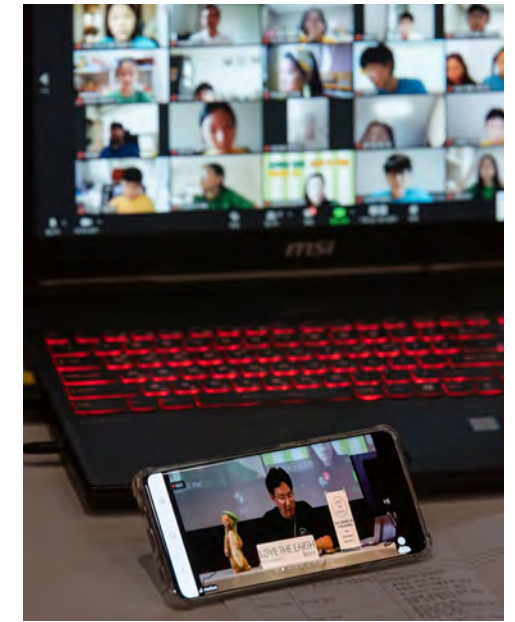


An upcycling bench made using plastic cosmetic containers

### Circular Economy

# Developing Programs to Protect the Earth Together with Children

Amorepacific Group aims to fulfill its corporate responsibility for the environment by fostering environmentally sensible children who can help contribute to artistic creation based on the Group's 1993 declaration of "Total Commitment Initiative." We share our sustainable management vision and provide various programs for children eco-creators to think flexibly about plastic problems.



2020 environmental camp for children conducted online

### Protecting the Environment Together: Environmental Camp for Children

Amorepacific Group has been running Love the Earth—an annual environmental camp for children who will lead our future—since 2019 to think about the environment with children.

For the 2020 children's environmental camp, the offline camp for one night and two days was converted into a six-week online course due to COVID-19. Using a video conference system, participants in the camp from various places discussed themes such as upcycling and climate change with environmental education experts. They also learned how to make videos from video experts. In order to foster "AP Eco-creators," we also carried out various missions under the theme of "Plastic Free" and developed children's sensitivity to the environment. At the online graduation ceremony, we held a preview of environmental films produced by children to spread their strong influence and presented them with Amorepacific Group honorary employee certificates.

The 2020 children's environmental camp was held online for the first time, with a total of 50 children from 15 cities in Korea and 5th and 6th graders from a Malaysian school participating as well. We are planning to expand this camp into a global program so that children's ideas on the environment can spread more widely.

81 children



Accumulated number of participants in Love the Earth Environmental Camp for Children

# Major Awards and Recognitions

MEMBER OF  
**Dow Jones  
Sustainability Indices**  
In Collaboration with RobecoSAM

DJSI Asia-Pacific Index  
DJSI Korea Index for 11 consecutive years



**FTSE4Good**

FTSE4Good Index for 10 consecutive years



MSCI ESG Rating  
Class A (AP)



MSCI ESG Rating  
Class AA (APG)

# Review of 2020 Sustainability Goals

Sustainable Lifestyle

Inclusive Growth

Circular Economy

Amorepacific Group established 2020 sustainability goals in 2017 and has implemented them since then. It was in 2020 that we finalized our goals. The Group has proposed sustainable lifestyles for various stakeholders' daily lives and has consistently implemented the 2020 sustainability goals so that everyone can grow together while contributing to a circular economy for future generations.



# 2017-2020 Goals and Achievements

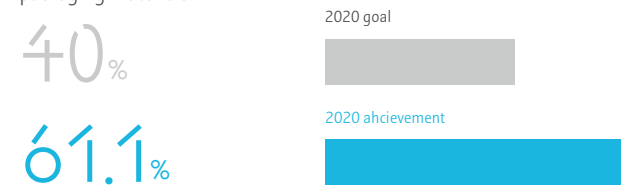
## Sustainable Lifestyle



Amorepacific Group supports all stakeholders' transition to a sustainable lifestyle with a better understanding of environmental and social values. Sustainability in everyday life is supported by both our products and stores with environmental and social benefits and a wide range of brand campaigns.

### 1. Strengthening the Sustainability of New Products

The first part of our 2020 sustainability goals was to strengthen the sustainability of new products. We achieved the target earlier than scheduled and expanded sustainable properties, from raw materials to packaging materials.



### 2. Improving the Sustainability of Stores

Since 2017, when opening new or renovated stores, Amorepacific Group has realized eco-friendly stores by applying 100 percent LED lights and limiting the use of disposable plastics that had been provided to customers.



### 3. Providing Value-oriented Consumption Experiences (Cumulative from 2017 to 2020)



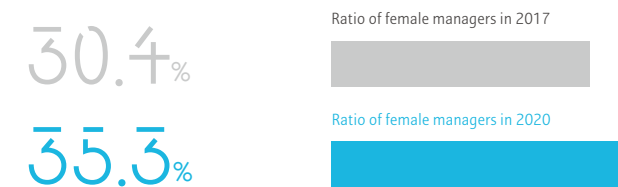
## Inclusive Growth



Amorepacific Group will achieve inclusive growth by creating a leading workplace for employees, growing together with our business partners, and contributing to the health, well-being, and economic empowerment of women around the world.

### 4. Realizing Great Workplaces

The ratio of female managers increased to 35.3 percent.



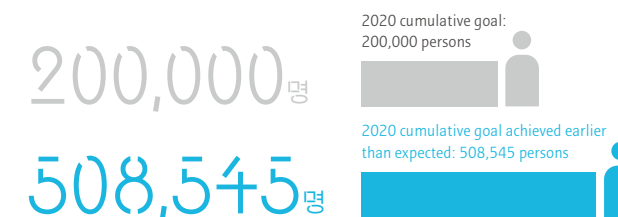
### 5. Supporting Business Partners for Inclusive Growth

Amorepacific Group has been among the most highly rated cosmetics companies in the Korea Commission for Corporate Partnership's Win-Win Growth Index for six consecutive years, and 80 percent of the Group's suppliers were in the same top-rated category for their sustainability assessment in 2020.



### 6. The Health, Well-being, and Economic Empowerment of Women

Amorepacific Group achieved the 20 by 20 Commitment's 2020 goal earlier than scheduled, and pursued the expansion of the same support in China and ASEAN countries.



## Circular Economy



Amorepacific Group recognizes our world's climate crisis and makes diverse efforts to use limited resources in a circular way. We will respond to climate crisis by reducing GHG emissions and expanding renewable energy generation, and contribute to a circular economy by improving resource efficiency.

### 7. GHG Emissions Intensity Reduced

In 2015, the ratio of renewable energy generation was 0.3 percent, which was expanded to 5.0 percent in 2020, while GHG emissions intensity\* increased by 3.3 percent.

\* at Amorepacific

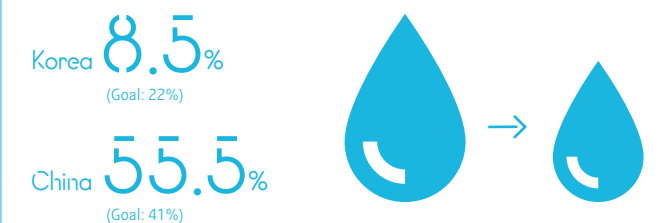
#### Ratio of renewable energy generation



### 8. Improving Water Resource Efficiency

Amorepacific Group's production plants in China achieved water reduction goals\* earlier than scheduled. In Korea they achieved smaller reductions due to quality issues and strengthened GMP management standards.

\* at Amorepacific



Highlight

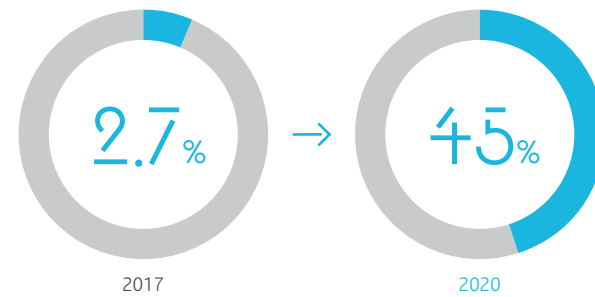
# Sustainable Lifestyle

Amorepacific Group has continued integrated development by enhancing the eco-friendliness of its products and actively managing the environmental impact of product packaging, logistics, and the distribution process. We are also laying the foundation for small practices aimed at the environment to take root by opening the domestic beauty industry's first refill station and allowing customers to contribute to reducing plastic usage by using refill products alone, for example.

## Raw material →

### Increasing the Ratio of RSPO-certified Palm Oil

Amorepacific Group started to use palm oil certified by the Roundtable on Sustainable Palm Oil (RSPO) in 2017, and will continue to expand its usage ratio.



### Using Upcycled Raw Materials

innisfree utilizes discarded resources as raw materials for its products to enhance the value of sustainability. The brand paid attention to "ugly carrots" from Gujwa-eup, Jeju Island in 2020 following spent coffee grounds in 2018 and spent brewery grains in 2019, rediscovering their value as raw materials of cosmetics.



### Environmental Footprint Measurement and Reduction

Starting with the water footprint certification from the Carbon Trust for HAPPY BATH Tea Collection Bodywash in 2017, LANEIGE's Water Sleeping Mask EX obtained the water measurement and reducing water certification, and OSULLOC Sejak obtained the carbon measurement and reducing carbon certification from the Carbon Trust. Amorepacific Group will continue to work hard to minimize the environmental impact from its business activities.



## Packaging →

### Increasing the Recyclability of Packaging Materials

In order to increase the recyclability of containers and to facilitate separate disposal of different materials, easy peel shrink film has been applied to transparent containers since 2018. Furthermore, in 2019, easily removable labels were developed to be applied to our products. In 2020, Amorepacific Group developed a 'Metal Zero Pump' without a metal spring inside for higher recyclability and applied it to our products.

### Innovative Products Using Less Plastic

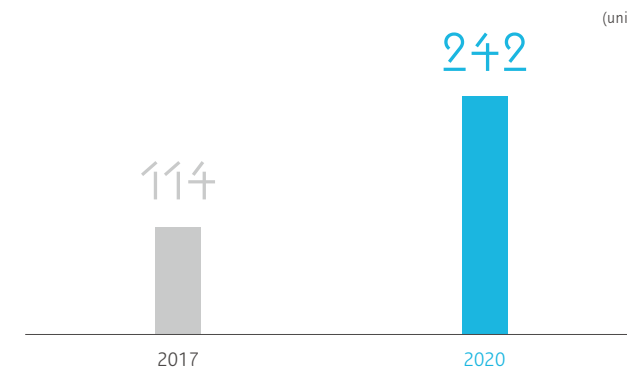
In 2020, Amorepacific Group made a variety of efforts to develop containers including less plastics that deviated from the shape and concept of conventional products and launched a refill-only product line.



(left) The conventional metal spring  
(right) The current metal zero pump

### Expanding the Application of Bioplastics & Recycled Plastics

Amorepacific Group increased the number of products applied with bioplastics and/or recycled plastics from 114 in 2017 to 242 in 2020. In particular, innisfree used 100 percent recycled plastics for Olive Real Body Lotion/Cleanser products for the first time in 2019, and additionally for No-Sebum Mineral Pact products in 2020.



### Applying Paper Fixtures to Special Sets

We reduced plastic usage by changing plastic fixtures to paper fixtures for special sets of products.

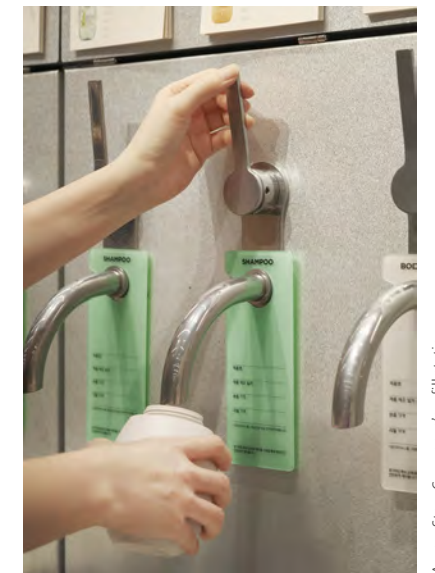
## Transport & Sales

### Using Eco-friendly Materials for Stores

Amorepacific Group has revised its guidelines since 2017 to use construction materials with eco-friendly certifications as well as 100 percent LED lighting with lower power consumption when opening new or renewed offline stores.

### Opening a Refill Station

Amorepacific Group opened a refill station at the Amore Store Gwanggyo for the first time in Korea's cosmetics industry history. Customers can buy refill products for daily beauty, including shampoo, conditioner, and bodywash at the store.



Amore Store Gwanggyo's refill station

### Realizing Eco-friendly Logistics

In 2018, Amorepacific Group changed plastic buffer materials to FSC-certified paper buffer materials. In 2020, the Group also started to use FSC-certified paper instead of shrink film for automatic packaging, and certified paper will be used 100 percent of the time for all its products from April 2021.



Manual packaging with paper buffer materials

Manual packaging with pad buffer materials

Highlight

# Inclusive Growth

## 20 by 20 Commitment

### Economic Empowerment of Women

#### From Donation to Comprehensive Support for Employment

Beautiful Life is a corporate social responsibility program launched in 2008 in partnership with the Community Chest of Korea through a designated donation made by Amorepacific Group. The program started in 2016 as a project to deliver donations to facilities for vulnerable women, and has now developed into a foundation for supporting employment such as technical training and mentoring for economic independence for vulnerable women.

In order to actively eliminate and ease obstacles to women's entry into the labor market, we have carried out various activities based on customized self-reliance plans. These plans include employment-related services like counseling, job training, and job placement as well as individualized social services and psychological & social capacity reinforcement, all of which are based on case management. As a result, we helped achieve an impressive employment rate of participating women that reached 53.1 percent.

In addition, Beautiful Life is continuously developing new forms of work to help women overcome the constraints of time and space and achieve a healthy work-life balance. In 2020, the program also increased the proportion of online employment and start-ups and developed a variety of jobs such as one-person, no-store start-ups and jobs of non-contact organizing consultants and hair coordinators so that women could adapt to the labor market which rapidly changed due to COVID-19 and show their competence. In addition, considering the safety of the participants, we shifted the focus of the program from the existing offline training to online training, laying the foundation for more women to work in society.

#### 'Better She' : Globally Expanded Beautiful Life

In 2020, the activities of Beautiful Life were expanded to the world, and Amorepacific China started the program "Better She." This is a program to help women in rural areas find employment as caregivers. A total of 715 women were trained in provinces such as Guizhou and Heilongjiang, and about 85 percent of them became successfully employed.

Amorepacific Group is playing a leading role in supporting many women to enjoy a fulfilling life while continuing its campaigns so that every woman can confidently show their beauty and preserve healthy beauty in their daily lives despite rapid changes in society.

# 53.1%



Employment rate of participating women in Beautiful Life (Based on 2016-2019 applicants)  
Source: Mapo-gu Social Welfare Center Performance Report

### Support for Women's Health and Well-being

#### Pink Ribbon Campaign: 20 Years of Change and Growth

In 2020, the Pink Ribbon Campaign, which Amorepacific Group started in 2000, celebrated its 20th anniversary. This campaign has contributed to raising awareness of breast cancer and to the early detection of breast cancer through self-examinations for the past 20 years.

According to the Korea Breast Cancer Foundation's Campaign Activity Effectiveness Assessment, the general public's awareness of the importance of self-examining breast cancer improved by 8.6 percent, from 81.4 percent in 2016 to 90 percent in 2019. In addition, compared to other company campaigns, the Pink Ribbon Campaign was considered to have been more effective in raising people's interest in breast health and awareness of the importance of preventing breast cancer. Most of all, participants in the campaign have more actively conducted self-examinations and exercises for preventing breast cancer compared to non-participants.

In particular, Pink Run, Pink Ribbon's leading program and running festival, provided many participants with more specialized information on breast cancer and its current status by installing reference materials in the booth of the festival. In 2020, we developed an online participation program to prevent COVID-19.

The Pink Ribbon Campaign is expanding beyond Korea and to other countries. MORI Run, for instance, is a running festival for which Amorepacific China and the China Women's Development Foundation have expanded Pink Run since 2016 in order to raise the awareness of preventing two major female cancers (breast cancer and cervical cancer). In 2020, the fifth MORI Run was conducted online by Amorepacific China due to COVID-19. Furthermore, in order to pay more attention to vulnerable women, free screenings for the two major cancers were conducted for 16,607 women living in Heilongjiang, Guizhou, and Yunnan, China, while online health education videos were produced by specialists and then widely distributed.

#### Expansion of Participant Age Groups

Pink Tour, a training program on health, has adjusted the participating groups to women in their 20s and 30s and introduced online courses in light of the fact that breast cancer is increasing in younger women. Through this, we have tried to deliver information on healthy diets and the self-examination of breasts to more women. We are also conducting programs to support breast reconstruction surgery and psychotherapy to improve the quality of life of breast cancer patients.

# 85%



Employment rate of participating women in Better She (As of 2020)

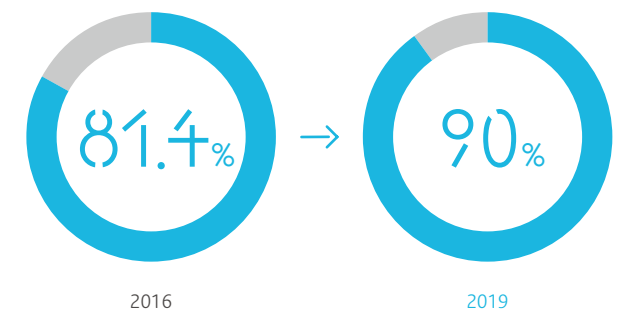


Pink Run Campaign



Pink Ribbon Campaign

#### Awareness of the importance of self-examining breast cancer





Highlight

# Circular Economy

Amorepacific Group strives to circulate resources by enabling plastic, which is used as a product packaging material, to be recycled and reused without being discarded after one-time use. Through the GreenCycle campaign, we are increasing the recycling rate of waste containers, and diversifying the application of recycled materials from products to store appliances and building materials.

## 2025 Commitment: Towards a Circular Economy

In 2019, the Group signed an MOU with TerraCycle, a global recycling company, to recycle plastic containers systematically. The MOU aims to recycle more than 100 tonnes of plastic containers every year for the next three years, and to increase the rate of using recycled containers for Amorepacific Group's products and appliances—10 percent in the first year, 20 percent in the second year, and 30 percent in the third year—achieving the Group's goal of recycling 100 percent of the collected containers, with 50 percent of them to be recycled into products and appliances by 2025.

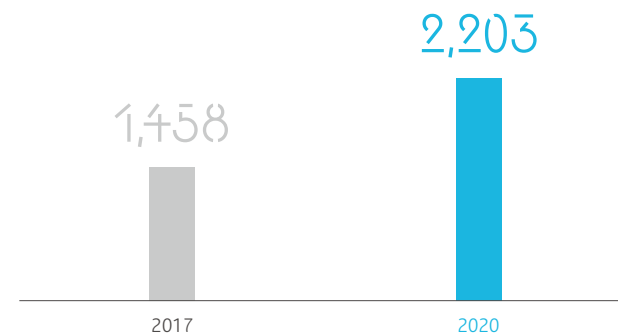


An MOU for systematic recycling of empty plastic containers

## A New Life for Containers Collected through GreenCycle

Conducted in earnest since 2009, the GreenCycle campaign is an eco-friendly CSR activity to recycle empty cosmetic containers or upcycle them to make creative artworks. Through this campaign, Amorepacific Group studied various recycling methods to minimize damage to nature caused by cosmetic containers and is completing different recycling processes by subdividing them based on the different qualities of plastics.

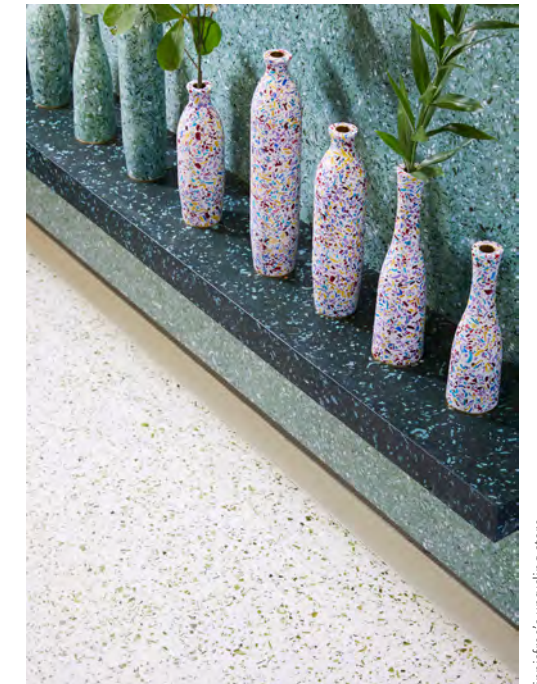
Cumulative amount of cosmetic containers collected through GreenCycle (unit: tonnes)



innisfree Forest for Men Hair Wax



1652 Summer Lights, an artwork using empty cosmetic containers



innisfree's upcycling store

## Empty Containers Reborn as Packaging Materials

In 2020, Amorepacific Group's efforts and technology addressed several cases surrounding recycling. First, we used recycled materials for the fixtures of innisfree Forest for Men Hair Wax and the Dodam No. 9 set released for Chuseok (Korean Thanksgiving Day). In addition, to celebrate Korea's Recycling Day on September 6, 2020, Amorepacific Group displayed *1652 Summer Lights*, an upcycling artwork using 1,652 cosmetic containers returned after being used by customers, at the Sejong Center for the Performing Arts in Seoul.

## Recycled Material Shining Again in Everyday Life

Amorepacific Group produced upcycling benches by applying the terrazzo technique, which is made by mixing crushed plastic cosmetic containers (collected through the GreenCycle campaign) and ultra-high-intensity concrete. These benches were donated to Chollipo Arboretum in Taean, Chungcheongnam-do for World Environment Day on June 5, 2020.

The terrazzo technique also led to an art and culture project titled "Empty Cosmetic Containers Meet Concrete." For this project, Amorepacific Group collaborated with four artists to make benches by applying the terrazzo technique and donated them to Alleyway Gwanggyo for an exhibition. In order to conduct such activities at full capacity, Amorepacific Group collaborated with Korea's leading cement manufacturer, Sampyo Group. The two companies donated raw materials, empty plastic containers and ultra-high-intensity concrete, respectively, to produce upcycling benches and then donated them to Jongno-gu, Seoul as part of the project to place more benches in the area.

## Empty Plastic Containers Reborn as Construction Materials

In 2017, innisfree opened an upcycling store in Seoul by recycling 230,000 empty containers collected through the campaign. An interior finishing material was developed using empty plastic containers, after which this was all applied to 70 percent of the store finishing as well as some furniture and supplies in the store.

"Slastic" is a new form of construction material made by mixing steel slag, a by-product of steel making, and empty plastic containers. Amorepacific developed Slastic in partnership with TerraCycle (a global recycling company) and Iomtek (a company that combines steel mill by-products and waste plastics to produce materials for construction). The material won the Grand Prize at POSCO's Corporate Citizenship Challenge, and was applied to interior design materials and small items for stores.



innisfree's upcycling store

# 2030 A MORE Beautiful Promise

Move Forward Together with Customers and Society

Coexist Responsibly with Nature

With the global climate crisis, intensifying waste problem, and increasing consumer demand for responsible brand activities, we are now entering a new era in which the environment, market, and society are rapidly changing. With deep empathy towards the world, Amorepacific promises sustainability management goals in which all employees will participate to create a better tomorrow.




To fulfill our vocation to make both people and the world beautiful, Amorepacific will promote a sustainable life for customers through brand activities based on a clear sense of purpose and create a society that grows inclusively with various stakeholders. We will also actively participate in responding to the climate crisis, a common task before humanity, and improving resource circulation.

# Move Forward Together with Customers and Society

Amorepacific will continue purpose-driven brand activities that promote sustainable consumption and contribute to a stronger society in ways that enhance our customers' lifestyles.




1

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

-  Conduct life cycle assessments to help reduce the environmental footprint of all our new products
-  Seek technological innovations in Green Chemistry
-  Conduct brand campaigns that promote responsible consumption

2

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




-  Build a more diverse and inclusive work environment with employee programs that shine a light on different cultures and perspectives
-  Develop beauty products and campaigns that express the value and importance of diversity and inclusion
-  Invest KRW 100 billion to support the financial independence of socially vulnerable groups and empower citizens to lead healthier lives

# Coexist Responsibly with Nature

Amorepacific will continue to address the climate crisis together with others and seek to coexist in harmony with the natural world around us.



3

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

-  Use 100% renewable energy at all our production sites globally
-  Convert all distribution vehicles used in Korea into eco-friendly vehicles
-  Recycle landfill waste



4

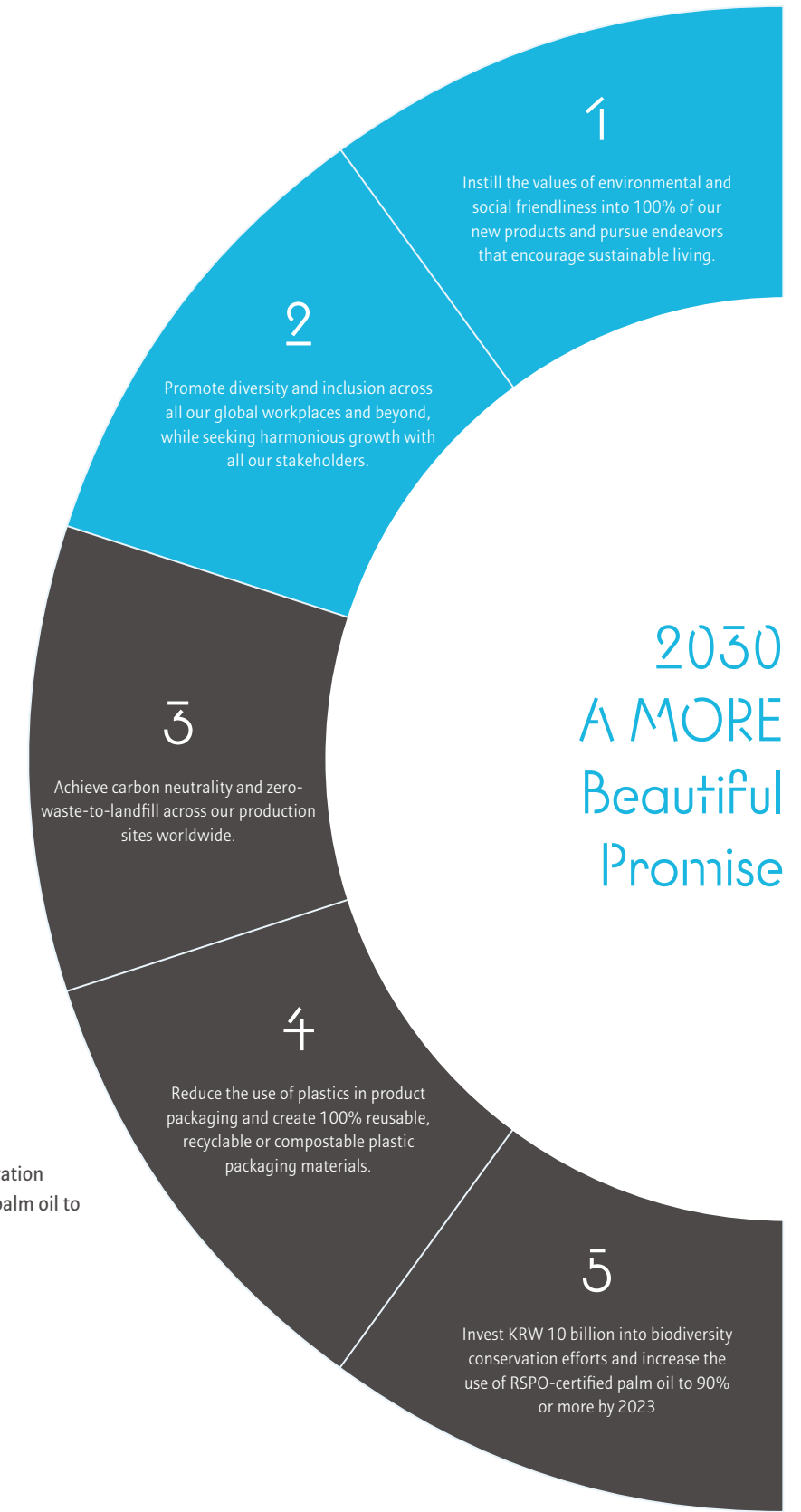
Reduce the use of plastics in product packaging and create 100% reusable, recyclable or compostable plastic packaging materials.

-  Use recycled or bio-based plastics for 30% of all plastic packaging
-  Provide more refillable products and services

5

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

-  Support biodiversity conservation efforts and adopt advanced technologies to help combat climate change
-  Support palm oil farmer in partnership with NGOs and existing supply chain partners





# Sustainability Management System

# Materiality Analysis

Amorepacific Group carried out a materiality analysis in order to capture a comprehensive understanding of the importance to stakeholders and impact on the business in the 2020 Amorepacific Group Sustainability Report. In compliance with the reporting topics recommended by GRI Standards, the analysis comprehensively included the perspectives of external stakeholders and media, domestic and global social and economic issues, and key issues regarding our business.

## Materiality Analysis

Identification of Sustainability Issues	Materiality Analysis		Material Issues
Configuring recent sustainability issues (Demands of stakeholders, public regulations, industry trends)	Impact on the Business	Reporting issues in the industry · 8 leading companies of the industry	Selection of 8 material issues
Media research		Internal strategies and inside data · Company-wide sustainability tasks and activities	
Reporting issues in the industry	Regulations and industrial risks · Industrial risks due to regulations on safety/environment/fair trade		
	Requirements of international standards · GRI, SASB, UNGC, SDGs, DJSI, ISO26000, TCFD		
	Importance to Stakeholders	Experts' opinions · Gathering external experts' opinions on our sustainability activities and issues	
		Media analysis · Analysis of economic, social, and environmental issues from 1,792 articles in the past one year.	

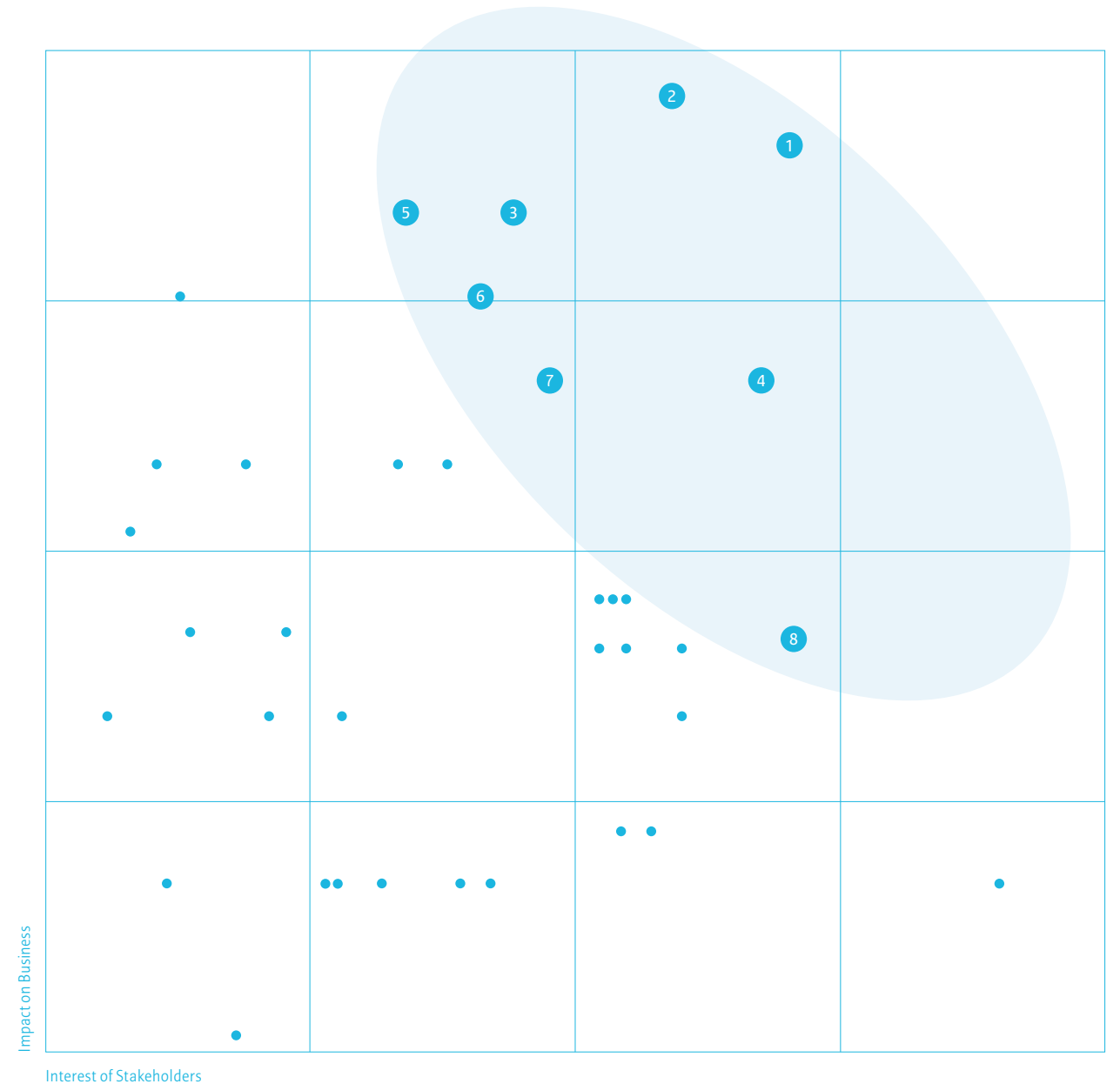
### Impact on the Business

We carried out an analysis of major sustainability reporting issues in the industry, international standards, Amorepacific Group's internal strategies, and business risks. As a result, we identified the following as core issues: response to climate change, promotion of resource circulation, workplace safety, win-win growth with business partners, strengthening product sustainability, and sustainable consumption culture.

### Importance to Stakeholders

To understand what is important to stakeholders, we analyzed media coverage, government policy trends, and experts' opinions related to Amorepacific Group. Our analysis of 1,792 media articles on the Group published between January 1 and December 31, 2020 identified several key issues, including CSR activities such as our "20 by 20 Commitment," R&D and innovative technologies, and the promotion of resource circulation.

The 2020 Amorepacific Group Sustainability Report presents issues drawn from various media outlets as well as our activities in response to requirements of international standards and outside evaluation agencies, as well as the demands from external experts for sustainability.



No	Material Issue	Cost	Profit	Risk	2020 Commitments	GRI Topic	Pages
1	Promoting circulation of resources (expansion of recycling waste, including packaging materials)	●	●	●	Sustainable lifestyle Circular Economy	Effluents and Waste	140-142
2	Enhancing sustainability of products (eco-friendly and socially responsible products, diversity)	●	●	●	Sustainable lifestyle	Customer health and safety	95, 104
3	Reinforcing activities to prevent safety accidents at workplaces			●	Inclusive Growth	Occupational health and safety	114-117
4	Promoting CSR activities aligned with the businesses			●	Inclusive Growth	Indirect economic effects, local communities	56-59, 78-79, 106, 123-131
5	Minimizing the impact by corporate activities on global warming	●		●	Circular Economy	Energy, Emissions	62, 65, 75, 134-136, 138
6	Supporting business partners' growth and development			●	Inclusive Growth	Supplier social assessment	50, 54, 118-119
7	Respecting human rights and diversity of employees			●	Inclusive Growth	Human rights assessment	112-113
8	Promoting a sustainable consumption culture		●		Sustainable lifestyle	N/A	38-47, 104-106

# Stakeholder Engagement

Amorepacific Group defines stakeholders comprehensively, including customers, employees, shareholders, local communities, and business partners that directly and indirectly influence or are influenced by the company's business activities. For each stakeholder group, we identify and reflect key issues in our business activities. We also gather their opinions and understand their expectations through various communication channels available on a permanent or regular basis. Furthermore, we draw key issues through communicating with stakeholders and report them in our Sustainability Report transparently.

## Stakeholder Engagement

Stakeholders	Communication Channels	Frequency	Key Opinions	Measures Taken
Customers	Corporate and brand website, SNS	On demand	- Strengthen products and customer services	- Expanded employees' accessibility to VOC through the "Tiki Taka" program
	Customer Service Center	On demand		
Employees	Employee engagement survey	Once a year	- Strengthen internal corporate communication on sustainability performances	- Corporate engagement enhancement workshops - Communication channels and participation opportunities enhancement
	Regular labor-management council	Once per quarter		
	In-house online community (Workplace, survey, etc.)	On demand		
Shareholders	Annual General Shareholders' Meeting	Once a year	- Establish appropriate corporate value - Enhance shareholder values - Promote corporate accessibility	- Quarterly and yearly earnings release - Shared mid to long-term business strategies - Presented market trends and future outlook - Expanded 1:1 meetings with shareholders and investors
	Quarterly performance announcement conference calls	Once per quarter		
	Domestic/Overseas investor conferences and NDR (Non Deal Realshow)	Two to three times per quarter		
	Face-to-face meetings and conference calls for investors	On demand		
	IR website and IR representative email account	On demand		
	e-Disclosure system	On demand		
Local communities	Local consultative meetings	On demand	- Strengthen coexistence with local communities - Act for '20 by 20' commitment - Suggestions on collaborations or financial sponsorship - Expand a sharing culture	- Community based problem-solving activities - Discovered partners to solve problems in local communities - Promoted collaborative projects with local businesses - Strengthened cooperation with major institutions in CSR sector
	BOD meetings of foundations	Once a year		
	CSR portal sites, SNS	On demand		
	A MORE Beautiful Day	Once a month		
Business partners	Mutual growth general meetings (for each sales channel)	Once a year	- Strengthen customer experience - Support business activities and establish inclusive growth culture	- Strengthened the synergy of omnichannel networks - Collaborative research and development, fundings and human resource support
	Win-win practice seminar and general meeting	Once a year		
	Business partners satisfaction survey	Once a year		
NGOs	Talk with stakeholders	Once a year	- Transparent disclosure - Active responses to the climate change - Resolution of plastic waste issues	- Participated in the disclosure of ingredients of fragrances - Participated in the Earth Hour event
	Collaboration and sponsorship	On demand		
	Meeting with Korea Cosmetics Association	On demand		

# Ethical Management

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

## Establishing Policies and Regulations for Ethical Management

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

### SNS Activities Guide

Amorepacific Group established an essential legal and ethical guide to use when dealing with social media such as YouTube, Instagram, Facebook, and blogs. Through this, the Group presented precautions in producing SNS content both as Amorepacific employees and conscious citizens, and provided detailed guidelines to be implemented when producing content related to companies and brands for ethical marketing.

### Guide to Prevent Copyright Infringement

Amorepacific Group established a guide to prevent copyright infringement and respect the intellectual properties of other companies and people, thereby sharing detailed guidelines including the Group's own cases and license verification when producing content for external communication.

### Live Broadcasting Guide

For the ethical marketing practices pursued by Amorepacific Group, we established a guide on legal and ethical standards that should be observed when operating live broadcasting. Through this guide, we strengthened our principles of conduct to comply with relevant laws and regulations, and to provide honest and sound content to our customers using appropriate language for broadcasting.

### Outside Work Guide

The Group also established principles of outside work and approval procedures for employees to ensure their commitment to work and prevent conflicts of interest. They were established to more specifically define the procedures, behaviors, and exceptions related to the outside work of employees under company regulations, including the rules of employment and work ethics. We also shared a Q&A sheet about possible outside work situations and inquiries from employees.



## Internalization of Ethical Awareness

Amorepacific Group conducts campaigns, education, and ethical awareness surveys related to business ethics to internalize employees' ethical awareness. The content of these activities is produced and shared specifically to fulfill each clause of the Amorepacific Code of Ethics: caring about customers, respect for employees, management with integrity, harmonious growth, protection of company assets, and responsibilities as a corporate citizen.

### Business Ethics Campaign

The Group regularly carries out business ethics campaigns in order to actively promote the directions of ethical management and ethical conducts. For example, there is always a No Gift Exchange Campaign going on, and the Group also operates a center to report bribes so that employees can report and handle problems with ease.

### Education Program and Pledge for Business Ethics

To enhance employees' ethical awareness, Group-wide online education has been implemented based on the Amorepacific Code of Ethics. In 2020, the Group operated online education in three sessions: basic ethics, work ethics, and life ethics. Furthermore, education sessions on basic ethics were conducted for new employees and expat while an SNS activities guide was given for those in charge of in-house video content and social media content. Along with this, the Group promises to practice ethical management and foster ethical awareness by letting all employees take the online pledge for business ethics.

Completion Rate of Online Education

92%

Participation Rate of Pledge for Business Ethics

100%

### Group-wide Ethical Awareness Survey

Amorepacific Group is conducting Group-wide surveys in order to assess awareness of employees and discover issues that may enhance ethical management. The Group's survey consists of five areas in total: culture of after-work dinners, sexual harassment at work, business manners, protection of company assets, and ethical awareness. Based on the survey results, units with potential risks or that need improvement go through consultation meetings or education, preventing potential risks related to ethical issues.

### Internalization of Ethical Awareness at Amorepacific China

Amorepacific Group strives for global ethical management, especially with Amorepacific China, which runs a systematic ethical management program. Amorepacific China runs an ethics education session with a theme every year, and in 2020 it provided education for all employees under the theme of live broadcasting precautions for ethical marketing. At the same time, the online ethics pledge was implemented, and 91 percent of employees participated in the education and pledge.

The company is also strengthening related activities for new employees to recognize the Amorepacific Code of Ethics by letting them take a pledge to practice the Code of Ethics printed in the employee handbook. On top of that, the Amorepacific China established compliance systems for information security and ads & PR, and developed a mini-compliance program. Additionally, the company shares with its employees compliance-related issues such as Consumer Rights Day (March 15), privacy protection, and sales by streaming through its newsletter. As such, Amorepacific China's continuous communication is further increasing employees' ethical awareness.

- Reinforcing information security compliance: Reinforcing privacy policies, improving information security assessment processes and systems
- Reinforcing ads & PR work compliance: Establishing live broadcast guides, online & offline education for brand managers and salespeople
- Operating a mini-program on compliance: Providing info on major laws and regulations through a mobile application, operating reporting channels, and promotional cartoons.

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

91%

## Reporting Process for Ethical Management

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

### Reporting of Unethical Conducts by Stakeholder Group

Clients	Suppliers	Employees	Customers	Others	Total
2	6	28	9	18	63

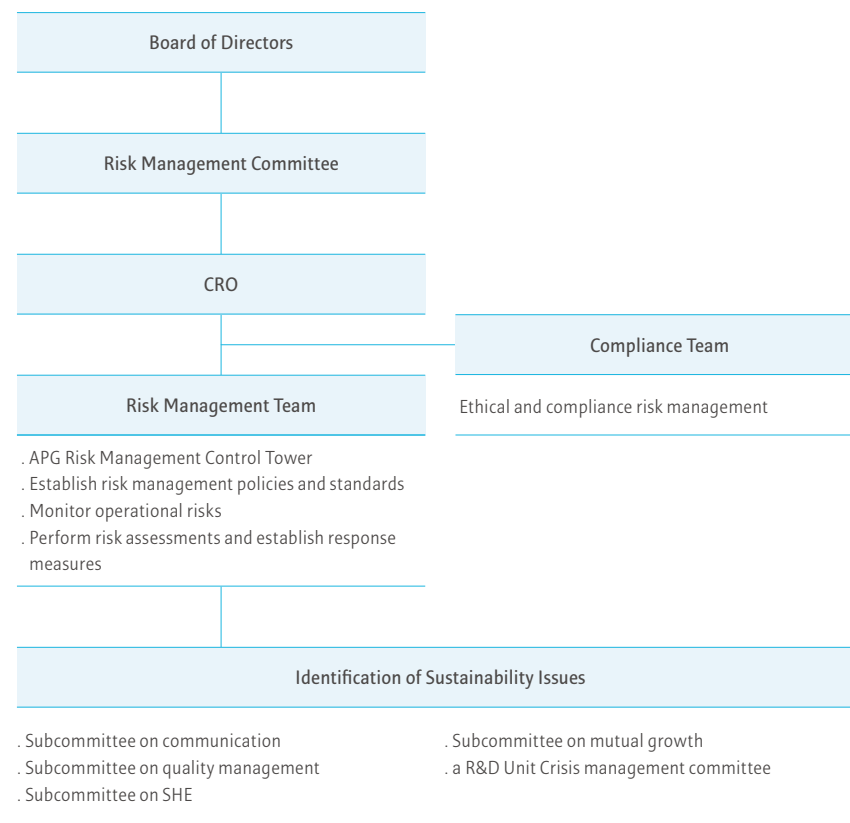
### Measures about Reported Unethical Conducts

Category	Investigated Cases	Results of Measures		
		Heavy punishment	Light disciplinary action	Total
Violation of work processes	14	1	2	3
Violation of outside work/Absenteeism and tardiness rules	9	2	3	5
Private use of company assets	8	1	1	2
Sexual harassment/workplace harassment	7	1	-	1
Unfair transactions with suppliers/Reception of gifts	2	-	-	-
Leaking trade secrets	2	-	2	2
Failure to comply with ethical standards	1	1	-	1
<b>Total</b>	<b>43</b>	<b>6</b>	<b>8</b>	<b>14</b>

# Risk Management

## Risk Management System

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



## Risk Management Process

The risk management system of Amorepacific Group is operated based on the following keywords: Precaution, Response and Recurrence Prevention.

### Risk Detection and Prevention

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

### Risk Response

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

### Risk Diagnosis and Prevention of Recurrence

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

## Risk Management Activities

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

Market Risk	Product Risk	Supply Chain Risk	Sales & Distribution Risk
<ul style="list-style-type: none"> <li>. Increased global regulations on safety and environment</li> <li>. Diversification of customer needs</li> <li>. Increased possibility of major disasters and natural calamities</li> </ul>	<ul style="list-style-type: none"> <li>. Increased importance of managing product safety and harmful materials</li> <li>. Measures to prevent recurrence of customer complaints</li> </ul>	<ul style="list-style-type: none"> <li>. Increased importance of demand prediction and supply management in accordance with changes in the market environment</li> <li>. Fluctuations in the supply environment of raw materials due to external influences</li> </ul>	<ul style="list-style-type: none"> <li>. Increased need for efficient management attuned to each country</li> <li>. Response to changes in regulatory environment of each sales and distribution channel</li> </ul>
<b>Reputational Risk</b>			

## Managing Emerging Risks

Through regular analysis of internal and external environments and social changes, Amorepacific Group identifies long-term risks and implements countermeasures to effectively respond to those risks.

Risks	Changes in the Distribution and Sales Environment Due to the Acceleration of Digitalization	Changes in Physical External Environments Due to Reinforced Global Environmental Regulations
Risk description	<ul style="list-style-type: none"> <li>Continued growth in online and mobile markets due to ICT development</li> <li>Stronger regulations enforced by the Fair Trade Commission of Korea, including the Act on the Fairness of Franchising Transactions and the Fair Transactions in Agency</li> </ul>	<ul style="list-style-type: none"> <li>Increased market and operational risks due to global environmental regulations (e.g. regarding plastics and biodiversity) and increased demand from stakeholders and investors</li> <li>Increased physical risks caused by climate change such as extreme weather and natural disasters</li> </ul>
Impact of the risks	<ul style="list-style-type: none"> <li>Decline in sales of existing offline retail channels due to increase in online or mobile purchasing</li> <li>Increased issues of personal information protection and information security due to the expansion of online channels</li> <li>Impediment to mutual growth due to recess in business of franchise and agent stores</li> </ul>	<ul style="list-style-type: none"> <li>Increased demand for products considering eco-friendly elements, such as the control of plastic use and the EU's Product Environmental Footprint regulation</li> <li>Possibility of new trade barriers, such as a carbon border adjustment mechanism (CBAM) due to regulations on global climate change</li> <li>Fluctuation of prices and difficulties in stable sourcing of natural raw materials for cosmetics and household products due to harming the ecosystem</li> </ul>
Response activities to risks	<ul style="list-style-type: none"> <li>Strengthening e-commerce strategies and expanding online business partnerships</li> <li>Digital transformation</li> <li>Expansion of O2O services in offline stores</li> <li>Providing unique customer experience at offline stores</li> <li>Reinforcing win-win programs with business partners</li> </ul>	<ul style="list-style-type: none"> <li>Strengthening the development of products with improved environmental impacts and establishing lifecycle assessment system</li> <li>Through establishing mid- to long-term strategies for climate change, expand the use of renewable energy and increase the energy use efficiency</li> <li>Securing the stability of supply and demand by monitoring changes in market prices of critical/natural raw materials such as palm oil, expanding research on biodiversity, and through the supply chain CSR program</li> </ul>

## Transparent Tax Payment

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

We do not employ a tax structure that has no commercial practicality or abuses the differences and loopholes in the tax system between different countries to unreasonably reduce its tax liabilities. We legally allocate the taxable income depending on values generated in each country where we operate our business. In particular, we prohibit the transfer of values, including intangible or financial assets, to any region with a loose tax jurisdiction, such as low effective tax rates. We also stringently restrict the use of tax havens. We examine these rules through the Board of Directors and monitor the status of all tax payments associated with the company.

### Amorepacific Tax Payment Status

(million KRW)

Category	2019	2020
Earnings before Tax	370,602	25,293
Reported Taxes	91,913	5,883
Tax Adjustment <sup>1)</sup>	54,928	(2,459)
Effective Taxes	146,841	3,424
Effective Tax Rate (%)	39.6	13.5
Cash Taxes Paid	113,860	42,266
Cash Tax Rate (%)	30.7	167.1

### Tax Payment Status<sup>2)3)</sup>

(million KRW)

Category	Amount
Korea	31,821
China (mainland)	9,070
Indonesia	(513)
Japan	553
Thailand	464
Taiwan	122
Vietnam	749

1) Reasons for tax adjustment: Non-taxable revenue and non-deductible expenses, unrecognized changes in deferred corporate taxes, tax credits, and the current adjustment to corporate taxes from previous periods.

2) Corporate taxes actually paid for the taxes occurred in the previous year, while corporations whose tax payment date had not arrived were excluded.

3) No unpaid corporate taxes, except corporations whose tax payment date having not arrived.



# Customer Satisfaction

## Customer Satisfaction

With the aim of getting to know customers in depth, the “Tiki Taka” program was conducted as a pilot program in May 2020 to deliver the voice of customers (VOC) directly to executives and share what customers want. The program consisted of four sessions: (1) examining major VOCs in the customer service team, (2) 1:1 reverse mentoring by the company’s millennial generation employees, (3) visit to a store, and (4) a meeting with the customer advisory group. Meanwhile, Amorepacific Group newly established our call center service system to ensure that there is no difficulties in customer service even in flexible working environments such as telecommuting amid the COVID-19 pandemic.

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

Category	2017	2018	2019	2020
Percentage of Resolved Customer Complaints (%)	99.3	99.6	99.7	99.6
Satisfaction Measurement Results (scores)	61.4	66.8	70.7	75.3

1) Calculation scope based on domestic Amorepacific businesses

# Information Security

## Privacy Protection

### Customer Privacy Protection Activities

To protect customer privacy safely, Amorepacific conducts an overall inspection, including websites that provide services to customers and the level of privacy protection of its business partners that maintain the sites.

In 2020, we identified areas to be protected by analyzing the lifecycle flow of customer information by focusing on checking web services and mobile applications that are open to the public, and provided our trustees with a guide to improve security levels on their own. Starting in 2021, we plan to make and release an infographic<sup>1)</sup> version of the Privacy Policy so that customers can better understand how their personal information is handled. Amorepacific will continue to work hard to protect personal information for every customer.

However, we are open to taking complaints related to customer privacy at all times (privacy@amorepacific.com) through our dedicated department, and in 2020 there were no violations related to privacy protection.

1) Infographics are graphic visual representations of information, data, or knowledge.

## Information Security

### Strengthening Monitoring Systems and Processes to Prevent Information Leakage from Overseas Subsidiaries

Privacy protection acts are being strengthened around the world, including the U.S., China, and Vietnam, to secure their data sovereignty and protect the rights of the people. As a result, Amorepacific is making efforts to minimize customer damage or business impact caused by personal information leakage abroad.

In 2020, we established an overseas corporate information leakage monitoring system and will start controlling it in 2021. If employees at our overseas subsidiaries accidentally leak information while using computer devices and the Internet or intentionally attempt to leak information with turnover in mind, the pre-established automation system detects anomalies and staff in charge will work closely with each subsidiary. This can help prevent important business secrets such as manufacturing technology, R&D, and marketing know-how, as well as customer personal information, from being leaked through our overseas subsidiaries.

### Reinforced Remote Work Security Responding to the Impact of COVID-19

Social concerns about security are increasing as remote work becomes common due to the influence of COVID-19. Remote work can be more exposed to hackers' attacks, such as malware injection and phishing, and because it is beyond the scope of the existing hacking defenses of most companies, it can unknowingly lead to infections, leaking important data from the company or penetrating internal systems.

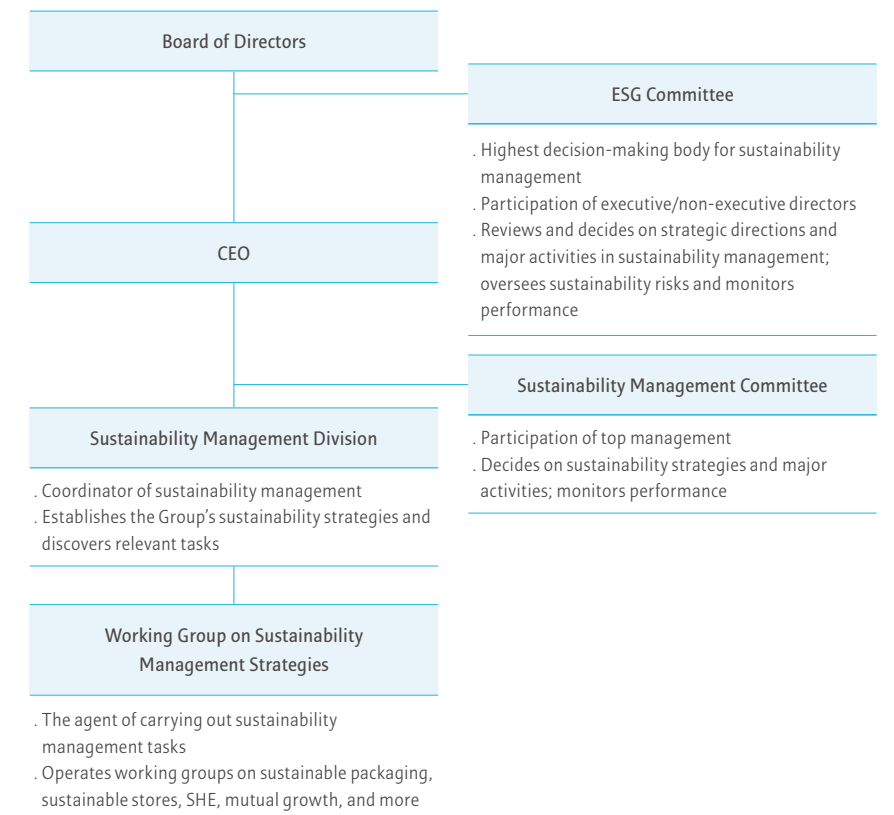
Amorepacific introduced a Zero Trust<sup>1)</sup> concept security system in 2020 and will apply it to all employees by 2021. Therefore, Amorepacific employees will be able to communicate through Internet points of preference (POPs) located around the world regardless of where they work, and secure filtering services will allow them to focus on their work with confidence. Through this system, we can also expect to prevent recent ransomware infections that require money as collateral for corporate information.

1) Zero Trust is a security model that requires strict identity verification, not trusting anyone by default, even those already inside the network perimeter.

# Sustainability Management System

## Sustainability Management Committee

In an effort to create A MORE Beautiful World, Amorepacific Group has set out three main Commitments—Sustainable Lifestyle, Inclusive Growth, Circular Economy—and eight goals of the 2020 Sustainability Commitments. Each year, we plan and implement new tasks to achieving these goals. After newly making the Sustainability Management Division in 2018, the Group built more systematic strategies and strengthened working group activities with employees. Opening the outcome of sustainability management with transparency to stakeholders, Amorepacific Group shares the value of sustainability that the Group pursues. In 2020, the Sustainability Management Committee was convened twice, enhancing the execution of sustainability management by reflecting key indexes on the performance evaluation of executives in charge. In April 2021, the ESG Committee was launched inside the Board of Directors as the highest decision-making body on sustainability to make strategic decisions on sustainability and monitor the implementation of core tasks in cooperation with the Sustainability Management Committee, which is a top-management oriented consultative body.



# Sustainability Management Performance



# Sustainable Products and Value-oriented Consumption

## Sustainable Products

In order to expand the development of sustainable products, Amorepacific Group revised the "Sustainable Product Development Guidelines" in 2018 and defined a total of 21 sustainable product types. Based on this, research and development, marketing, design, and packaging development sectors discuss ways to ensure product sustainability from the early stages of product development planning, and apply them to new products.

### Product Lifecycle Assessment

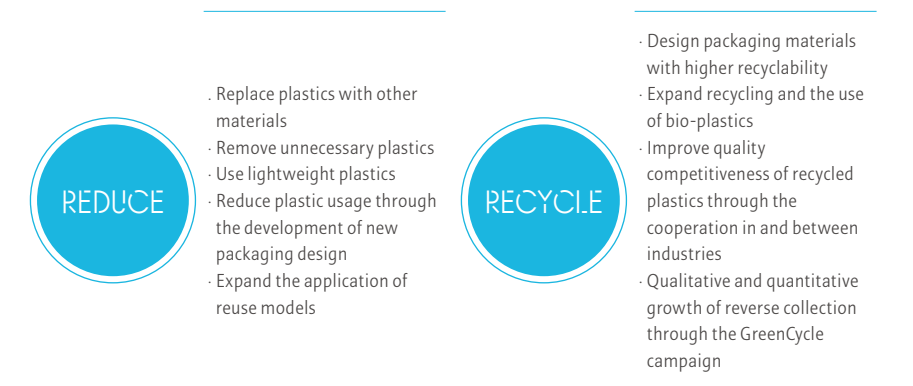
Amorepacific Group measures products' lifecycle assessment, which measures environmental impact in the entire process from the raw materials extraction and processing through the products' manufacture, distribution and use to the recycling or final disposal. In 2020, LANEIGE Water Sleeping Mask EX acquired Product Water Footprint (PWF), and OSULLOC Sejak 80g obtained the Product Carbon Footprint (PCF), the certification for water and carbon footprint measurement and emission reduction certificate by Carbon Trust.

### Goals and Achievements in Sustainability of New Products

As a consumer goods company, Amorepacific Group works hard to fulfill its responsibility to minimize the negative environmental impact of product consumption, increase positive social impact, and help customers solve environmental and social problems through consumption. The Group set a goal of implementing sustainability for more than 40 percent of its new products by 2020. This goal achieved the target early by implementing sustainability for 45.9 percent of new products released in 2019, and 61.1 percent of new products released in 2020.

## The Pursuit of Eco-friendly Packaging

Amorepacific Group makes efforts to build virtuous circle system of packaging by minimizing unnecessary plastic consumption, promoting recycling and reuse of plastic packaging.



## Products with Less Environmental Impact

### Sustainable Paper Packaging

Amorepacific Group uses FSC-certified papers and papers made from plant by-products to produce paper boxes used in the secondary packaging of products. In 2019, APG brands including Sulwhasoo, LANEIGE, Mamonde, HERA, primera, IOPE, and HANYUL used FSC-certified papers in more than 335 products. primera used FSC-certified papers in packaging boxes for all of its products. inisfree, ETUDE and LIRIKOS used product boxes made of plant by-products derived paper, which used a mixture of byproducts of tangerines, sugar cane, with seaweed and wood pulps.

### Improving the Resource Efficiency of Packaging Materials

Amorepacific Group is now using recyclable, plant-based plastic or plastic materials that include recycled raw materials for the production of plastic packaging. In 2020, the Group used plant-based plastic in a total of 27 new products for brands such as primera, Mamonde, HANYUL, HAPPY BATH, Illiyoon, and ETUDE. In addition, Amorepacific improved resource efficiency by applying recycled plastic to a total of 37 products for brands including primera, Mamonde, HANYUL, innisfree, ETUDE, and HAPPY BATH.

### Sustainable Palm Oil

Amorepacific Group is deeply aware of the environmental issues caused by the reckless cultivation of palm plantation. Through compliance to the RSPO certification system, we support the use of sustainable palm oil and continue to purchase more sustainable palm oil without damaging forests. In 2020, about 45% of the palm-derived raw materials used by Amorepacific Group were purchased as RSPO-certified raw materials. Also, by 2023, we are planning to convert into more than 90% of RSPO certified raw materials.

## Products with a Greater Social Impact

### Using Raw Materials from Beautiful Fair Trade

Amorepacific Group pursues mutual growth with local communities by using raw materials purchased through a “Beautiful Fair Trade” agreement and creating products with locally produced ingredients. In 2020, a number of Amorepacific brands, including Sulwhasoo, HANYUL, mise-en-scène, and innisfree, used ingredients purchased through the Beautiful Fair Trade program for 33 new products. By using trustable ingredients in products, Amorepacific Group tried to help customers feel convinced of product quality and contribute to local communities through fair and proper trade.

### Developing Product Containers with Universal Design

Amorepacific Group is expanding the application of universal design to its product containers so that anyone, regardless of their age or physical disability, can easily use its products. In 2020, mise-en-scène applied tactile markings on the surfaces of new product containers of its damage care line, scalp care line, and aging care line to make it easy to distinguish between different products.

### Developing Vegan-certified Products

Amorepacific Group is developing vegan-certified products to support valuable consumption that advocates love and protection for animals. In 2020, VITALBEAUTIE launched vegan-certified products, including META GREEN SLIM, in order to practice animal protection.

## Expansion of Value-oriented Consumption

### Operating “inniclass” with Seoul Upcycling Plaza

innisfree has been operating upcycling experience programs called “inniclass” for innisfree customers in collaboration with tenant companies in the Seoul Upcycling Plaza in order to contribute to the growth of upcycling companies and promote the transition to a resource-recycling society. innisfree has helped customers easily participate in various upcycling companies’ programs, providing opportunities for value-driven consumption.

# Implementing a Great Workplace<sup>1)</sup>

## Employment Status

### Overall Employment Status

(persons)

Category	2018	2019	2020
Total	13,032	13,257	12,387
Domestic	7,596	7,603	7,288
Overseas	5,436	5,654	5,099

### Domestic Employment Status

(persons)

Category	Amorepacific Group			Amorepacific			
	2018	2019	2020	2018	2019	2020	
Employment Status	Permanent	7,195	7,215	6,970	5,773	5,700	5,521
	Temporary	401	388	318	318	276	226
Gender	Men	2,717	2,689	2,607	1,926	1,898	1,840
	Women	4,879	4,914	4,681	4,165	4,078	3,907
Age Group	Under 30	2,578	2,288	1,743	2,101	1,788	1,364
	30-50	4,760	5,047	5,248	3,809	3,992	4,168
	50 or higher	258	268	297	181	196	215
Employees with Disabilities <sup>2)</sup>	76	96	109	70	87	109	

1) New indicators started to be calculated in 2020 with no comparative figures.

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

### Employment Status in Overseas Offices

Category		2018	2019	2020
Number of Local Employees (persons)	Total	5,286	5,493	4,939
	Asia	5,009	5,242	4,737
	Europe and others	124	69	61
	North America	153	182	141
Ratio of Local Employees (%)		97.2	97.2	96.9
Ratio of Local Female Employees (%)		86.0	85.5	84.8
Ratio of Local Managers (%)		65.0	59.6	58.6
Ratio of Local Female Managers (%)		74.1	75.6	76.2

### Amorepacific Group Employment and Turnover (Domestic)

Category		2018	2019	2020
New Employees (persons)		731	744	431
Voluntary turnover rate (%) <sup>1)</sup>		7.1	5.9	13.3

### Amorepacific Employment and Turnover (Domestic)

Category		2017	2018	2019	2020
Employment	New employees (persons)	756	549	459	286
	Internal employment rate for open positions (%) <sup>2)</sup>	-	-	-	32.6
	Average employment cost (Ten thousand won)	-	-	-	114.3
Turnover Rate <sup>1)</sup>	Total turnover rate (%)	6.2	6.9	6.0	14.9
	Voluntary turnover rate (%)	6.1	6.8	5.2	14.5

1) A temporary increase in the turnover rate due to the large voluntary turnover rate in the second half of 2020.

2) The internal employment rate for open positions and average employment cost were calculated on a full-time job basis.

### Securing Women Leadership

Amorepacific Group is committed to securing women leadership, as the majority of consumers in the cosmetics industry are women. Furthermore, the Group aims to maintain the proportion of female employment and female managers above the average of private companies and industries.<sup>1)</sup> To secure women leadership, the Group is focusing on creating a corporate culture where employees in all genders work with other employees with consideration. The Group also introduced flexible working hours as a policy to ensure the maximum efficiency of work and find a balance between work and life.

### Amorepacific Group Women Leadership

Category		2018	2019	2020
Female Employees	Ratio of female employees (%)	72.3	72.5	71.8
	Employees (persons)	13,032	13,257	12,387
	Female employees (persons)	9,425	9,613	8,891
Female Managers	Ratio of female managers (%)	33.4	33.6	35.3
	Total number of managers (persons)	1,403	1,361	1,466
	Total number of female managers (persons)	468	457	517

### Amorepacific Women Leadership

Category		2018	2019	2020
Female Employees	Ratio of female employees (%)	75.6	75.5	74.8
	Employees (persons)	11,527	11,630	10,846
	Female employees (persons)	8,711	8,777	8,117
	Ratio of female with revenue generating positions (%)	-	-	79.1
	Ratio of female with STEM-related positions (%)	-	-	50.1
Female Managers	Ratio of female managers (%)	35.6	35.5	37.7
	Total number of managers (persons)	1,139	1,095	1,166
	Total number of female managers (persons)	406	389	439
	Ratio of top female managers (%)	-	-	23.9
	Ratio of junior-level female managers (%)	-	-	43.2
Equal Pay (Ratio of wage for female compared to male, %)	Executive position (Base pay)	-	-	90.2
	Executive position (Total)	-	-	88.7
	Managerial position (Base Pay)	-	-	98.3
	Managerial position (Total)	-	-	98.3
	Non-managerial position	-	-	95.8

1) The Ministry of Employment and Labor's "Analysis of Active Employment Improvement Measures" shows that private companies had an employment rate of females at 37.51%, and 21.91% of female managers. (Female employees' average wages compared to male employees' average wages)



## Employee Education and Training Status

Amorepacific Group offers a variety of educational programs to enhance the competency of all employees. Despite the slight decrease in the average training cost per employee<sup>1)</sup> in comparison to the previous year, we will continue to carry out various programs to strengthen leadership, secure global competitiveness, promote our corporate culture, and reinforce professional job competency.

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

Category	Amorepacific Group			Amorepacific		
	2018	2019	2020	2018	2019	2020
Training Cost per Person (10,000 KRW)	103.3	67.5	60.1	102.9	71.4	68.5
Training Hours per Person (Hours)	66.1	53.6	65.5	69.3	56.7	71.4

1) Training cost per person was reduced because offline training was reduced and online training increased due to COVID-19.

## Great Workplace

### Employee Engagement

In order to create an organizational culture where everyone enjoys their work and are creative, Amorepacific Group conducts annual Engagement Surveys. Since 2017, the assessment model was improved by revising certain criteria and specifying the definition of “engagement.” Through the assessment, Amorepacific Group comprehended the direction of improvements that needed to be made and reflected them in their overall business activities.

### Engagement Survey Results

(%)

Category	2018	2019	2020
Amorepacific Group	48.2	45.5	43.1
Amorepacific	45.1	41.5	37.5

## Support for Health and Well-being

Category	Key Programs
Stress Management	<ul style="list-style-type: none"> <li>AP-Severance Clinic</li> <li>Autonomic Nervous System testing (stress test) and mental health clinic</li> <li>Happy Life Consulting</li> <li>Psychological counseling service operated both through meetings and calls</li> </ul>
Healthy Working Environment	<ul style="list-style-type: none"> <li>Management of lighting, noise, air quality, humidity and temperature to create an ergonomic working environment</li> </ul>
Physical Health Training	<ul style="list-style-type: none"> <li>In-house fitness centers and healing facilities</li> </ul>
Supporting the Health of Employees	<ul style="list-style-type: none"> <li>AP-Severance Clinic                             <ul style="list-style-type: none"> <li>General practice, gynecology, and otolaryngology</li> <li>Vaccination, nutrition counseling, and physiotherapy and manipulative therapy facilities for musculoskeletal treatments</li> </ul> </li> <li>Post-examination care service for employees with potential health risks                             <ul style="list-style-type: none"> <li>Follow-up healthcare through the AP-Severance Clinic and local healthcare institutions</li> <li>Participation rate of employees with potential health risks in the post-examination care service: 39%</li> </ul> </li> </ul>

## Support for the Pregnant Women and Parents

Amorepacific Group operates the “Care for Expectant Moms” program to create a working environment better suited for pregnant women. The program promotes shortened working hours, prenatal testing during working hours and compliance to no excessive working hours. The program also provides ergonomic chairs, footrests and radiation shielding blankets to help relieve physical discomfort of pregnant women, as well as stretch mark creams and supplements for pregnant women to stay healthy. Furthermore, we encourage the parents of newborns to use parental leave, and we also operate on-site daycare centers at Amorepacific headquarters, Amore Future Park, and Amore Beauty Park. The Group also operates flexible working hours, enabling employees to freely set commuting hours within 40 hours a week (statutory working hours) as well as shortened working hours during the early years of parenting, while implementing maternity and parental leaves and pay systems according to the laws and regulations of each respective country we operate in.

### Parental Leave Status (Domestic)

Category	Amorepacific Group			Amorepacific		
	2018	2019	2020	2018	2019	2020
Number of Employees Using Parental Leave (persons)	289	321	455	248	273	383
Return-to-work Rate After Parental Leave (%)	92.4	96.4	93.1	92.2	97.3	92.5
One-year Retention Rate After Returning to Work (%)	84.9	81.4	91.4	83.1	80.2	91.2

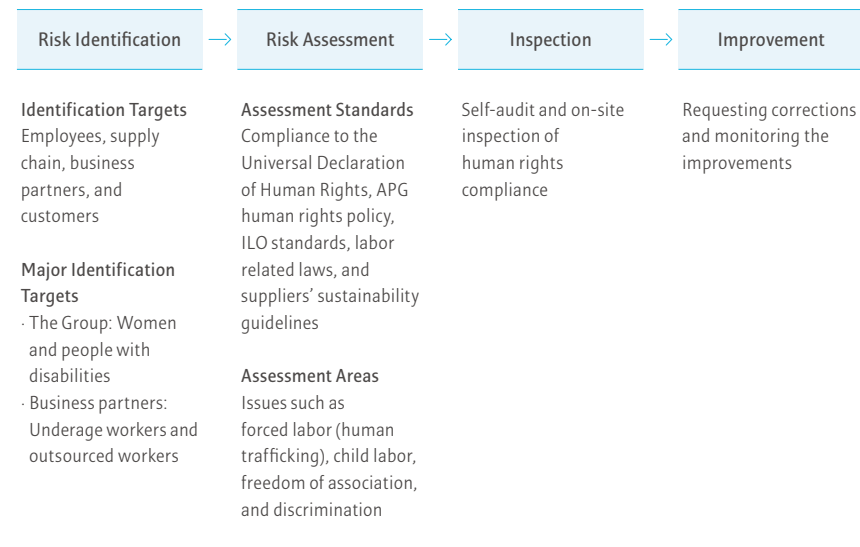
## Human Rights

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

### Identifying Human Rights Risks and Areas of Improvement

Amorepacific Group identifies potential human rights issues in its supply chain and subsidiaries by considering past incidents and frequency and their seriousness. The human rights assessment focuses on weak areas based on the characteristics of each subsidiary and local laws and regulations, and the results are reflected in the Group's action to correct and to prevent the recurrence of such issues.

#### Human Rights Inspection Process



### Human Rights Inspection Results

Amorepacific Group conducts self-inspections of human rights status in all of its 11 subsidiaries, including Amorepacific, on labor and human rights, such as the compliance to the Labor Standards Act as well as wage standards and the non-discrimination principle. In 2020, no serious cases for improvement were found in any of our subsidiaries. Each year, we inspect the human rights status of our suppliers through third-party agencies, identifying and requiring corrective actions for areas of improvement, such as providing education and training to employees and ensuring the freedom of association.

### Sexual Harassment Prevention Education

Amorepacific Group conducts sexual harassment prevention education to prevent sexual harassment in the workplace. In April 2020, the Group ran the regular online education on sexual harassment prevention. In December, additional courses were held for new employees and those who did not complete their courses.

### Education to Improve Disability Awareness

To broaden the value of living together and improve the perception of employees with disabilities, Amorepacific Group conducts education on the improvement of disability awareness. In May 2020, the first regular online education session was held. For new employees and those who did not complete the session, an additional session was held in December 2020.

### Establishing a Trustworthy Labor-Management Relationship

For the past 28 years, Amorepacific has maintained a dispute-free labor-management relationship by building mutual trust and communication. Amorepacific and every subsidiary carry out self-inspections of work conditions at least once a year. Amorepacific's Labor-management Cooperation Team and HR Team provide active support to areas that need improvement from inspection results. As of the end of 2020, the Amorepacific Labor Union consists of 2,692 members, which accounts for 50.1 percent (5,371 employees) of all employees. Employees are entitled to freely join or withdraw from the union and the biennial collective agreement applies to all employees. The Amorepacific Labor-Management Council is held each quarter as a place to discuss employee welfare, grievance handling, safety management and other ways to achieve mutual growth.

## Safety and Health

### Amorepacific Group's Seven Principles on Safety and Health

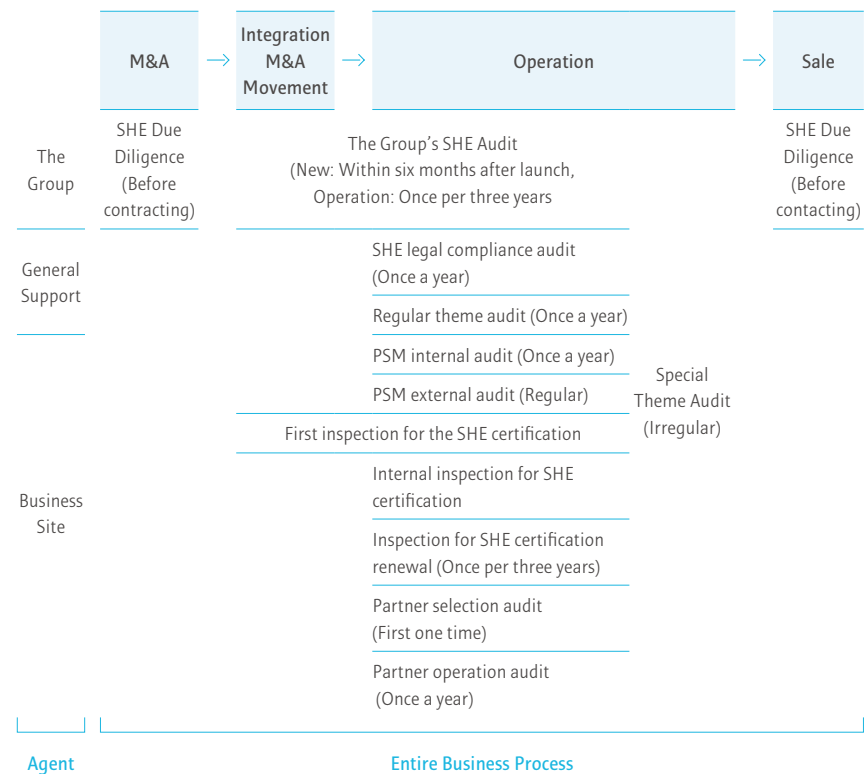
Amorepacific Group is making its best efforts to create a safe and healthy working environment following the seven principles of occupational safety and health based on the SHE standards.

Awareness	Behavior	Check
<ul style="list-style-type: none"> <li>· Safety and health training</li> <li>· Expert management</li> </ul>	<ul style="list-style-type: none"> <li>· Safety management of facilities and equipment</li> <li>· Safety management of hazardous and dangerous work</li> <li>· Preparation for and response to emergency situations</li> </ul>	<ul style="list-style-type: none"> <li>· Measurement and monitoring</li> <li>· Auditing and corrective actions</li> </ul>

### SHE Audit & Assessing Compliance to Laws and Regulations

In order to manage global SHE risks as well as laws and regulations, Amorepacific Group has introduced groupwide advanced management standards and established a SHE standard and SHE audit system. As a result, the Group constantly monitors, assesses, and improves related issues and risks. The Group has an advance inspection system from a SHE perspective when taking over new business sites. SHE achievements are constantly managed through various means, ranging from self-audits at business sites, cross-audits between different sites, as well as third-party audits by professional external institutions, resolving and improving issues by prioritizing higher risks.

### SHE Audit Types and Cycles



### Improving the High-risk Work Safety Management Process

Amorepacific Group established a safety management process and checked its implementation level to reduce potential risks in outsourcing work, which is difficult for the Group to fully control. We checked the compliance with safety management checklists and safety rules for high-risk tasks. In addition, the Amorepacific Group SHE Accident Management Guide was established to analyze the root cause of safety accidents occurring at our business sites and establish measures to prevent recurrence, and specialized training was conducted for related personnel to introduce the root cause analysis method.

### Strengthening Safety Management of Suppliers

Amorepacific Group is continuing its efforts to reduce industrial accidents. In response to the Serious Accidents Punishment Act, which is scheduled to take effect in 2022, Amorepacific Group has implemented a variety of activities to reduce safety and health risks and improve management levels. The Group produced and distributed new video clips about safety accidents based on actual cases, and expanded counseling activities to reduce job stress for employees of suppliers. The Group also participated in the Health and Safety Collaboration Program to conduct safety and health support activities, such as risk assessment and joint inspections.

### Safety Leadership Tour

Amorepacific Group runs a Safety Leadership Tour Program to foster safety culture at business sites. It is a safety assessment program directed by employees in charge of management of business sites. The goal of the program is the establishment of a safe working environment by enhancing the level of safety and health management and improving awareness among employees. The program is based on the Amorepacific Group's SHE standards and related laws and regulations, and inspects working environments, health and sanitation, education management, emergency response, chemical substance management, and supplier management.



### Employee Health Promotion

Amorepacific is carrying out various activities to prevent musculoskeletal disorders and promote health for its employees. In particular, the Group opened its Musculoskeletal Management Center in Beauty Park Osan through its industry-academic cooperation with Yonsei University in 2020. The Musculoskeletal Management Center prevents and manages musculoskeletal disorders that can occur while employees handle heavy materials or take on unstable postures and repeat the same movements many times during production activities. Full-time professional personnel will select high-risk groups and focus on managing employees with musculoskeletal pains. In 2020, we also tried to overcome Corona Blue and reduce work stress through the mental program "We Care," including meditation, mindfulness yoga, and resilience cultivation. In 2021, the Group is planning to expand mental health management activities further through the program for SCM and R&D employees.

### Opening of the Musculoskeletal Management Center



### Amorepacific Group Occupational Safety and Health

(%)

Category	2017	2018	2019	2020
Fatal accidents (cases)	0	0	0	0
Accident rate (%)	0.042	0.116	0.051	0.065

### Amorepacific Occupational Safety and Health

(%)

Category		2017	2018	2019	2020
Amorepacific (total)	Fatal accidents (cases)	0	0	0	0
	Accident rate <sup>1)</sup>	0.050	0.138	0.050	0.066
	LTIFR <sup>2)</sup>	0.262	0.721	0.261	0.338
	Occupational disease rate	0.000	0.000	0.000	0.000
Amorepacific (Domestic)	Accident rate	0.032	0.097	0.065	0.068
	LTIFR	0.166	0.504	0.340	0.353
	Occupational disease rate	0.000	0.000	0.000	0.000
Amorepacific (Mainland China)	Accident rate	0.119	0.286	0.000	0.055
	LTIFR	0.619	1.490	0.000	0.289
	Occupational disease rate	0.000	0.000	0.000	0.000

### Amorepacific In-house Suppliers' Occupational Safety and Health

(%)

Category		2017	2018	2019	2020
Amorepacific (total)	Fatal accidents (cases)	0	0	0	0
	Accident rate	0.119	0.063	0.040	0.049
	LTIFR	0.618	0.328	0.206	0.253
	Occupational disease rate	0.000	0.000	0.000	0.000
Amorepacific (Domestic)	Accident rate	0.096	0.000	0.033	0.038
	LTIFR	0.498	0.000	0.172	0.198
	Occupational disease rate	0.000	0.000	0.000	0.000
Amorepacific (Mainland China)	Accident rate	0.126	0.083	0.042	0.052
	LTIFR	0.658	0.434	0.217	0.272
	Occupational disease rate	0.000	0.000	0.000	0.000

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

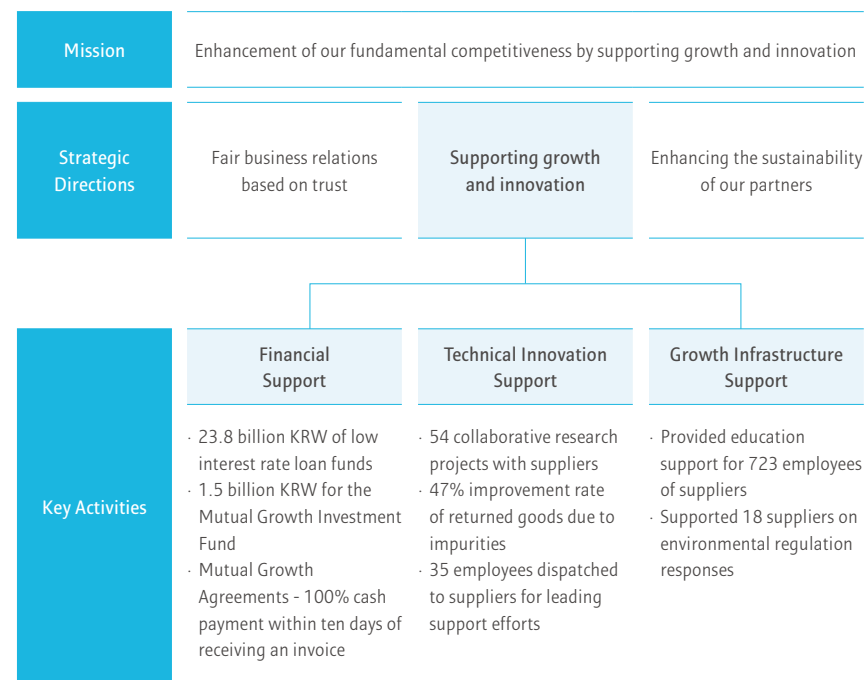
2) Lost Time Injuries Frequency Rate (LTIFR): The number of lost time injuries occurring in a workplace per 1 million hours worked (Total cases of accidents/annual hours worked×1,000,000)

# Building Trustworthy Business Partnerships

In the global business environment, competitiveness of the overall corporate environment is the driver of sustainable growth. Coexistence and mutual growth with business partners is also the Group's responsibility as a corporate citizen. Through fair trade, Amorepacific Group strives to build trustworthy business partnerships by supporting the growth and innovation of our partners.

## Mutual Growth

### Mutual Growth Strategy



### Financial Support

Amorepacific Group provides direct assistance to suppliers using the 8.8 billion KRW Win-Win Partnership Fund. The Group also runs a Mutual Growth Fund of 16.5 billion KRW, an increase of 8.4 billion KRW from the previous 8.1 billion KRW. As of 2020, the Group is also operating a 1.5 billion KRW Mutual Growth Investment Fund to strengthen suppliers' capabilities.

As of 2020, the Group provided 100 percent cash payment within 10 days of receiving invoices with a total of 138 suppliers. In September 2019, the Group introduced a mutual growth payment system to 121 suppliers to enhance the payment flow to primary suppliers, which resulted in a better payment process for secondary suppliers. As of 2020, 192 billion KRW was paid through the mutual growth payment system.

### Technological Innovation Support

In 2019, Amorepacific Group signed an MOU with the Korean Ministry of SMEs and Startups to participate in the Private and Public Joint R&D Project. As a result, the Group pledged to provide a total of 5.1 billion KRW for a span of three years by 2021. In 2020, the Group took part in joint R&D projects to develop eco-friendly packaging for reducing plastic waste and circulating resources, while also creating devices for digital transformation. In 2020, the Group supported two suppliers to develop a smart manufacturing execution system. As a result, real-time manufacturing and operation systems, as well as supply plans in sync with Amorepacific's system, and a data-based inventory management system were developed to enhance suppliers' competency.

Additionally, the Group provided consulting for 8 suppliers to improve issues with product impurities. This resulted in the rate of returned products due to impurities improving by 47 percent over the previous year. In 2020, a total of 54 R&D projects were carried out in collaboration with suppliers through various measures, including the sharing of research results, with the Group providing 1.15 billion KRW to suppliers.

### Growth Infrastructure Support

Since 2015, Amorepacific Group has provided suppliers with both manpower and financial support for participating in trade exhibitions held overseas. In 2020, it was difficult for suppliers to participate in trade exhibitions because of COVID-19, but small and medium-sized companies took part in an online purchase consultation meeting hosted by the Korea Foundation for the Cooperation of Large & Small Businesses, Rural Affairs, and checked the possibility to work with Amorepacific Group.

Although an HRD Consortium—an education program for employees of small and medium suppliers—was completed at the end of 2018, the Group is continuing to provide education programs for suppliers to enhance employee capabilities and stabilize human resources. In 2020, the Group launched 31 training courses revolving around key professional tasks in the cosmetics industry and provided education to 723 employees of 65 suppliers.

## Sustainable Supply Chain Management

Recently, laws and regulations on labor standards, safety, and environment have been strengthened as a result of increased interest in various incidents such as forced labor and child labor within the global corporate supply chain and environmental disasters and accidents. In response, stakeholders are also requesting stronger measures on such issues. As Amorepacific Group expands into the global market, the sustainability of business partners within the corporate ecosystem both serves as a risk and an opportunity. To manage business risk and observe social responsibility of the overall value chain, Amorepacific Group has worked hard to build a healthy corporate ecosystem and realize its 2020 sustainability management vision of inclusive growth. In order to achieve its goals, the Group established sustainable management guidelines to provide ways to assess their sustainable management and help suppliers to improve inadequacy in sustainability.

### SCM Status

Amorepacific Group designates and manages its critical suppliers by strategic significance in response to the change of business environment, scale and importance of business transactions, and capacity of supply and development. As of the end of 2020, the Group categorized 49 suppliers as critical suppliers out of its 379 suppliers. Among them, 19 supply packaging materials, 16 supply raw materials, and 14 provide ODM products. Amorepacific Group purchased a total of 773 billion KRW from its suppliers that same year. To share the business performance with local communities, Amorepacific Group promotes purchasing products and materials from local businesses.

### Amorepacific Group Supplier Status

(unit)

Category	2018	2019	2020
Number of Suppliers	431	450	379
Number of Critical Suppliers	52	52	49
Number of Secondary Critical Suppliers	-	-	16
Total Purchasing Amount (KRW 100 million)	9,793	9,690	7,733
Purchasing Amount from Critical Suppliers (KRW 100 million)	4,250	4,065	3,212
Rate of Local Purchasing in Overseas Business Sites (%)	70	75.5	75.4

### Main Target and Performance of Supplier Sustainability Management

Target	KPI	2018	2019	2020	2020 Mid- and Long-term Goals <sup>1)</sup>
80% of 'Good Performance' rated suppliers by 2020	Ratio of suppliers rated as 'Good Performance' in the annual sustainability assessment (%)	70	83	80	80
Doubling the number of the benefit sharing projects by 2020 (Compared to 15 in 2016)	Number of benefit sharing projects	35	29	54	30
Supporting over 1,000 suppliers' employees participating in the Supplier Training Program yearly	Number of suppliers' employees participating in the training program (persons/cumulative)	2,364	3,509	4,232	3,000

<sup>1)</sup> The 2020 mid- and long-term goals were exceeded and new 2030 mid- and long-term goals will be established and released in next year's report.

## Supplier Selection Policy

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

## Supplier Sustainability Assessment

Amorepacific Group has established, and requires all suppliers to comply with the Supplier Sustainability Guidelines, which set out 34 items on human rights and labor, health and safety, environmental protection, ethical management, and other areas that need to be considered in order to fulfill their social responsibilities. The Group has also prepared a manual on how to translate the guidelines into actions, publishing it on the Amorepacific Group website.

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

Over the past three years, a total of 85 suppliers, including all strategic suppliers and new suppliers, have received a sustainability assessment, and in 2020, 40 suppliers received on-site inspections by an independent third party. Suppliers that have been found to have significant social or environmental risks are required to take actions to handle the risks and follow up with measures to confirm that such risks have been dealt with.

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

Category	2018-2020	
Ratio of new suppliers that have received a sustainability assessment in the past three years (%)	100%	
Ratio of strategic suppliers that have received a sustainability assessment in the past three years (%)	Primary suppliers	100% / 85
	Secondary suppliers	100% / 16
Number of key suppliers that have received independent assurance on their sustainability in the past three years	40 / 85	

Supplier Sustainability Assessment and Improvements

Through supplier sustainability assessment, Amorepacific Group identifies potential risks and requires suppliers to take corrective measures. Through the 2020 sustainability assessment, all suppliers found potential risks. In cases where suppliers did not meet our standard or had critical violations, the Group requires those suppliers to take corrective actions and checks their corrective plans. With critical suppliers, we also check the completion of all plans. We provide support programs for suppliers in need of building a greater sustainability capacity, and will apply follow-up measures such as reduction of business with suppliers if they continue to be under a certain level in our sustainability assessment.

Corrective Actions Requests for High-risk Critical Suppliers (%)

Category	Corrective Action Request Rate	Corrective Action Plan Establishment Rate	Completion Rate
Three High-risk Suppliers	100	100	100

Corrective Action Requests by Area for Strategic Suppliers (%)

Category	Issue	Risk Level	Inappropriate Supplier Rate	Corrective Action Request Rate	Corrective Action Plan Establishment Rate
Labor	Lack of guidelines for preventing workplace bullying	High	32.5	100	100
	Lack of overtime consent procedures	High	30.0	100	100
Safety & Health	Failure to implement improvement measures after work impact assessment	High	37.5	100	100
	Lack of procedures to report disease caused by work	High	50.0	100	100
Environment	Lack of management of energy and GHG usage	Mid	35.0	100	100
Business Ethics	Lack of anonymity-guaranteed reporting channels on unethical cases	Low	50.0	100	100

Amorepacific Group manages a wide variety of CSR programs, focusing on three major initiatives for a more beautiful world: women, natural ecosystems, and culture. To achieve this vision, the Group operates diverse CSR programs to contribute to Gender Equality and Responsible Consumption and Production, which are the 5th and 12th agendas of the UN's Sustainable Development Goals (SDGs).

Amorepacific Group CSR Activities (million KRW)

Category		2018	2019	2020
Expenditures on CSR activities	Amount of Expenditure	22,644	23,610	18,601
	Ratio Compared to Sales (%)	0.37	0.38	0.38
Employee Volunteer Activities	Participation Rate (%)	74.7	64.8	39.9
	Average Hours of Volunteering	8.8	6.9	4.3
Disbursement of Funds from Public Foundations	Amorepacific Foundation	1,275	1,086	1,002
	Amorepacific Welfare Foundation	792	816	692
	Korea Breast Cancer Foundation	2,839	3,042	708
	innisfree Moeum Foundation	885	602	75

The Value of Amorepacific CSR Activities (million KRW)

Category	2018	2019	2020
Cash Donation	12,962	15,132	10,480
In-kind Donation	1,013	899	3,089
Management Overhead	5,475	4,594	2,994



20 by 20 Commitment Performance (2020)

Category	Beneficiaries (Persons)	Expenditure (million KRW)
Support for Women's Health and Well-being	64,671	1,568
Economic Empowerment of Women	2,416	2,300

Types of CSR Activities

Category	Program	Beneficiaries (Persons)	Expenditure (million KRW)
Korea	Makeup Your Life, Pink Ribbon Campaign, Hope Store, Beautiful Life, MEET YOUR DREAM	2,393	2,549
Mainland China	Makeup Your Life, MORI Run, Screening for Two Major Female Cancers, Better She, AMORE Youth	64,616	1,311
Taiwan	Makeup Your Life	78	8

Makeup Your Life

Launched in 2018, the Makeup Your Life campaign marked its 13th year in 2020. The campaign has delivered knowhow on how to beautify themselves to female cancer survivors who struggle with a sudden change of appearance due to chemotherapy. The aim is not to make women more beautiful but to help them go back to their basic everyday lives through appearance management such as skin-care and makeup.

In 2020, the campaign was conducted by Amorepacific corporations in Korea, China, and Taiwan under the strain of COVID-19 for a total of 979 cancer patients. Korean and Chinese corporations turned offline hospital campaign-oriented activities into live broadcasts in order to minimize the impact of COVID-19.

Patients who attended the Makeup Your Life campaign said in a survey that only 19 percent of them had self-esteem before joining the campaign, but 84 percent said they had self-esteem after taking part in the campaign, resulting in 65 percent of participants experiencing raised self-esteem.

In 2021, the Group will further expand overseas activities as a global corporate citizen through the launch of a campaign at Amorepacific Indonesia. In addition, we are planning to carry out various kinds of campaigns such as online, offline, and small classes according to the needs and ages of participating beneficiaries including the MZ (Millennials and Generation Z) generation. We will also work with professional medical staff at the Korea Breast Cancer Foundation to strengthen the quality of content for cancer patients' appearance management.

Pink Ribbon Campaign

In 2000, Amorepacific Group established the Korea Breast Cancer Foundation, a non-profit foundation for breast health, by investing all of its founding funds, and has been carrying out a Pink Ribbon campaign to support all generations of women so that they can pay more attention to their bodies and live healthy lives.

In 2020, the campaign's leading programs, Pink Run Plus (running festival) and Pink Tour (breast health education program) were carried out in a non-contact way due to COVID-19. Pink Run was conducted as non-contact running, and drew high attention and participation from people in their 20s and 30s, while it contributed to promoting the importance of steady exercise, especially in everyday life, for healthy lifestyles related to breast health. Pink Tour was also carried out in a non-contact way to offer information on breast health in a more convenient way. In the future, we will provide guidelines for the early detection of cancer and for healthier lives, and promote the importance of putting the guidelines into practice as we continue to help prevent breast cancer.

The Pink Ribbon campaign is spreading past Korea and going worldwide. The MORI Run is a running festival that Amorepacific China and the China Women's Development Foundation have held in Mainland China since 2016 in order to raise awareness for the world's two most prevalent cancers affecting women (breast cancer and cervical cancer). In 2020, the 5th MORI Run was carried out online by Amorepacific China due to COVID-19.

In order to pay more attention to underprivileged women during the COVID-19 pandemic, Amorepacific China and the China Women's Development Foundation supported 16,607 women residing in Heilongjiang, Guizhou, and Yunnan with free check-ups on two major female cancers, and invited health experts to produce and distribute online lecture videos on healthcare.

Hope Store

The Hope Store is a microcredit program that supports single mothers to launch businesses, making positive changes to the lives of their families. It was started by Heemang Seed Money, a fund donated by family members of Jangwon Suh Sungwhan, the founder of Amorepacific Group, on June 30, 2016 to commemorate his efforts to support the welfare of women and children. The Hope Store seeks to help single mother households to achieve the stabilization of livelihood by supporting them to launch new businesses in various fields, from food, beauty, service, retail to wholesale manufacturing and education.

Since the launch of the first Hope Store in 2004, the program has steadily grown together with store owners. It saw the launch of its 100th store in 2011, the 200th in 2013, and its 300th store in 2016. In 2019, the Hope Store opened its 400th store and the cumulative number of stores opened as of the end of 2020 was 438.

As of 2020, the business continuity rate of Hope Stores was as high as 71 percent. This is a figure achieved by the steady efforts of store owners, even though the entire self-employed market was hit hard by COVID-19 in 2020. In 2021, we will work hard to find new types of jobs that will secure labor competitiveness in order to strengthen the competitiveness of Hope Stores amid the changing labor market after the pandemic.

### Beautiful Life

Beautiful Life is a corporate social responsibility program launched in 2008 in partnership with the Community Chest of Korea through a designated donation made by Amorepacific Group. The program helps underprivileged women to achieve economic autonomy and providing support for them to find new jobs. Along with support programs through designated contributions, Beautiful Life also organizes open calls to extend assistance to small organizations that help women in need.

In 2020, the program focused on providing job development and a flexible work environment considering women’s capabilities and circumstances to adapt to the rapidly changed labor market due to COVID-19. We increased the proportion of online employment and startups, and developed tasks in which women can actively work and adapt to the changing labor environment. This includes no-store startups and jobs of the non-contact organizing professional and hair coordinator. In addition, considering the safety of the beneficiaries, we converted the existing offline education-oriented method to online education, while working hard to maintain a high quality of education.

In 2020, the activities of Beautiful Life were expanded throughout the world, and Amorepacific China started a program called Better She. This is a program to help women in rural areas find employment as caregivers. A total of 715 women were trained in provinces such as Guizhou and Heilongjiang, and about 85 percent of them became successfully employed.

### MEET YOUR DREAM

As one of Amorepacific Group’s key pro bono activities, MEET YOUR DREAM is a mentoring and technical education program run by Amorepacific employees to advise and educate teens who dream of becoming makeup artists, hair designers, cosmetics researchers, marketers, and designers. The program was reorganized to provide more opportunities to teens with various dreams and passions. Since 2017, a total of 48 scholarship students have been selected for fostering future makeup and hair professionals, of which 40 students have acquired licenses in their fields.

In collaboration with the Seoul Metropolitan Office of Education’s Career and Vocational Education Division, the MEET YOUR DREAM program conducted career and vocational mentoring for a total of 70 students (from two schools) who dreamed of becoming makeup artists in a non-contact way to minimize the impact of COVID-19 in 2020. Using the makeup kit provided in advance, real-time practice and a Q&A session were conducted with the mentor in the video, and participating students were highly satisfied with the mentoring program.

In 2021, we will contribute to resolving the imbalance in education, which is centered on the greater Seoul metropolitan area, through blended learning that combines content digitalization and online/offline learning.

### Spreading a Culture of Sustainability

#### GREENCYCLE

The GREENCYCLE campaign promotes coexistence with nature by collecting used cosmetic containers from customers, recycling them as new resources or upcycling them as artworks. In 2020, a total of 204 tonnes of empty cosmetic containers were collected via Amorepacific brand stores. Especially in celebration of Resource Circulation Day on September 6, Amorepacific Group exhibited 1652 *Summer Lights*, participatory interactive media art made of 1,652 empty cosmetic containers, at the Sejong Center for the Performing Arts.

The Group will continue to engage in various initiatives through the GREENCYCLE campaign to recycle collected cosmetic containers in a meaningful way.

#### Empty Container Collection by Channel

(tonne)

Category		2020	Ratio(%)
ARITAUM	Glass	24.1	49
	Plastic	25.1	51
innisfree	Glass	4.1	4
	Plastic	107.5	96
Large Retailers	Glass	12.5	76
	Plastic	3.9	24
Department Stores	Glass	15.9	73
	Plastic	5.8	27
ETUDE HOUSE	Glass	3.6	78
	Plastic	1.0	22
<b>Total</b>		<b>204</b>	

#### Beauty Inside Magazine

Amorepacific Group strives to take its social responsibility very seriously by supporting more people to develop awareness about the UN’s SDGs and take part in realizing them. As part of this effort, Amorepacific Group has introduced contents of the UN General Assembly that are not easily accessible to many people. The Group also works hard to deliver stories about activities to accomplish global goals and make various efforts so that everyone can be aware of a sustainable lifestyle that is possible by 2030. In 2020, *Beauty Inside* no. 3 covered climate change, the UN General Assembly’s key agenda, and included ingenious ideas and various ways which respond to climate change that people from around the world presented at different sessions of the UN General Assembly week in New York. Sales proceeds of the magazine were donated to World Wildlife Fund in order to support “Life Below Water,” the 14th goal of SDGs.

**Amorepacific Foundation**

The Amorepacific Foundation was established for the purpose of supporting academic, educational and cultural programs to explore the values of culture and communicate those values to the public. Since its establishment in 1973, the Amorepacific Foundation has been dedicated to supporting academic research on what is considered “Asian Beauty” and “Women and Culture” from a multidisciplinary approach and using the research findings to communicate with the world and generate new values.

**Women and Culture**

Since 2007, the foundation has been supporting the personal research of academics with doctoral degrees. Women and Culture is a long-term research topic of the Amorepacific Foundation. This program was organized to discover excellent studies in various research fields, supporting complex research projects on the lives and culture of women. Outstanding research results are published as books, raising public awareness of the topic and fostering communication with the public.

**Asian Beauty**

Research on Asian Beauty has been going on since 2011, and focuses on the Asian concept of beauty that values the beauty in everyday life and aesthetic experiences by breaking away from the Western concept of art and the beauty of the human body that centers around visual senses. The research results have been published in a series entitled Asian Beauty, which was first published in 2014. The series is planned as an anthology of twenty books, with eleven books already published.

**The Jangwon Fund for Humanities Scholars**

The Jangwon Humanities Scholars project was designed to create an environment where more humanities scholars can focus on research and to support socially meaningful research projects by awarding emerging scholars in the humanities field with research funds. Starting in 2020, the project selected two scholars in the first year, and plans to select new scholars every year and continue to support them.

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**Amorepacific Welfare Foundation**

The Amorepacific Welfare Foundation was established in 1982 to promote welfare and the quality of life of women in vulnerable sectors of our society. The foundation aims to improve well-being through the beauty of space, providing support for women who need social care. Through different programs, the foundation helps its beneficiaries change their lives and find ways to achieve autonomy. In particular, as social distancing has been implemented due to COVID-19 and the functions of spaces and forms of welfare services change, the foundation will also support facilities and spaces for women and non-profit organizations for appropriate changes.

**Space Design Improvement Project**

The Space Design Improvement Project transforms facilities and spaces for women and non-profit organizations in poor condition into safer and more pleasant spaces of caring and healing, fostering the change of women’s lives. Launched in 2005, the project marked its 17th year in 2020, and has transformed a total of 218 facilities and non-profit organizations for women to be safer and happier. The old, dark, and warehouse-like spaces have been beautifully improved and are being used as places that give stability and happiness not only to users but also employees of each organization.

**Cleaning and Reorganization Consulting Project**

Launched in 2016 as a new project of the Amorepacific Welfare Foundation, the Cleaning and Reorganization Consulting Project is a project where career interrupted women who have completed the cleanup and reorganization consultant course provide cleaning and reorganization service and consulting to the beneficiaries of the Space Design Improvement Project. The project operates along with the Space Design Improvement Project to improve the satisfaction and work efficiency of facility users. Moreover, it contributes to the job creation of women with interrupted careers and empowers them to lead their lives with more autonomy.

**Space Utilization Support Program**

Since its launch in 2016, the Space Utilization Support Program has been held once every year to select outstanding programs to utilize the space improved by the foundation’s other support programs. By supporting various activities of women at the improved spaces, the program intends to generate a positive impact on the lives of women who have been marginalized. The program is not limited to a concept for improving the physical space; it provides active support to improve the quality of life by enhancing the self-esteem and capacity of women through various programs.

### Korea Breast Cancer Foundation

The Korea Breast Cancer Foundation is Korea's first non-profit organization dedicated to breast health. It was established and entirely funded by Amorepacific Group in 2000. It has since carried out the running of the Pink Run and an education service on breast health called Pink Tour, both as part of the Pink Ribbon campaign to improve public awareness of breast health. The running event participation fee is donated for breast cancer surgery or examinations of low-income patients. In addition, the foundation conducts various other projects related to this issue, including financial support for academic research on breast cancer and support for breast cancer survivors' communities.

In the future, the foundation will realize total care before and after breast cancer by proposing a healthy lifestyle to make everyone enjoy a healthy life free from breast cancer. Along with preventive activities for the general public, it is planning to provide practical support for breast cancer survivors to completely recover and return to their daily lives.

#### Pink Run

The Pink Run is a running event designed to provide useful information on breast health and promote the importance of the early detection of breast cancer. In the past, the event had been held in a relay across five major cities in Korea every year up until 2019. From 2001 to 2020, more than 372,000 people have participated in it and donated a total of over 4 billion KRW to the Korea Breast Cancer Foundation. All of the running event participation fee is used for breast cancer surgery or examination of low-income patients.

#### Pink Tour

Pink Tour is a door-to-door education service for self-examination of breast cancer, and to promote the early detection of the disease. From 2001 to 2019, a total of 1,500 education services were provided to over 370,000 participants in total, making this service a leading education program on breast health.

#### Support for Surgery and Family History Examination

To reduce the financial burden of low-income breast cancer patients' families, the foundation supports the cost of their surgeries. Since 2020, the foundation started a new project to support the cost of genetic testing to inform the public of the importance of managing the family history of breast cancer and expand opportunities for the prevention and early detection of the disease. This project will continue to support academic research on breast cancer and make efforts to improve the quality of life of breast cancer survivors.

### innisfree Moeum Foundation

The innisfree Moeum Foundation is a public foundation that was established on Jeju Island in 2015. The foundation is funded entirely by innisfree, with a donation contract of 10 billion KRW. It has been running public interest projects for preserving Jeju's natural ecology, fostering future talents, and promoting Jeju's cultural value.

#### Collaboration with an NGO and Village

The innisfree Moeum Foundation has signed an agreement with the Jeju Forest For Life and Biyangri Village Association to restore the ecology of Biyangdo to preserve biodiversity. Biyangdo is an island located west of Jeju Island in Korea. It is popular among tourists for its beautiful nature, but at the same time, there are some who say that the ecological resources should be further protected. The three organizations will jointly work together to preserve Biyangdo's ecological environment.



#### Ecological Restoration and Conservation

The foundation planted 200 Hamabo Hibiscus trees in an area measuring 2,449m<sup>2</sup> in Biyangdo. Hamabo Hibiscus is a rare plant designated as one of Class 2 endangered wild plants in Korea and is known as "yellow Hibiscus syriacus." The foundation will continue its activities to preserve biodiversity and restore ecology in Jeju.



#### Fostering Future Talents

Through its Tangerine Scholarship Program, the innisfree Moeum Foundation discovers and supports outstanding talents to lead the tangerine industry, a business that represents the island of Jeju. The Tangerine Scholarship Program, which continued for its third time in 2020, has selected 42 scholarship students and awarded 60 million KRW to them. In addition, it operates the Jeju Heritage Science Award system to select one scientist every year who has raised Jeju's precious heritage and to encourage their achievements. The innisfree Moeum Foundation will continue its efforts to help talented people contribute to the development of Jeju.





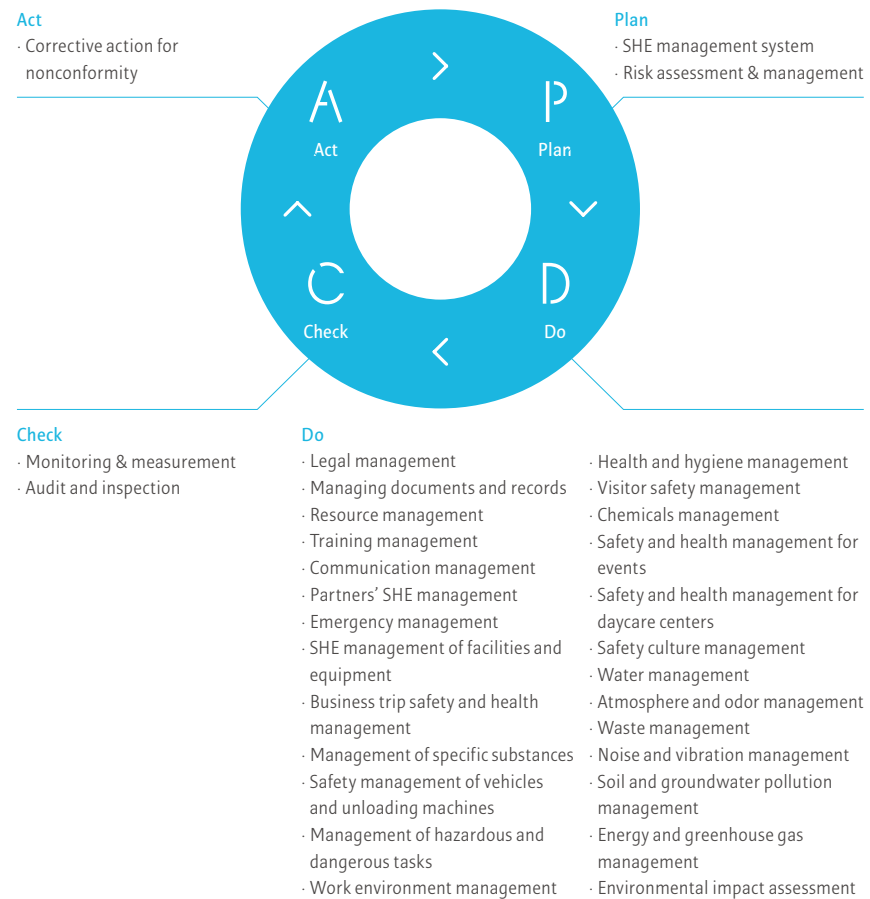
# Advanced SHE Management

Amorepacific Group is putting great effort into protecting employees from various risk factors related to SHE (Safety, Health, Environment), while we closely observe our social responsibilities and duties. In addition, the Group is making efforts to support assessment and improvement of suppliers to enhance SHE management in the supply chain.

## SHE Responses as Preemptive Measures

Amorepacific Group introduced advanced Group-wide management standards in order to manage global SHE risks and respond to different regulations. By establishing the Group-wide SHE standards and SHE audit system, Amorepacific Group proposed a minimum standard of management and built a system to monitor, assess, maintain, and improve. In fact, Amorepacific Group established 31 management items that are related to SHE issues and operates the entire PDCA (Plan-Do-Check-Act) structure as the Group SHE standard from the perspective of SHE administrator. The Group operates a SHE risk-based audit system and continuously manages quantified SHE performances. In addition, high-risk issues are given higher priority for improvement measures.

### Amorepacific Group SHE Management System (Plan-Do-Check-Act)



## SHE Management System

Amorepacific Group regularly holds Sustainability Management Committee meetings which are chaired by the CEO. In major SHE issue cases, including occupational health and safety, climate change, chemical substances, resource circulation, and environmental pollution, executives as well as the Board of Directors receive reports on them. Through Group-wide approaches and collaborations, Amorepacific Group continues to invest in responding to risks and finding potential opportunities for change. In addition, according to the revised Occupational Safety and Health Act, we respond to major issues by reporting annual health and safety performance and plans to the Board of Directors once a year, getting approval for final decisions, and holding a top management's meeting on health and safety led by the CEO once a quarter.

The Safety & Environment Management Team under the Sustainability Management Division establishes SHE management strategic tasks and generally manages SHE-specific organizations at different subsidiaries. Each subsidiary's SHE organizations implements safety and environment management strategic tasks, periodically monitors major performances and discovers tasks to improve the overall SHE levels under the supervision of each company's manager in charge through the Subcommittee on Safety and Environment, the Energy Technology Exchange Meeting, and Industrial Safety and Health Committee. Furthermore, we are also developing and applying sustainable packages through the eco-friendly packaging TF.

## Environmental Investment

In 2020, Amorepacific Group continued to add managerial efforts and investment into environmental protection by developing a number of eco-friendly processing technologies and products. The Group invested a total of 3.95 billion KRW in environmental operations and investments. There have been no serious violations of environmental regulations and no penalties over this time.

### Amorepacific Group Environmental Operations and Investments

(100 million KRW)

Category	2018	2019	2020
Total Cost	53.9	49.3	39.5
Amorepacific	35.5	33.1	25.3
PACIFICGLAS	10.2	9.5	6.6
Others	8.2	6.7	7.6

## Environmental Education

As a way to actively implement preemptive measures to changing environmental laws and regulations, Amorepacific Group provided employees with education sessions on related issues such as plastic waste, micro dust, climate change, and chemical substances. In 2020, a total of 165 employees received 1,090 hours of education. In particular, the Subcommittee on Safety and Environment conducts environmental training programs—such as education on policies and trends related to environment and energy as well as on-the-job training for the management of pollution prevention facilities and energy saving and management of buildings—on top of statutory education in order to strengthen the capabilities of working level staff in the field of the environment.

# Roles and Plans for Carbon Neutrality

Since announcing the “Total Commitment Initiative” campaign for the environment in 1993, Amorepacific Group has continued to strengthen eco-friendly beauty leadership for almost 30 years, with a focus on social values. However, our society now faces huge and complex challenges that individual companies cannot solve alone, such as climate crisis, biodiversity loss, and various social conflicts and confrontations.

We need to act on the issue of climate change more rapidly than ever. For both today’s and tomorrow’s generations, Amorepacific Group is joining the efforts for saving the Earth where we live. First of all, Amorepacific will change. Then, we will cooperate with more stakeholders, including the government, suppliers, civic groups, and customers to make bigger changes and solve problems. We will solve the climate crisis facing the entire humankind together and make the world we live in healthy and beautiful.

## Governance

The Sustainability Management Committee, which consists of top management, makes decisions more than twice a year on the strategies, investment, and R&D regarding environmental issues such as climate change, plastics, and water management. In particular, climate change initiatives are reviewed at the committee level while strategy establishment, financial decision-making, and climate risks are reviewed to minimize the climate impact of Amorepacific Group’s entire business process.

## Strategy

Amorepacific’s climate strategies are considered in three parts: the process considering production and activities to minimize the Group’s climate impact throughout the entire business process; low carbon products for resource-saving and a circular economy; and communication with consumers about values-based consumption and climate awareness.



**PROCESS INNOVATION**

- Use 100% of renewable energy by 2030
- Achieve carbon neutrality at production sites by 2030
- Convert 100% of distribution vehicles into eco-friendly vehicles
- Assess suppliers’ sustainability and jointly reduce GHG emissions



**PRODUCT INNOVATION**

- Expand products with less water/carbon usage
- Reinforce R&D on green chemistry
- Reduce, reuse and recycle your plastic packaging
- Provide eco-friendly experiences and expand education

## Risk Management

To achieve Amorepacific’s mid to long term goals, we identify risks by measuring indicators such as carbon emissions and intensity. Consumer change in the market for low carbon products as well as transportation disruption and supply chain collapse due to severe weather phenomena such as typhoons and floods are considered as climate risks, and innovation and other changes are being sought through the expansion of renewable energy generation, eco-friendly transportation and delivery, as well as the development of low carbon/water reduction products.

## Expansion of Renewable Energy Use

In March 2021, Amorepacific joined the global RE100, committed to switch to 100 percent renewable electricity. Amorepacific will replace all electricity used by the company, including its entire production sites, R&D, and logistics, with renewable energy by 2030.

### 2020 Total Generation of Renewable Energy

4,472MWh

## Improving Energy Efficiency

At Amorepacific Group’s production sites, the Group continues to find tasks to reduce GHG emissions. In particular, the Group regularly organizes an internal Energy Technology Exchange Meeting, sharing notable energy reduction technologies at different business sites as well as providing incentives to employees based on the performance of improvements.

COSVISION expanded the lighting control & monitoring system for higher energy efficiency, while PACIFICGLAS adopted solar photovoltaic (PV) electricity generating facilities through Korea Energy Agency’s building support project. PACIFICPACKAGE then upgraded the utility control system to expand remote controllable facilities. As such, Amorepacific Group is continuing its efforts to reduce energy consumption across its production sites.

### Key Reduction of Energy Consumption at Beauty Park Osan

Items	Energy Reduction (kWh)	Cost Savings (million KRW)
Renewable energy (solar photovoltaic) generation	2,070,255	378.9
Installing a plate-type heat exchanger for the perfume manufacturing area	7,063	7.8
Improving air conditioning and heating for resting rooms	8,163	1.0



## Low-Carbon Logistics

Every one of Amorepacific Group's distribution centers have replaced their lighting with high-efficiency LED lighting and optimized the operation of heating and cooling facilities. In 2020, the Group reduced atmospheric power loss of major energy facilities, including heating and cooling facilities at logistics sites, reduced unnecessary lighting through lighting rearrangement, and improved energy efficiency by controlling the optimal temperature of air conditioners. As a result, Amorepacific logistics operations saw their GHG emissions drop by 1.8 percent year-on-year. Furthermore, Amorepacific will minimize climate impact through product transportation by converting 100 percent of its distribution vehicles in Korea into eco-friendly vehicles by 2030.

## Eco-friendly Headquarters

The global headquarters of Amorepacific Group is certified as the first grade of G-SEED (Green Standard for Energy and Environmental Design), the first grade of energy efficiency, and gold grade of LEED (Leadership in Energy and Environmental Design) by various Korean organizations and standards. The building is designed to consume 37.6 percent less energy than its energy demand projection.

The global headquarters building is operating renewable energy facilities (solar panels, geothermal and solar power), heat recovery ventilation system, high-efficiency transformers and motors, power factor correction capacitors, and 100 percent LED lighting. Moreover, the building is equipped with a DALI (Digital Addressable Lighting Interface) system that senses the natural level of light and automatically adjusts the brightness of the interior of the building. Since Amorepacific Group employees moved in December 2017, employees are also participating in energy-saving activities by adjusting operation hours of lighting and heaters at offices and using power outlets that automatically block standby power.

## Amorepacific Group Energy Consumption

(TOE)

Category	2018	2019	2020
Total Energy Consumption	44,602	44,548	41,986
Amorepacific (Domestic)	23,589	23,194	21,846
Amorepacific (Overseas)	2,508	1,938	2,377
PACIFICGLAS	11,155	12,804	11,895
PACIFICPACKAGE	2,246	1,933	1,622
COSVISION	2,339	2,077	1,653
AESTURA	1,548	1,257	1,195
OSULLOC	1,217	1,345	1,399
Consumption by Fuel Type			
Electricity	33,201	32,241	30,708
LNG	8,319	8,188	7,336
Bunker-C Oil	1,950	2,893	2,795
Others	1,132	1,225	1,147
Energy Intensity (TOE/tonnes of production)	0.357	0.322	0.347

## Amorepacific Energy Consumption (Domestic)

(TOE)

Category	2018	2019	2020
Total Energy Consumption	23,589	23,194	21,846
Consumption by Fuel Type			
Electricity	19,494	18,786	17,718
LNG	3,930	4,272	4,016
Diesel	43	38	31
Others	122	98	81
Energy Intensity (TOE/tonnes of production)	0.282	0.241	0.264

## Amorepacific Energy Consumption (Overseas)

(TOE)

Category	2018	2019	2020
Total Energy Consumption	2,508	1,938	2,377
Consumption by Fuel Type			
Electricity	2,075	1,513	2,036
LNG	425	416	335
Others	9	9	6
Energy Intensity (TOE/tonnes of production)	0.368	0.285	0.274

Amorepacific Group GHG Emissions		(tCO <sub>2</sub> eq)		
Category	2018	2019	2020	
Total GHG Emissions	100,496	101,143	95,530	
Amorepacific (Domestic)	48,881	48,096	45,003	
Amorepacific (Overseas)	7,643	5,801	7,323	
PACIFICGLAS	28,090	32,818	30,313	
PACIFICPACKAGE	4,645	3,995	3,341	
COSVISION	4,880	4,334	3,443	
AESTURA	3,263	2,642	2,504	
OSULLOC	3,094	3,457	3,603	
Emissions by Type				
Direct (Scope 1)	30,892	34,197	31,034	
Indirect (Scope 2)	69,604	66,947	64,497	
GHG Emissions Intensity (tCO <sub>2</sub> eq/tonnes of production)	0.805	0.732	0.789	

Amorepacific GHG Emissions (Domestic)		(tCO <sub>2</sub> eq)		
Category	2018	2019	2020	
Total GHG Emissions <sup>1)</sup>	48,881	48,096	45,003	
Direct (Scope 1)	9,620	10,279	9,301	
Indirect (Scope 2)	39,261	37,817	35,702	
Other indirect (Scope 3)	3,757	1,994	1,667	
GHG Emissions Intensity (tCO <sub>2</sub> eq/tonnes of production)	0.584	0.500	0.544	

1) Other indirect (Scope 3) excluded

Amorepacific GHG Emissions (Overseas)		(tCO <sub>2</sub> eq)		
Category	2018	2019	2020	
Total GHG Emissions	7,643	5,801	7,323	
Direct (Scope 1)	899	884	703	
Indirect (Scope 2)	6,744	4,917	6,620	
GHG Emissions Intensity (tCO <sub>2</sub> eq/tonnes of production)	1.122	0.853	0.843	

## Improving Resource Efficiency

### Improving Water Resource Efficiency

Amorepacific Group is deeply aware of the need for efficient use of water resources, optimizing its water consumption under the principle of 3R—Reduce, Recycle, and Reuse. In 2020, Amorepacific Group reduced its water consumption intensity by 55.5 percent overseas, compared to 2015. In Korea, the Group reduced 8.5 percent of water consumption intensity, compared to 2015, due to increased use of equipment cleaning water to improve product quality—following the strengthening of the Current Good Manufacturing Practice (CGMP)—and reduced production due to COVID-19.

However, Amorepacific Beauty Park Osan has continuously identified tasks to reduce water usage. For example, 100 percent of laundry water has been replaced with rainwater, and recycled water was additionally expanded for toilet supply. The Group tried to reduce water consumption by strengthening regular inspections by site—such as expanding inspection frequency and points—at all the production sites, including PACIFICGLAS and COSVISION.

Amorepacific Group will continue activities to minimize the use of water resources such as municipal water and ground water, and to increase rainwater so that the Group can expand water recycling at its production sites. In 2021, Amorepacific Beauty Park Osan will manage water more efficiently by establishing an automatic water usage monitoring system for each place of use.

### Reduction of Water Consumption Intensity in 2020<sup>1)</sup>

Category	Domestic	Overseas
Result	8.5%	55.5%
Goal	22%	41%

1) Compared to 2015



### Amorepacific Group Water Consumption (tonne)

Category	2018	2019	2020
Total Water Consumption	1,044,441	1,113,792	901,673
Amorepacific	518,426	517,276	475,653
PACIFICGLAS	96,070	104,925	88,901
PACIFICPACKAGE	30,077	18,940	15,831
COSVISION	80,586	71,772	57,780
Others	319,282	400,879	263,508
Water Consumption by Source of Water			
Municipal water (tap water)	670,923	658,430	585,914
Industrial water	36,962	34,892	39,133
Ground water	295,524	381,971	243,024
Rainwater	46,510	38,499	33,602
Intensity of Water Consumption (tonne/tonnes of production)	8.369	8.059	7.444

### Amorepacific Water Consumption (tonne)

Category	2018	2019	2020
Total Water Consumption	518,426	517,276	475,653
Water Consumption by Source of Water			
Municipal water (tap water)	440,432	437,323	401,243
Industrial water	31,484	34,892	39,133
Ground water	-	6,562	1,675
Rainwater	46,510	38,499	33,602
Intensity of Water Consumption (tonne/tonnes of production)	5.727	5.021	5.204

### Wastewater Discharge and Recycling

### Amorepacific Group Wastewater Discharge and Recycling (tonne)

Category	2018	2019	2020
Wastewater Recycling	41,046	33,169	16,028
Amorepacific	36,880	31,322	13,815
PACIFICGLAS	4,166	1,847	2,213
Wastewater Discharge	481,520	469,969	395,818
Amorepacific	305,530	296,566	270,517
PACIFICGLAS	94,754	97,006	73,463
PACIFICPACKAGE	152	159	146
COSVISION	61,946	57,749	35,025
Others	19,138	18,489	16,667
Total COD	26.4	15.2	13.0
Amorepacific	20.3	11.3	10.1
PACIFICGLAS	0.8	1.5	0.8
COSVISION	5	2.3	1.8
Others	0.3	0.2	0.2

### Waste and Recycling

Amorepacific Group works hard to contribute to establishing a circular economy by minimizing waste and activating recycling at business sites. Waste generated in each production site is categorized by types and traits, implementing optimized measures to recycle each category of waste. Many of Amorepacific production sites were designated as the Ministry of Environment's target sites for the Resource Circulation Performance Management Program, so some production sites were already given resource-circulation goals and some will be given the goals soon by the ministry. In particular, Beauty Park Osan exceeded the resource circulation goal by continuously improving its waste recycling rate, and will start in 2021 to conduct various additional activities including figuring out how to recycle the landfill waste to achieve zero waste to landfill.

### Amorepacific Group Waste Generation and Recycling (tonne)

Category	2018	2019	2020
Waste Generation	13,035	13,164	10,126
Amorepacific	9,822	10,249	7,774
PACIFICGLAS	1,706	1,758	1,358
PACIFICPACKAGE	373	368	318
COSVISION	820	610	528
Others	314	178	148
Recycled	10,465	11,055	8,329
Recycling Rate (%)	80	84	82
Waste Amount by Disposal Method			
Non-hazardous waste	11,226	11,274	8,400
Landfill	132	82	7
Incineration	1,829	1,488	1,348
Recycling	9,159	9,704	7,045
Others	107	-	-
Hazardous waste	1,808	1,889	1,726
Landfill	41	25	25
Incineration	461	513	417
Recycling	1,306	1,351	1,284

### Amorepacific Waste Generation and Recycling

(tonne)

Category		2018	2019	2020
Total Waste Generation		9,822	10,249	7,774
Recycled		8,488	9,081	6,718
Recycling Rate (%)		86	89	86
Waste Amount by Disposal Methods	Non-hazardous waste	8,612	9,012	6,602
	Landfill	97	80	5
	Incineration	1,097	974	961
	Recycling	7,387	7,958	5,636
	Others	31	-	-
	Designated Wastes	1,210	1,238	1,172
	Landfill	9	-	-
	Incineration	101	114	90
	Recycling	1,101	1,124	1,082

### Reduction of Air Pollutants

In order to reduce the emissions of air pollutants, Amorepacific Group regularly inspects facilities through SHE Audit sessions. Furthermore, the Group regularly monitors the emission of air pollutants at each production site in order to minimize the impact upon local communities. In addition, the standard environmental impact assessment process enforces investigation, projection, and assessment of the environmental impact of new business sites, eliminating or reducing any harmful impact on the environment. Environmental impact assessments are performed and audited in accordance with the Group's standard process. Based on a plan for integrated environmental control, which was established in 2020, the Amorepacific business site in Osan will install an ultra-low NOx burner to reduce NOx emissions, and manage the internal emission standards below 50 percent of the existing legal emission standards. In 2020, PACIFICGLAS signed an MOU with the province of Chungcheongnam-do to voluntarily reduce air pollutants, and plans to reduce air pollutants by more than 43 percent compared to its 2020 quota over the next five years.

### Amorepacific Group Emission of Air Pollutants<sup>1)</sup>

(tonne)

Category		2018	2019	2020
Dust		4.3	2.2	1.5
	Amorepacific	3.0	1.5	0.8
	PACIFICGLAS	0.5	0.3	0.2
	Others	0.8	0.4	0.4
SOx		19.5	19.3	17.5
	Amorepacific	0	0	0
	PACIFICGLAS	19.5	19.3	17.5
NOx		30.2	22.7	20.0
	Amorepacific	14.5	10.3	9.6
	PACIFICGLAS	15.7	12.4	9.0
	Others	0	0	1.4

1) Based on Confirmed Emissions Statement

### Chemicals Management

#### Integrated Chemicals Management

Amorepacific operates the AP-CHEMS(Amorepacific integrated chemicals management system) for all chemicals the company uses. In particular, it regularly monitors regulations and risks related to the environment, safety, and health of all chemicals purchased at its business sites.

In the process of receiving, using, storing, and disposing of chemicals, chemicals at Amorepacific business sites are managed according to legal standards. Furthermore, chemicals management is strengthened by conducting inspections at least twice a year, including the internal audit and cross-checking by different business managers.

In addition, employees of all business sites owned or operated by Amorepacific and all stakeholders entering the business sites are trained to implement each business site's chemicals management rules.

# Appendix

# Consolidated Statements of Financial Position

Classification	Summary (million KRW)			
	Amorepacific		Amorepacific Group	
	2020	2019	2020	2019
<b>Current assets</b>	<b>1,825,732</b>	<b>1,803,064</b>	<b>2,853,057</b>	<b>2,905,906</b>
Cash and cash equivalents	793,728	673,580	1,190,926	1,417,441
Bank deposits	57,882	70,600	221,282	245,100
Financial assets at fair value through net income	166,463	137,523	411,154	157,610
Financial assets at amortized cost	-	-	-	-
Trade receivables	283,770	365,884	306,676	394,717
Other receivables	24,724	32,485	32,584	25,818
Current tax assets	19,236	4,015	22,045	4,160
Other current assets	65,446	66,387	74,271	80,296
Inventories	414,483	452,589	478,448	524,544
Non-current assets as held for sale	-	-	115,669	56,221
<b>Non-current assets</b>	<b>3,876,186</b>	<b>4,185,944</b>	<b>4,935,687</b>	<b>5,375,487</b>
Bank deposits	17,557	16,426	21,682	19,654
Other receivables	100,547	145,165	136,561	194,891
Financial assets at fair value through net income	1,129	4,119	49,548	36,774
Financial assets at amortized cost	2,125	2,131	3,280	3,286
Financial assets at fair value through other comprehensive income	706	1,114	4,390	4,945
Property, plant, and equipment	2,566,328	2,661,842	3,081,089	3,200,097
Investment Property	488,815	493,011	323,293	364,765
Right-of-use assets	227,453	432,396	288,383	571,432
Intangible assets	208,774	226,517	719,633	739,426
Investments in associates	52,514	2,160	60,621	4,641
The net defined benefit assets	110,633	106,099	134,878	129,044
Deferred income tax assets	82,890	72,705	93,254	83,657
Other non-current assets	16,714	22,261	19,076	22,876
<b>Total assets</b>	<b>5,701,918</b>	<b>5,989,008</b>	<b>7,788,744</b>	<b>8,281,393</b>
<b>Current liabilities</b>	<b>965,947</b>	<b>1,066,567</b>	<b>1,170,156</b>	<b>1,225,876</b>
<b>Non-current liabilities</b>	<b>271,574</b>	<b>423,600</b>	<b>346,545</b>	<b>575,371</b>
<b>Total liabilities</b>	<b>1,237,520</b>	<b>1,490,167</b>	<b>1,516,701</b>	<b>1,801,246</b>
<b>Capital stock</b>	<b>34,508</b>	<b>34,508</b>	<b>47,997</b>	<b>47,997</b>
Additional paid-in capital	712,702	712,702	903,711	903,711
Capital surplus	10,807	10,807	(124,392)	(21,656)
Other components of equity	(117,632)	(117,632)	(196,032)	(196,032)
Accumulated other comprehensive income	(20,279)	(24,679)	(13,647)	(14,983)
Retained earnings	3,847,747	3,873,790	2,631,907	2,648,286
Non-controlling interests	(3,456)	9,344	3,022,499	3,112,824
<b>Total equity</b>	<b>4,464,398</b>	<b>4,498,841</b>	<b>6,272,043</b>	<b>6,480,147</b>

# Consolidated Statements of Comprehensive Income

Years Ended December 31, 2020 and 2019

Classification	Consolidated Statements of Comprehensive Income (KRW)			
	Amorepacific		Amorepacific Group	
	2020	2019	2020	2019
Sales	4,432,179,039,394	5,580,142,192,519	4,930,083,149,864	6,284,255,176,037
Cost of sales	1,265,398,064,748	1,500,515,578,424	1,371,125,560,674	1,641,834,345,611
Gross profit	3,166,780,974,646	4,079,626,614,095	3,558,957,589,190	4,642,420,830,426
Selling and administrative expenses	3,023,771,855,339	3,651,792,017,591	3,408,296,540,695	4,144,171,012,555
Operating profit	143,009,119,307	427,834,596,504	150,661,048,495	498,249,817,871
Finance income	11,882,548,495	14,739,081,054	23,224,981,543	31,767,398,266
Finance costs	17,026,833,385	19,976,729,196	22,912,945,354	26,987,022,338
Other non-operating losses	(113,231,972,208)	(51,693,123,255)	(121,065,325,539)	(72,313,109,278)
Share of profit of associates	660,159,537	(301,604,380)	1,376,674,276	653,889,778
Profit before income tax	25,293,021,746	370,602,220,727	31,284,433,421	431,370,974,299
Income tax expense	3,424,010,057	146,841,192,961	9,236,751,263	148,966,022,569
Profit for the year	21,869,011,689	223,761,027,766	22,047,682,158	282,404,951,730
Profit attributable to				
Owners of the Parent	35,132,159,662	238,804,191,604	10,381,313,997	133,732,556,623
Non-controlling interests	(13,263,147,973)	(15,043,163,838)	11,666,368,161	148,672,395,107
Post-tax other comprehensive income (loss)	12,241,704,451	7,286,612,210	15,143,742,705	4,993,253,268
Items that will not be reclassified to profit or loss				
Actuarial loss on post-employment benefit obligations	7,379,173,991	(8,917,300,059)	10,075,519,263	(10,917,560,931)
Financial assets at fair value through other comprehensive income	(306,779,895)	(425,735,392)	(429,427,513)	(791,579,878)
Items that may be reclassified to profit or loss				
Share of other comprehensive income of associates	141,746,006	18,983,206	14,746,006	18,658,051
Gain or loss on on currency translation of foreign operations	5,027,564,349	16,610,664,455	5,355,904,949	16,683,736,026
<b>Total comprehensive income for the year</b>	<b>34,110,716,140</b>	<b>231,047,639,976</b>	<b>37,191,424,863</b>	<b>287,398,204,998</b>
Attributable to				
Owners of the Parent Company	46,911,291,120	246,323,873,960	16,686,864,287	134,384,962,196
Non-controlling interests	(12,800,574,980)	(15,276,233,984)	20,504,560,576	153,013,242,802
Earnings per share				
Basic earnings per share for profit attributable to the ordinary equity holders	512	3,477	74	1,444
Basic earnings per share for profit attributable to the preferred equity holders	517	3,490	79	1,453



# Independent Assurance Statement

## Introduction

Amorepacific Group (“APG”) commissioned DNV Business Assurance Korea Ltd. (“DNV”), part of DNV Group, to undertake independent assurance of the Sustainability Report 2020 (the “Report”). The directors of APG have sole responsibility for the preparation of the Report. The responsibility of DNV in performing the assurance work is to the management of APG in accordance with the terms of reference. DNV’s assurance engagements are based on the assumption that the data and information provided by APG to us as part of our review have been provided in good faith.

## Scope and Basis of Assurance

Based on non-financial data and sustainability activities and performance data of 2020 generated from APG, we have evaluated the adherence to GRI (Global Reporting Initiative) Sustainability Reporting Standards Principles and assessed the quality of sustainability performance information. We have reviewed that the Topic-specific disclosures of GRI Standards which are identified in the process for defining report content;

No.	Material Topic	GRI Disclosure
1	Promoting circulation of resources	303-3, 4, 5 306-1, 2, 3, 4, 5
2	Strengthening product sustainability	416-1
3	Enhancing preventive action for safety at workplace	403-8
4	Carrying out strategic CSR activities aligned with our businesses	203-1, 2 413-1, 2
5	Minimizing the impact on global warming by corporate activities	302-1, 2, 3, 4, 5 305-1, 2, 3, 4, 5, 7
6	Supporting suppliers’ growth and development	414-1, 2
7	Enhancing human rights and diversity of employees	412-1, 2
8	Encourage sustainable consumption	-

We performed our work using DNV’s assurance methodology VeriSustain, which is based on our professional experience, international assurance best practice including International Standard on Assurance Engagements 3000 (ISAE 3000). We applied the limited level of assurance. The verification was carried out in February and June 2021. The site visits were made to APG Head Office and Factories. We undertook the following activities as part of the assurance process:

- challenged the sustainability-related statements and claims made in the Report and assessed the robustness of the underlying data management system, information flow and controls;
- interviewed representatives from the various departments;
- conducted document reviews, data sampling and interrogation of supporting databases and associated reporting systems as they relate to selected content and performance data;
- reviewed the materiality assessment report.
- test of data gathering process;
  - Site visit: Amorepacific Beauty Campus in Osan
  - Online video conference: Amorepacific Shanghai office and Shanghai Beauty Campus in China

## Limitations

The engagement excludes the sustainability management, performance and reporting practices of APG’s subsidiaries, associated companies, suppliers, contractors and any third-parties mentioned in the Report. DNV did not interview external stakeholders as part of this assurance engagement. Economic performance based on the financial data is cross-checked with internal documents, the audited consolidated financial statements and the announcement disclosed at the website of Korea Financial Supervisory Service (<http://dart.fss.or.kr>) as well as APG’s website ([www.apgroup.com](http://www.apgroup.com)). These documents, financial statements and the announcements are not included in this assurance engagement. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the organization were applied. The baseline data for environmental and social performance are not verified, while the aggregated data at the corporate level are used for the verification. DNV expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this assurance statement.

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## Conclusion

On the basis of the work undertaken, nothing comes to our attention to suggest that the Report does not properly describe the adherence to the Principles in GRI Standards. The verification team has observed that there is general awareness of sustainability context across all different levels of the organization. Further opinions with regards to the adherence to the following Principles are made below;

### Stakeholder Inclusiveness

APG have identified internal and external stakeholder groups such as Customers, Employees, Shareholders, Local community, Business Partners and NGO (Non-Governmental Organization). APG engages with the stakeholders at the company and business unit levels through various channels. The examples of approaches to engagement with selected stakeholders are described in the Report.

### Sustainability Context

APG have stated the '2020 sustainability goals' and three directions of 'Sustainable Lifecycle, Inclusive Growth, Circular Economy', and also presents the newly established five promises for 2030 sustainable management target, named 'A MORE Beautiful Promises', in the report from the perspective of 'Walking with customers & society' and 'Co-existence with nature'. In addition, APG presents how 2030 sustainability goals in line with UN SDGs (Sustainable Development Goals). In particular, APG makes an effort to achieve gender equality, promote women's health, well-being and economic competitiveness, and is leading responsible production and consumption through continuous improvement of environment-friendly products.

### Materiality

APG have conducted the materiality assessment to prepare the Report. 'Business impact' such as peer review, international standards, internal strategy and 'stakeholder interest' are considered during the materiality assessment, issue pools were used on internal and external stakeholder survey to rate the material topics and 8 material topics are prioritized accordingly. DNV have reviewed material topics that could have a significant impact on the APG's economic, environmental and social impacts or affect the decision-making of stakeholders in assessing materiality.

### Completeness

The Report has covered the sustainability strategy, management approach and sustainability performances of APG for the reporting period. The reporting boundary has been set to include all affiliates in APG. Amorepacific, a major affiliate, includes not only domestic sites but also some performances of overseas corporation. DNV have reviewed that the materiality assessment process and confirms relevant material topics prioritized from the process are addressed completely in the Report. Further opinions with the principles of report quality of GRI Standards as follows;

### Report quality: Accuracy, Balance, Clarity, Comparability, Reliability and Timeliness

DNV has reviewed the quality of the report based on the 6 principles defined in the GRI Standards. DNV also has reviewed the reliability of the disclosure data - water consumption, the amount of wastewater discharge and recycling, waste generation and recycling, air pollution emissions, number of female employees and female managers, and data related to the equal payment. We have interviewed the person-in-charge, reviewed the process of gathering and processing data and information, and the supporting documents and records. Any errors or misstatements identified during the assurance engagement were communicated and corrected prior to the Report being published. The information in the Report indicates the time period to which it relates.

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## Competence and Independence

DNV applies its own management standards and compliance policies for quality control, in accordance with ISO/IEC 17021:2015 - Conformity Assessment Requirements for bodies providing audit and certification of management systems, and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We have complied with the DNV Code of Conduct during the assurance engagement and maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals. DNV was not involved in the preparation of statements or data included in the Report except for this assurance statement. DNV maintains complete impartiality toward stakeholders interviewed during the assurance process. DNV have no other contract with APG and did not provide any services to APG that could compromise the independence or impartiality of our work. DNV has conducted the verification of GHG emissions in 2021, which isn't considered a conflict of interest in the Report verification.

June 2021 Seoul, South Korea  
DNV Business Assurance Korea Country Representative  
Jang Sup Lee



# Verification Statement GHG Inventory

## Introduction

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

## Scope of Assurance

The emissions data covered by our examination comprise Direct emissions (Scope 1 emissions), Energy indirect emissions (Scope 2 emissions) and Other indirect emissions (Scope 3 emissions) from Amorepacific Group boundary of the report;

- Organizational boundary for Amorepacific: HQ, Sale offices, Sites (Beauty 1&3 in Osan, Daejeon and Jincheon), Distribution centers (Gangbuk, Gwangju, Gimcheon, Daejeon, Gimhae, Osan, Incheon, Jincheon and Songtan), R&D/HRD, Local Business unit (Gwangju, Daegu, Daejeon and Busan), Delivery and transportation by centers (Other indirect emissions)
- Organizational boundary for PACIFICPACKAGE: Cheonan
- Organizational boundary for AESTURA: Ansong
- Organizational boundary for COSVISION: Daejeon
- Organizational boundary for OSULLOC: Hannam, Premium factory, Seokwang, Dolsongi, Wolchulsan, and Kwnaghyewon (in Jeju, Republic of Korea)
- Organizational boundary for Amorepacific Shanghai: Fabrication facilities in Shanghai (China)

## Verification Approach

The verification has been conducted by DNV from 22nd January through 10th March 2021 and performed in accordance with the verification principles and tasks outlined in ISO 14064-3:2019. We planned and performed our work so as to obtain all the information and explanations deemed necessary to provide us with sufficient evidence to provide a verification opinion with 5% materiality level, concerning the completeness of the emission inventory as well as the reported emission figures in ton CO2 equivalent. As part of the verification process;

- We have reviewed and verified the SHEQM system of Amorepacific Group (activity data, GHG emission calculation results, emission factors, and other parameters)
- We have reviewed and verified the process to generate, aggregate and report the emissions data

## Conclusions

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

## Greenhouse Gas Emissions of Amorepacific Group from Yr 2020 <sup>1)2)</sup> (tCO<sub>2</sub>eq)

Category	Direct emissions (Scope 1)	Energy indirect emissions (Scope 2)	Other indirect emissions (Scope 3)	Total emissions
Amorepacific Group	9,301	35,702	1,667	46,670
PACIFICPACKAGE	225	3,116	-	3,341
COSVISION	658	2,785	-	3,443
OSULLOC	2,416	1,187	-	3,603
AESTURA	603	1,901	-	2,504
Amorepacific Shanghai	703	6,620	-	7,323

1) In order to report the GHG emissions as an integer, the rounded number on the statement might be different from the number on the system with ± 1 tCO<sub>2</sub>-eq.

2) Total emissions = Scope 1 + Scope 2 (Total emissions of Amorepacific include Scope 3 emissions)

10th March 2021

DNV Business Assurance Korea Ltd Country Representative

Lee Jang Sup



This Assurance Statement is valid as of the date of the issuance (March 10, 2021). Please note that this Assurance statement would be revised if any material discrepancy which may impact on the Greenhouse Gas Emissions of Amorepacific Group is subsequently brought to our attention. In the event of ambiguity or contradiction in this statement between English version and Korean version, Korean shall be given precedent.

1. General Disclosures

Classification	Disclosure	Indicators	Reporting Pages and Related Info
Organizational Profile	102-1	Name of the organization	12
	102-2	Activities, brands, products, and services	4-9, 16-25
	102-3	Location of headquarters	14-15
	102-4	Location of operations	14-15
	102-5	Ownership and legal form	14-15, 26-29
	102-6	Markets served	14-15
	102-7	Scale of the organization	14-15
	102-8	Information on employees and other workers	14-15, 107-113
	102-9	Supply chain	118-122
	102-10	Significant changes to the organization and its supply chain	118-122
	102-11	Precautionary Principle or approach	94-96
	102-12	External initiatives	3, 70, 159
	102-13	Membership of associations	70, 159
Strategy	102-14	Statement from senior decision-maker	3
Ethics and Integrity	102-16	Values, principles, standards, and norms of behavior	<a href="https://www.apgroup.com/int/en/about-us/ethics-governance/code-of-ethics/code-of-ethics.html">https://www.apgroup.com/int/en/about-us/ethics-governance/code-of-ethics/code-of-ethics.html</a>
	102-17	Mechanisms for advice and concerns about ethics	<a href="https://ethics.amorepacific.com/rule.do">https://ethics.amorepacific.com/rule.do</a>
Governance	102-18	Governance structure	<a href="https://www.apgroup.com/int/en/investors/amorepacific-corporation/corporate-governance/board-of-directors/board-composition/board-composition.html">https://www.apgroup.com/int/en/investors/amorepacific-corporation/corporate-governance/board-of-directors/board-composition/board-composition.html</a>

Stakeholder Engagement	102-40	List of stakeholder groups	90
	102-41	Collective bargaining agreements	113
	102-42	Identifying and selecting stakeholders	90
	102-43	Approach to stakeholder engagement	90
Reporting Practice	102-44	Key topics and concerns raised	88-90
	102-45	Entities included in the consolidated financial statements	Amorepacific Group and Amorepacific Business Report
	102-46	Defining report content and topic Boundaries	165
	102-47	List of material topics	88-89
	102-48	Restatements of information	165
	102-49	Changes in reporting	165
	102-50	Reporting period	165
	102-51	Date of most recent report	165
	102-52	Reporting cycle	165
	102-53	Contact point for questions regarding the report	166
	102-54	Claims of reporting in accordance with the GRI Standards	165
	102-55	GRI content index	154-158
102-56	External assurance	148-151	
Management Approach	103-1	Explanation of the material topic and its Boundary	MA Reporting for each issue
	103-2	The management approach and its components	MA Reporting for each issue
	103-3	Evaluation of the management approach	MA Reporting for each issue



## 2. Material Issues: Topic-specific Disclosures

### Economic Standards

Classification	Disclosure	Indicators	Reporting Pages and Related Info
Economic Performance	201-2	Financial implications and other risks and opportunities due to climate change	94-96, 160
Indirect Economic Impacts	MA		50-51, 123-124
	203-1	Infrastructure investments and services supported	123-131
	203-2	Significant indirect economic impacts	123-131

### Environmental Standards

Classification	Disclosure	Indicators	Reporting Pages and Related Info
Energy	MA		33, 64, 75, 80
	302-1	Energy consumption within the organization	62, 65, 75, 134-138
	302-2	Energy consumption outside of the organization	62, 65, 75, 134-138
	302-3	Energy intensity	62, 65, 75, 134-138
	302-4	Reduction of energy consumption	62, 65, 75, 134-138
	302-5	Reductions in energy requirements of products and services	62, 65, 75, 134-138
Water	303-1	Water withdrawal by source	139-140
	303-2	Water sources significantly affected by withdrawal of water	139-140
	303-3	Water recycled and reused	139-140
	303-4	Water discharge	139-140
	303-5	Water consumption	63, 75, 139-140
Emissions	MA		33, 64, 75, 80
	305-1	Direct (Scope 1) GHG emissions	62, 65, 75, 134-136, 138
	305-2	Energy indirect (Scope 2) GHG emissions	62, 65, 75, 134-136, 138
	305-3	Other indirect (Scope 3) GHG emissions	62, 65, 75, 134-136, 138
	305-4	GHG emissions intensity	62, 65, 75, 134-136, 138
	305-5	Reduction of GHG emissions	62, 65, 75, 134-136, 138
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	142
Effluents and Waste	306-1	Water discharge by quality and destination	140
	306-2	Waste by type and disposal method	141-142
	306-3	Significant spills	140-142
	306-4	Transport of hazardous waste	141-142
	306-5	Water bodies affected by water discharges and/or runoff	140

### Social Standards

Classification	Disclosure	Indicators	Reporting Pages and Related Info
Employment	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	110-111
Occupational health and safety	MA		114
	403-1	Workers representation in formal joint management worker health and safety committees	113
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	117
	403-3	Workers with high incidence or high risk of diseases related to their occupation	117
	403-4	Health and safety topics covered in formal agreements with trade unions	115
	403-5	Worker training on occupational health and safety	114-115
	403-6	Promotion of worker health	110, 116
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	114-115
	403-8	Workers/suppliers covered by an occupational health and safety management system	117
	403-9	Work-related injuries	117
403-10	Work-related ill health	117	
Diversity and Equal Opportunity	MA		33, 56, 58
	405-1	Diversity of governance bodies and employees	56-59, 78-79, 107, 109
	405-2	Ratio of basic salary and remuneration of women to men	109
Human Rights Assessment	MA		112
	412-1	Operations that have been subject to human rights reviews or impact assessments	112-113
	412-2	Employee training on human rights policies or procedures	112-113
Local Communities	MA		56-59, 78-79, 106
	413-1	Operations with local community engagement, impact assessments, and development programs	56-59, 78-79, 106, 123-131
Customer Safety and Health	MA		95, 104
	416-1	Assessment of the health and safety impacts of product and service categories	<a href="https://www.apgroup.com/int/en/commitments/customer-safety/customer-safety.html">https://www.apgroup.com/int/en/commitments/customer-safety/customer-safety.html</a>
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Amorepacific Group Business Report, pp. 324-327
Marketing and Labeling	417-2	Incidents of non-compliance concerning product and service information and labeling	Amorepacific Group Business Report, pp. 324-327
	417-3	Incidents of non-compliance concerning marketing communications	Amorepacific Group Business Report, pp. 324-327

### 3. General Issues: Topic-specific Disclosures

#### Environmental Standards

Classification	Disclosure	Indicators	Reporting Pages and Related Info
Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	133
Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	121
	308-2	Negative environmental impacts in the supply chain and actions taken	54, 122

#### Social Standards

Classification	Disclosure	Indicators	Reporting Pages and Related Info
Employment	401-1	New employee hires and employee turnover	108
	401-3	Parental leave	111
Labor/ Management Relations	402-1	Minimum notice periods regarding operational changes	113
Training and Education	404-1	Average hours of training per year per employee	110
	404-2	Programs for upgrading employee skills and transition assistance programs	110
	404-3	Percentage of employees receiving regular performance and career development reviews	100%
Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	There was no discrimination case
Freedom of Association and Collective Bargaining	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	113, 121-122
Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor	121-122
Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	121-122
Public Policy	415-1	Political contributions	"There was no political donation. Amorepacific's expenditure for industry associations and tax-free organizations is listed below" <sup>1)</sup>
Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	There was no serious case
Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area	Amorepacific Group Business Report, pp. 324-327

1) Expenditure for the past three years: 555.8 million KRW (2020), 572 million KRW (2019) and 1,105 million KRW (2018)  
Major Expenditures: 185 million KRW for the Korea Cosmetic Association, 67 million KRW for the Korea Direct Selling Industry Association, and 59 million KRW for the Korea Employers Federation

## Ten Principles of the UNGC

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

Classification			Amorepacific Group's Principles and Activities	Reporting Pages and Related Info
Human Rights	Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights; and	Amorepacific Group supports the Universal Declaration of Human Rights and UN Guiding Principles on Business and Human Rights; Ruggie Framework.	112-113
	Principle 2	make sure that they are not complicit in human rights abuses.		
Labour	Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	Amorepacific Group supports the employees' right to join and leave the labor union and build trust between the management and the employees through communication.	113
	Principle 4	the elimination of all forms of forced and compulsory labour;	Amorepacific Group strictly prohibits any form of child labor, involuntary or forced labor and discrimination throughout its entire business process, and conducts annual on-site reviews of the company and its suppliers.	112-113, 120-122
	Principle 5	the effective abolition of child labour; and		
	Principle 6	the elimination of discrimination in respect of employment and occupation.		
Environment	Principle 7	Businesses should support a precautionary approach to environmental challenges;	Amorepacific Group contributes to solving environmental problems and achieving a circular economy by making efforts such as introducing renewable energy to realize carbon neutrality at the Group's global production sites by 2030, reducing waste with the development of sustainable packages, and expanding the use of RSPO-certified palm oil to preserve biodiversity.	24-25, 64-69, 104-106, 134-143
	Principle 8	undertake initiatives to promote greater environmental responsibility; and		
	Principle 9	encourage the development and diffusion of environmentally friendly technologies.		
Anti-Corruption	Principle 10	encourage the development and diffusion of environmentally friendly technologies.	Amorepacific Group puts "Integrity" as the top priority of the AP WAY values to promote ethical practice and raise awareness throughout the corporate ecosystem.	91-93

TCFD Checklist

TCFD Recommendations		CDP Index	Pages
Governance	a) The organization's governance around climate-related risks and opportunities.	C1.1b	134-Governance
	b) Management's role in assessing and managing climate-related risks and opportunities.	C1.2, C1.2a	134-Governance
Strategy	a) The climate-related risks and opportunities the organization has identified over the short, medium, and long term.	C2.1a, C2.2a, C2.3a, C2.4a	95-96, 134-Strategy
	b) The impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	C2.3a, C2.4a, C3.1d, C3.1e, C3.1f	95-96, 134-Strategy
	c) The resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	C3.1b	134-Strategy
Risk Management	a) The organization's processes for identifying and assessing climate-related risks.	C2.1b, C2.2, C2.2a	94-96, 134-Risk management
	b) The organization's processes for managing climate-related risks.	C2.2	94-96, 134-Risk management
	c) How processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.		94-96, 134-Risk management
Metrics and Targets	a) The metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	C4.1a, C4.1b, C9.1	134-Risk management, 135-138
	b) Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	C5.1, C6.1, C6.3, C6.5	137-138
	c) The targets used by the organization to manage climate-related risks and opportunities and performance against targets.	C4.1a, C4.1b, C4.2a, C4.2b	134-Strategy

Sustainability Disclosure Topics & Accounting Metrics

Code	Topic	Accounting Metric	Pages and Description
CG-HP-140a.1	Water Management	(1) Total water withdrawn	140
		(2) Total water consumption	140
		(3) Percentage of (1) and (2) in regions with high or extremely high baseline water stress	The Group has no production site in regions with high baseline water stress, based on the WRI's standards.
CG-HP-140a.2		Description of water management risks and discussion of strategies and practices to mitigate those risks	139 The Group has low risks in water use (located in regions with low baseline water stress), but will reinforce water management—e.g. by assessing risks in water use on a mid-and long-term basis.
CG-HP-250a.1	Product EHS Performance	Revenue from products that contain REACH substances of very high concern (SVHC)	Substances other than cyclosiloxane (D5, D6) are not used, and D5 and D6 are also managed before being regulated, while alternative raw materials and prescriptions are being developed.
CG-HP-250a.2		Revenue from products that contain substances on the California DTSC Candidate Chemicals List	Only substances and raw materials of the quality suitable for safe cosmetics are partly selected and used according to the standards.
CG-HP-250a.3		Discussion of process to identify and manage emerging materials and chemicals of concern	In-house safety standards that are stricter than legal or academic safety standards are prepared and thoroughly operated. Substances on the lists such as on CA pro.65 list and WA CHCC are generally not used, and are more strictly limited than national regulations in the EU, U.S., and Korea.  The Group operates a process of reviewing and determining the suitability of human and environmental impacts when introducing new substances. In order to strengthen customer safety, details related to safe quality integration processes are disclosed.  <a href="https://www.apgroup.com/int/en/commitments/customer-safety/customer-centric-quality-standard/the-best-ingredients.html">https://www.apgroup.com/int/en/commitments/customer-safety/customer-centric-quality-standard/the-best-ingredients.html</a>
CG-HP-250a.4		Revenue from products designed with green chemistry principles	42, 47, 104 Products applied with a low energy emulsification process, waste reduction technology (green technology certification), and eco-friendly solvent application process are being developed according to sustainable product standards.
CG-HP-410a.1	Packaging Lifecycle Management	(1) Total weight of packaging	<a href="https://www.apgroup.com/int/en/commitments/sustainability/circular-economy/response-to-climate-change/energy-saving-green-chemistry-manufacturing-process.html">https://www.apgroup.com/int/en/commitments/sustainability/circular-economy/response-to-climate-change/energy-saving-green-chemistry-manufacturing-process.html</a>
		(2) Percentage made from recycled and/or renewable materials	
(3) Percentage that is recyclable, reusable, and/or compostable			
CG-HP-410a.2		Discussion of strategies to reduce the environmental impact of packaging throughout its lifecycle	104-105
CG-HP-430a.1	Environmental & Social Impacts of Palm Oil Supply Chain	Amount of palm oil sourced, percentage certified through the Roundtable on Sustainable Palm Oil (RSPO) supply chains	<a href="https://www.apgroup.com/int/en/commitments/sustainability/circular-economy/innovating-resource-efficiency/1310369_22626.html">https://www.apgroup.com/int/en/commitments/sustainability/circular-economy/innovating-resource-efficiency/1310369_22626.html</a>

Amorepacific Group BOD<sup>1)</sup>

Category	Name	Position / Responsibility	Gender	Date of the First Appointment	Expert Area
Executive Directors	Suh Kyungbae	· Chairperson of the board · Member of the Management Committee · Member of the Risk Management Committee	M	March 18, 1994	Business Administration
	Kim Seunghwan	· Chairperson of the Management Committee · Chairperson of the Risk Management Committee · Member of the Internal Transaction Review Committee · Member of the Internal Transaction Review Committee · Member of the ESG Committee	M	March 22, 2013	Business Administration
Nonexecutive Directors	Choe Jonghak	· Chairperson of the Audit Committee · Member of the Independent Director Candidate Recommendation Committee · Chairperson of the Internal Transaction Review Committee · Member of the Executive Compensation Committee · Member of the ESG Committee	M	March 15, 2019	Accounting
	Kim Eonsoo	· Member of the Audit Committee · Member of the Internal Transaction Review Committee · Chairperson of the ESG Committee	M	March 20, 2020	Business Strategy
	Kim Youngsun	· Member of the Audit Committee · Chairperson of the Independent Director Candidate Recommendation Committee · Chairperson of the Executive Compensation Committee	M	March 20, 2020	Dipolomacy
	Lee Kyoungmi	· Member of the Independent Director Candidate Recommendation Committee · Member of the ESG Committee	F	March 20, 2020	Marketing

1) As of May 2021

Amorepacific BOD<sup>1)</sup>

Category	Name	Position / Responsibility	Gender	Date of the First Appointment	Expert Area
Executive Directors	Suh Kyungbae	· Chairperson of the board · Member of the Management Committee · Member of the Risk Management Committee	M	June 7, 2006	Business Administration
	Ahn Saehong	· Chairperson of the Management Committee · Chairperson of the Risk Management Committee · Member of the Executive Compensation Committee · Member of the ESG Committee	M	March 16, 2018	Business Administration
	Lee Sangmok	· Member of the Risk Management Committee · Member of the Internal Transaction Review Committee	M	March 18, 2016	Business Support
	Lee Dongsoon	· Member of the ESG Committee	M	March 19, 2021	SCM
Non-executive Directors	Eom Yeongho	· Chairperson of the Audit Committee · Chairperson of the Independent Director Candidate Recommendation Committee · Member of the Internal Transaction Review Committee · Member of the ESG Committee	M	March 18, 2016	Finance
	Kim Gyeongja	· Member of Executive Compensation Committee · Member of the Independent Director Candidate Recommendation Committee · Chairperson of the ESG Committee	F	March 15, 2019	Customers
	Lee Hwiseong	· Member of the Audit Committee · Member of the Independent Director Candidate Recommendation Committee · Chairperson of the Internal Transaction Review Committee · Member of the ESG Committee	M	March 15, 2019	IT
	Cha Sangkyun	· Member of Executive Compensation Committee	M	March 20, 2020	ICT
	Cho Sungjin	· Member of the Audit Committee · Member of the Internal Transaction Review Committee	M	March 19, 2021	Economy

1) As of May 2021



## Shareholders<sup>1)</sup>

Amorepacific Group		Amorepacific	
Category	Proportion(%)	Category	Proportion(%)
Major shareholder and affiliated parties	62.9	Amorepacific Group	37.1
Foreign Investors	19.4	Foreign Investors	30.5
Domestic Institutional Investors	5.6	Major shareholder and affiliated parties	14.1
Treasury Stock	7.5	Domestic Institutional Investors	10.8
Domestic Individual Investors	4.6	Domestic Individual Investors	6.6
		Treasury Stock	0.9

1) As of December 31, 2020

# About This Report

## Purpose of the Report

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

## Scope and Boundary of the Report

The scope of this report covers Amorepacific Group and all its subsidiaries (Amorepacific, innisfree, ETUDE, etc.). In the case of Amorepacific, the domestic production sites (headquarters in Seoul, R&D Center, HR Development Center, Regional BU, and Beauty Park Osan, Daily Beauty production site and Osulloc production site) were mainly under review, and, in some cases, includes performances of overseas subsidiaries.

## Reporting Period

The reporting period is from January 1 to December 31, 2020 and data from 2018 and 2019 were included for comparative purposes.

## Third Party Assurance

In order to enhance the accuracy and reliability of this report, the content was verified by an independent verification institution, DNV GL Business Assurance Korea Ltd. Based on VeriSustain, the content was verified to a limited level of assurance and a reliability assessment was conducted regarding environmental performance.

## Reporting Standards

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

**Date of Publication**      June 2021  
**Publisher**                Suh Kyung-bae  
**Publishing Organization**    Amorepacific Group  
**Production**                Sustainable Innovation Team, Amorepacific  
**Design Planning**            Corporate Creative Team, Amorepacific  
**Concept - Design**          cement × PLANE AND VERTICAL  
**Editing**                    Seo Hana  
**Artwork**                    popurri

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