

COSMAX 

SUSTAINABILITY
REPORT 2024

About This Report

Report Overview

COSMAX publishes an annual Sustainability Report to engage with various stakeholders. This report encapsulates COSMAX's key activities, achievements, and future plans in sustainability management. COSMAX will continue to transparently disclose its ESG management activities to all stakeholders through its annual Sustainability Report.

Reporting Standards

This report complies with the requirements of the Global Reporting Initiative (GRI) Standards 2021. It also adheres to the disclosure recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and the standards of the Sustainability Accounting Standards Board (SASB). Additionally, the report incorporates the 10 principles of the UN Global Compact (UNGC) and the United Nations Sustainable Development Goals (UN SDGs). The financial information included in this report adheres to the Korean International Financial Reporting Standards (K-IFRS).

Reporting Period and Scope

This report covers activities from January to December 2024, with quantitative performance data spanning from 2022 to 2024 to enable trend analysis. Significant information that could impact stakeholders, including data from before 2024 and the first half of 2025, is also included. The scope of the report is based on COSMAX's domestic operations and includes the performance of consolidated subsidiaries both in Korea and overseas.

Report Assurance

The report has undergone third-party verification by an external agency to enhance the reliability and quality of this report. The results of this verification are detailed on page 146-148.

Report Information

This report is published in both Korean and English in June 2025 and can be accessed or downloaded from the COSMAX website (www.cosmax.com).

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The COSMAX Sustainability Report has been published in an interactive PDF format to enhance reader understanding.



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Global One

One World. One COSMAX.

COSMAX

Based on the 'Global One COSMAX' management philosophy, researchers, designers, and scientists around the world collaborate as one global team. COSMAX is continuously strengthening its global competitiveness with innovative thinking and a spirit of challenge to lead the ever-evolving future of the beauty industry.

'Global One COSMAX' ensures consistent quality and innovation anytime, anywhere across the globe. It is a strategy that connects all domestic and overseas entities through an integrated network to manage the entire value chain—from product development and production to supply chain management and customer service.



2025 Business Keyword



Unite with Customers and Market Changes

- Develop customized solutions based on customer needs
- Secure competitive advantage through strategic partnerships
- Build a sustainable beauty ecosystem



Strengthen Competitiveness Together with Overseas Corporations

- Advance the functions of global business sites
- Secure competitiveness in strategic products and technologies
- Enhance business processes



Evolve into a Leader in the Hyper-Personalization Era

- Accelerate robotic automation and digital transformation
- Expand and develop infrastructure and activities based on personalized services

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AI

Innovating Beauty through Intelligent Technology

COSMAX is accelerating the development of ultra-personalized cosmetics by leveraging AI technology to analyze customer data, including skin type, lifestyle, and environmental conditions. Through AI algorithms, the company connects the entire process—from skin diagnosis and prescription design to product planning and ingredient formulation—with precision. This approach is redefining the customer experience.

Innovation



AI Vision



Respond to Evolving Consumer Demands

- Promote creative research, development, and production flexibility through AI application
- Implement a customized product ordering and production system that meets diverse customer needs



Expand into Global Markets

- Overcome barriers of language, culture, and customer preferences to broaden customer touchpoints
- Explore new markets through global consumer demand analysis



Implement AI Agent-Based Integrated Solutions

- Enhance service quality through customer-centric personalized solutions
- Establish a foundation for efficient service by integrating diverse customer service areas



Customized Production System for the MOQ-One Era

- Improve productivity by reducing operational inefficiencies through a data-based integrated monitoring system
- Increase efficiency by applying AI to production infrastructure to reduce equipment changeover and idle time

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Global Open

Pioneering Future Beauty through Research Innovation

Relentless research and technological innovation have been the driving forces behind COSMAX's growth into a top-tier global beauty partner. Based on its seven global research hubs and a team of over 1,100 researchers, COSMAX is focusing on the development of leading-edge technologies such as AI-powered digital formulation, microbiome, and nano delivery systems. These efforts are enabling the creation of personalized solutions and differentiated product competitiveness.

In addition, COSMAX is expanding open innovation and partnerships with leading global universities and institutions. Building on its unique innovation DNA, COSMAX continues to lead the sustainable future of the beauty industry.

Global Open R&I Strategy



Build a Global Academia-Industry Collaboration Ecosystem

- Conduct cutting-edge beauty solution research with top-level global universities and research institutions
- Foster technology exchange and create a foundation for mutual growth through regular symposiums and other platforms



Strengthen the Global R&I Network

- Maximize technological synergy through collaboration and linkage among global research hubs
- Establish a foundation for research innovation by expanding participation of internal and external experts across research domains

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R&I

Founder Chairman's Message

Dear Respected Stakeholders,

Despite the continued uncertainties in the global economy, Korea's cosmetics exports surpassed USD 10 billion in 2024, setting an all-time record. Riding this wave of K-beauty, COSMAX, as the world's No.1 cosmetics ODM company, became the first in the industry to exceed USD 200 million in export volume and surpassed KRW 3 trillion in group sales. Through this achievement, we have elevated the global status of K-beauty and continued to grow with the support and trust of both domestic and global customers.

Amid this growth, COSMAX has remained steadfast in fulfilling its social responsibilities as a global company. We have been actively internalizing ESG management strategies to ensure continuous selection by global consumers. As we aim to become a trusted beauty & health ODM company loved by over 4,500 clients worldwide, we are committed to establishing and executing leading ESG strategies and enhancing corporate value. Furthermore, we will continue to closely monitor rapidly evolving consumer trends and proactively invest in eco-friendly initiatives to respond to future market changes.

COSMAX seeks to achieve sustainable growth through the following three goals:

First, we will take a proactive role in addressing the global climate crisis.

To achieve carbon neutrality by 2050, we aim to grow into an eco-friendly company loved by consumers by reducing carbon emissions across all domestic and international sites, expanding the use of renewable energy, and advancing technologies for eco-friendly raw materials and packaging strategies. We will also contribute to the global circular economy by reducing plastic use and expanding biodiversity initiatives with the participation of customers and communities. Furthermore, we will fulfill our social responsibilities by fostering shared growth with key suppliers and local communities.

Second, we will expand the "Global One COSMAX" strategy in response to evolving customer needs and market dynamics.

The "Global One COSMAX" initiative is a strategic framework through which our global subsidiaries, including Korea, integrate their research, development, and production capabilities in real time. This allows us to systematically respond to global client demands, explore new insights, and pursue innovation. Through this, COSMAX will continuously innovate in line with customer and market shifts, evolving into a sustainable enterprise with solid technological competitiveness and a long-term vision for the next 50 to 100 years.

Third, we will solidify our role as a "first mover" in the era of AI, driving the ultra-personalization era.

By integrating AI into our research, we will deliver innovative technologies that more effectively support skin improvement and enhance our competitiveness and technological leadership in the global market. We will also foster a dynamic organizational culture where employees are empowered

and motivated to take on challenges. Moreover, we will expand policies that support work-life balance—such as those encouraging childbirth—and promote diversity and inclusion, creating shared social value with all stakeholders, including local communities.

It is with great pleasure that we present our fifth ESG Report.

As the global No.1 company and a leader in ESG management, COSMAX is committed to upholding the Ten Principles of the UN Global Compact and contributing to the achievement of the Sustainable Development Goals through active engagement with a wide range of stakeholders. In this report, we seek to share COSMAX's vision with all stakeholders through the values embedded in our corporate philosophy: the value of <BARUM>—our commitment to integrity and to keeping our promises with customers and society through mutual respect and good faith; the value of <DARUM>—our pursuit of constant innovation through creative ideas; and the value of <ARUM>—our dedication to creating a beautiful world through environmental and sharing management.

With unwavering innovation and robust ESG management, COSMAX will continue to lay the foundation for sustainable growth and strive toward a better future for humanity. We kindly ask for your continued interest and support in our journey of sustainable management, and we welcome your guidance and warm encouragement along the way.

Thank you.



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General Information

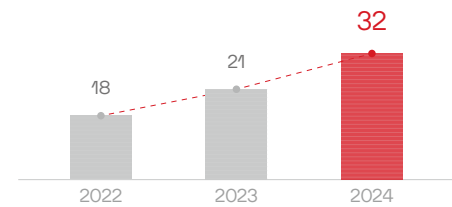
COSMAX is the global No.1 cosmetics ODM company, planning, developing, and producing beauty products that celebrate, support, and enhance our lives.

Company Overview

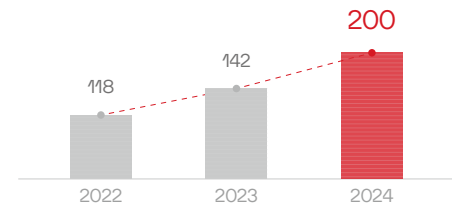
Company Name	COSMAX	
CEO	Kyung Choi, Byung-Man Lee	
Established	November 1992	
Head Office	46, Pharmaceutical Industrial Complex 2-gil, Hyangnam-eup, Hwaseong-si, Gyeonggi-do, Korea	
Business Type	Cosmetics	
Number of Employees	1,528	

* As of the end of December 2024

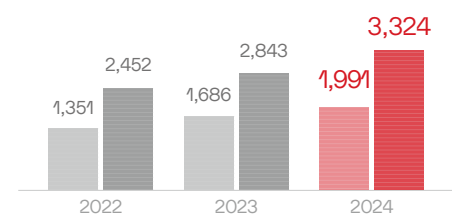
Global Production Capacity (Unit: 100 million units)



Technology Branding - Trademarks Filed (Unit: cases)

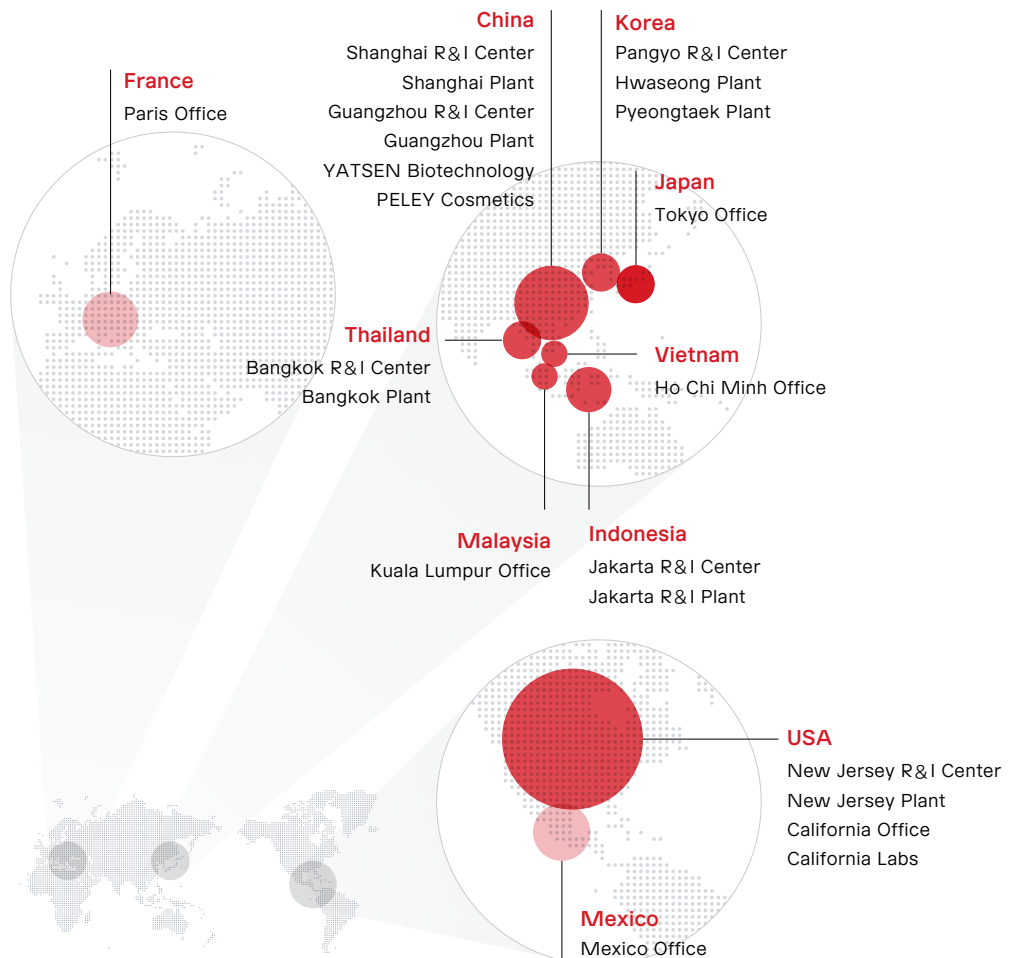


Patents and Other Intellectual Property Rights (Unit: cases)



Global Network

COSMAX provides services to over 4,500 brands across more than 140 countries worldwide. Through its production and R&I networks not only in Korea but also around the globe, COSMAX develops and manufactures products with global competitiveness.



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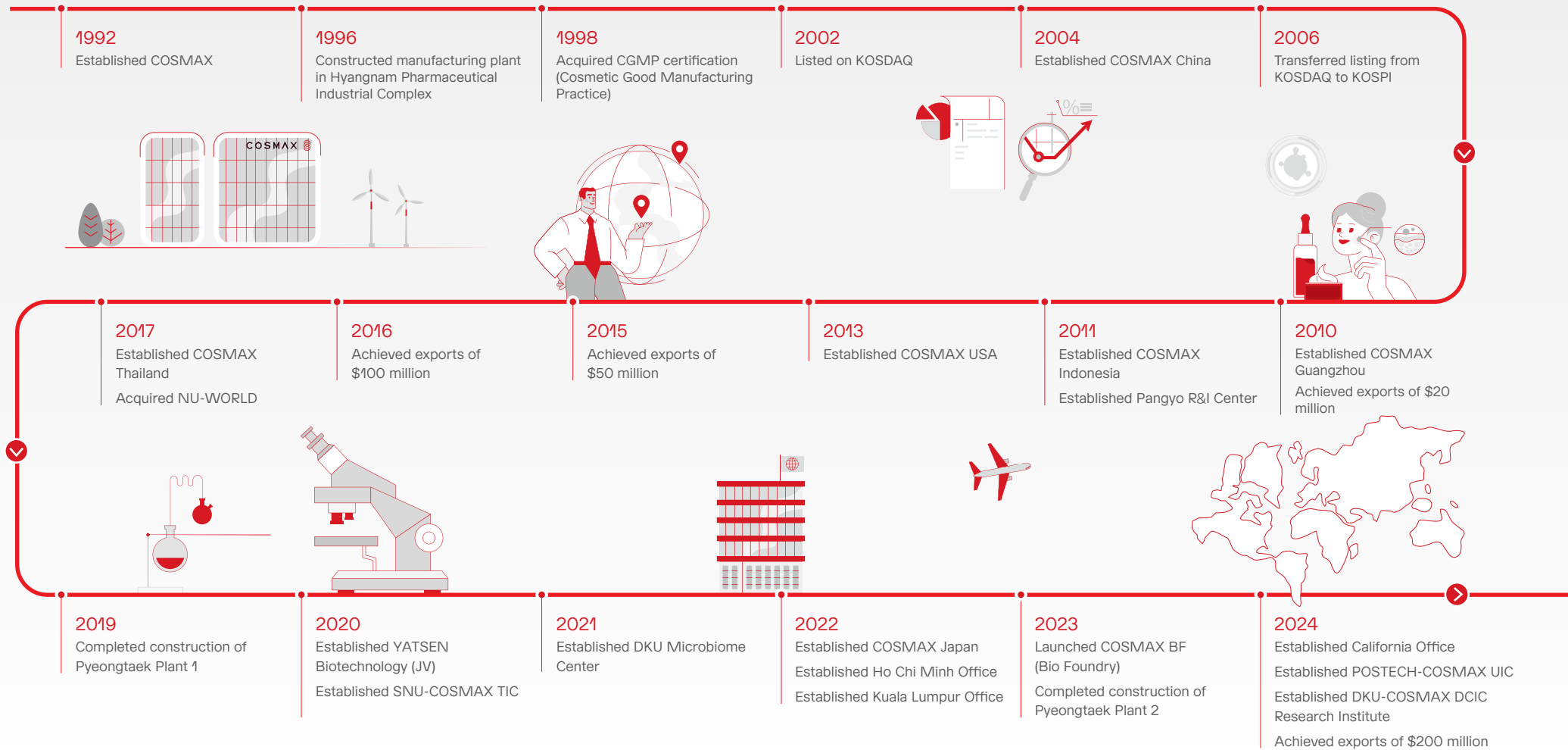
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Key Milestones

COSMAX started as a cosmetics-specialized ODM company in 1992 and has grown by focusing on R&I capabilities, establishing itself as the No.1 global cosmetics research, development, and production company. For over 30 years, COSMAX has driven the K-Beauty industry, creating a legacy of 'firsts' and 'innovations.' Now, by integrating its differentiated R&I capabilities with big data and artificial intelligence (AI) technologies, COSMAX is poised to write a new chapter as a global beauty OBM company.



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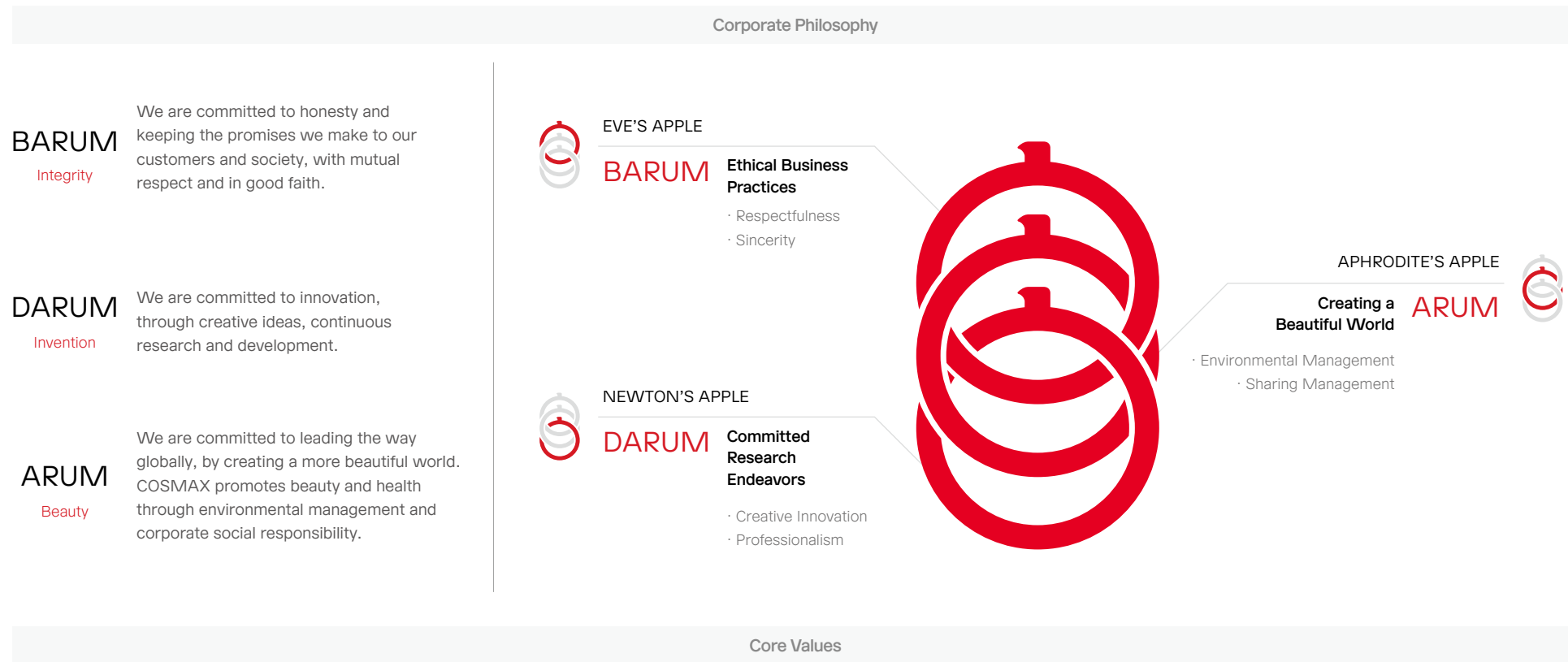
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Corporate Philosophy and Core Values

COSMAX pursues a management philosophy represented by three symbols: 'Eve's apple' representing morality, 'Newton's apple' symbolizing science, and 'Aphrodite's apple' indicating beauty. These three apples embody COSMAX's commitments to 'Make Business Integral (BARUM),' 'Make Technology Novel (DARUM),' and 'Make the World Beautiful (ARUM).' These commitments are grounded in the core values of 'Trust' and 'Love,' through which they are realized.



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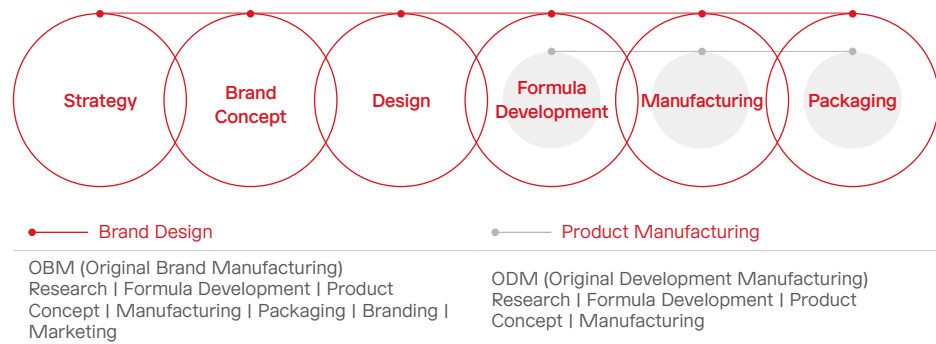
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Business Area

Starting as a beauty-specialized Original Development Manufacturer (ODM), COSMAX has diversified its management strategy since 2022 to expand into the Original Brand Manufacturer (OBM) business. Leveraging top-tier technology and quality, COSMAX supplies most beauty products including basic skincare products (cream, essence, oil, sun care, etc.), make-up products (eye makeup, lip products, foundation, etc.), and masksheets.

Business Expansion



Product

Skincare	Cleansing	Hair	Bath & Body	Base Makeup	Cushion
Sun Care	Mask	Nail	Fragrance	Eye Makeup	Lip Makeup

Key Customers

Key Overseas Customers

Key Domestic Customers

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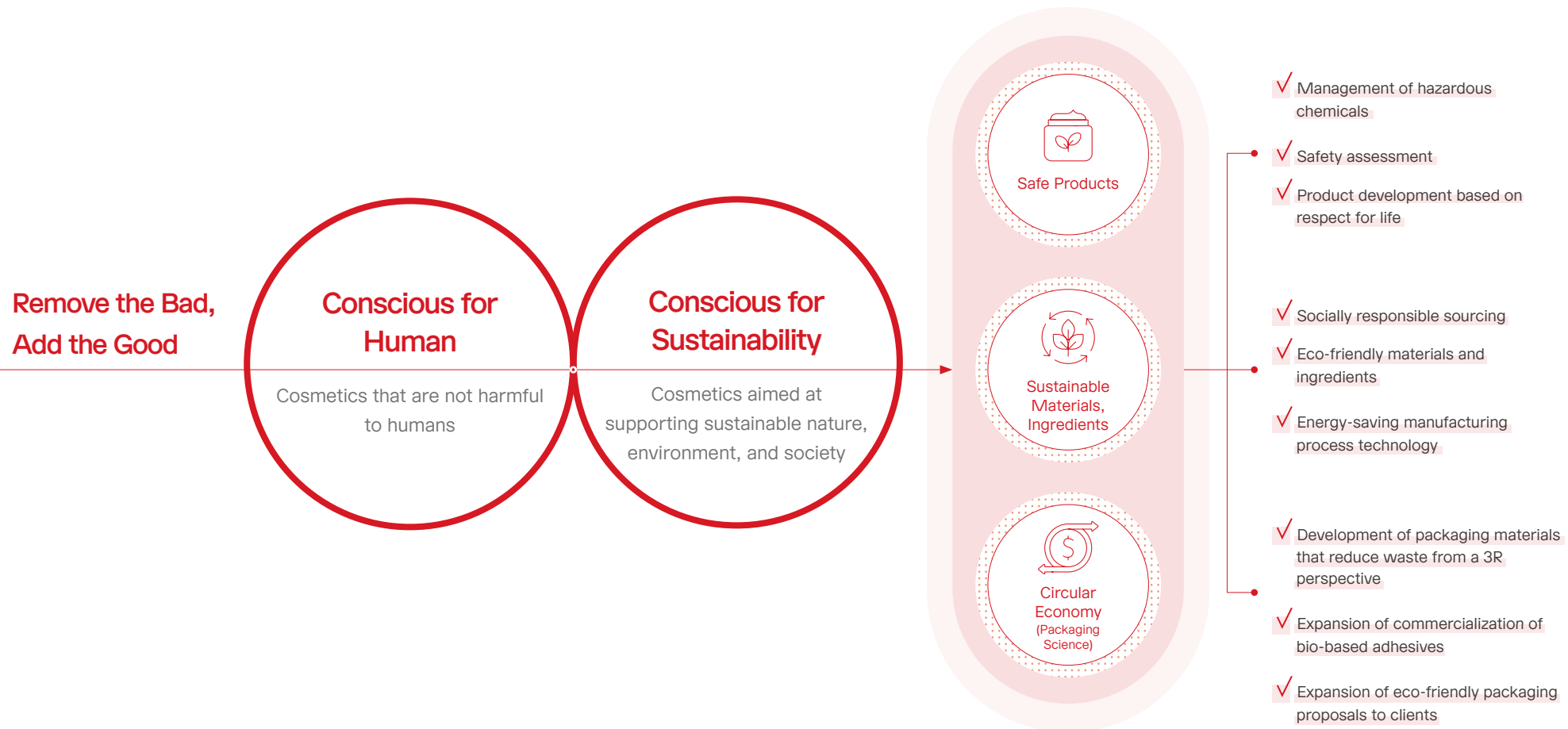
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COSMAX Conscious Beauty

Practicing Conscious Beauty

As global environmental issues such as global warming emerge as serious threats to human survival, value-driven and ethical consumption are expanding, making eco-friendly products and services for customers increasingly important. In response to these changes, COSMAX has established its own conscious beauty standards from the perspective of 'Humans' and 'Sustainability.' Based on the principles of 'Human & Sustainability' (nature, environment, and society), COSMAX introduced the CCB (COSMAX Conscious Beauty) System under the mission of 'Remove the Bad, Add the Good.' The system aims to produce cosmetics that are safe for the human body and promote a sustainable natural environment and society. COSMAX applies its own rigorous harmful substance and raw material standards under the CCB System to produce sustainable beauty products.



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COSMAX Conscious Beauty



Safe Products

COSMAX implements sustainable beauty solutions by prioritizing human safety and bioethics across the entire product life cycle.

- Management of hazardous chemicals: Establishment of a hazardous substance control and raw material evaluation system based on global regulatory standards
- Safety assessment: Preemptive elimination of hazardous factors through various tests and data-based verification
- Product development based on respect for life: Ethical product development through alternative animal testing methods and operation of the Institutional Review Board (IRB)



Sustainable Materials, Ingredients

COSMAX practices a sustainable approach throughout the entire process, from raw material sourcing to manufacturing, by considering both people and the environment.

- Socially responsible sourcing: Strengthening responsible sourcing policies and expanding the use of ethical raw materials such as RSPO-certified palm oil and mica free from child labor
- Eco-friendly materials and ingredients: Developing eco-friendly materials and ingredients using agricultural by-products, microorganisms, and native plants
- Energy-saving manufacturing process technology: Establishing energy-efficient manufacturing processes based on high-concentration emulsions and dilution technologies, and promoting carbon emission reduction



Circular Economy (Packaging Science)

COSMAX is promoting enhanced sustainability through packaging science and technological innovation.

- Development of packaging materials that reduce waste from a 3R perspective: Continuously developing sustainable packaging technologies and materials, including minimizing packaging use, expanding refillable and reusable containers, and using materials that are easy to recycle
- Expansion of commercialization of bio-based adhesives: Planning to expand the application of bio-based adhesives to various product containers such as palettes, cushions, and balms
- Expansion of eco-friendly packaging proposals to clients: Proposing mono-material structures that are easy to recycle and eco-friendly concept materials to major clients

Our own definition of
Conscious Beauty to do
"More" good, not just "Less" harm



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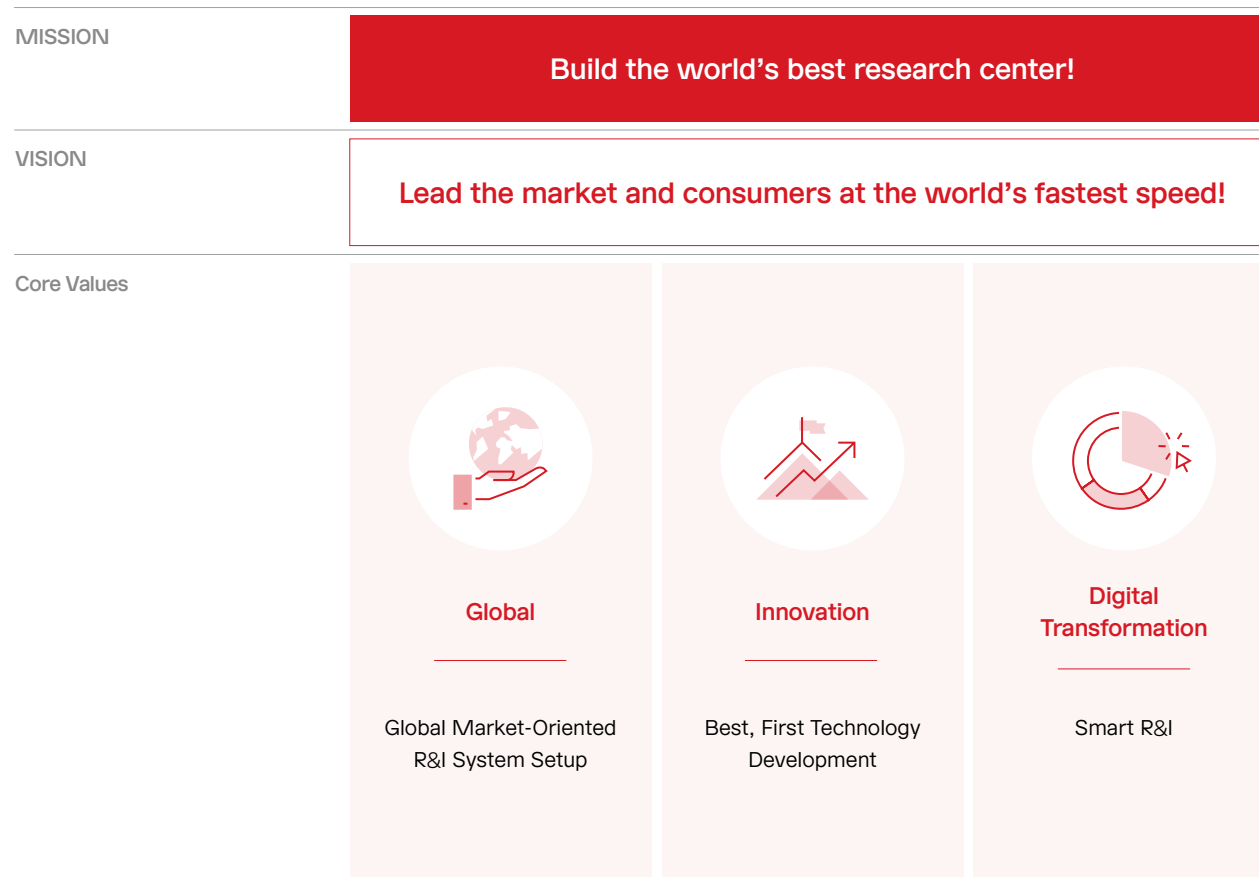
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COSMAX R&I

R&I Vision

Based on the vision of “leading the market and consumers at the world’s fastest speed,” COSMAX is securing differentiated technology leadership through innovative research and development capabilities and a global network. With the core values of Global, Innovation, and Digital Transformation, the company aims to strengthen its position in the rapidly evolving beauty market and continuously enhance its research and development-driven competitiveness.

R&I Vision Framework



COSMAX R&I Competitiveness



Holds top-tier industry experience and achievements

- Over 8,000 new products developed annually
- 3,324 patents and other intellectual property rights, and 304 research papers published, demonstrating robust R&I outcomes



Secures highly skilled and specialized R&I talent

- Approximately 1,100 R&I personnel across the globe and 7 global R&I centers in operation
- Operates specialized research units by field (formulations, ingredients, and fundamental technologies) with an integrated research framework



Builds a global collaborative research network

- Academic-industry cooperation and joint research labs established with prestigious institutions such as SNU, HARVARD, POSTECH, and NUS

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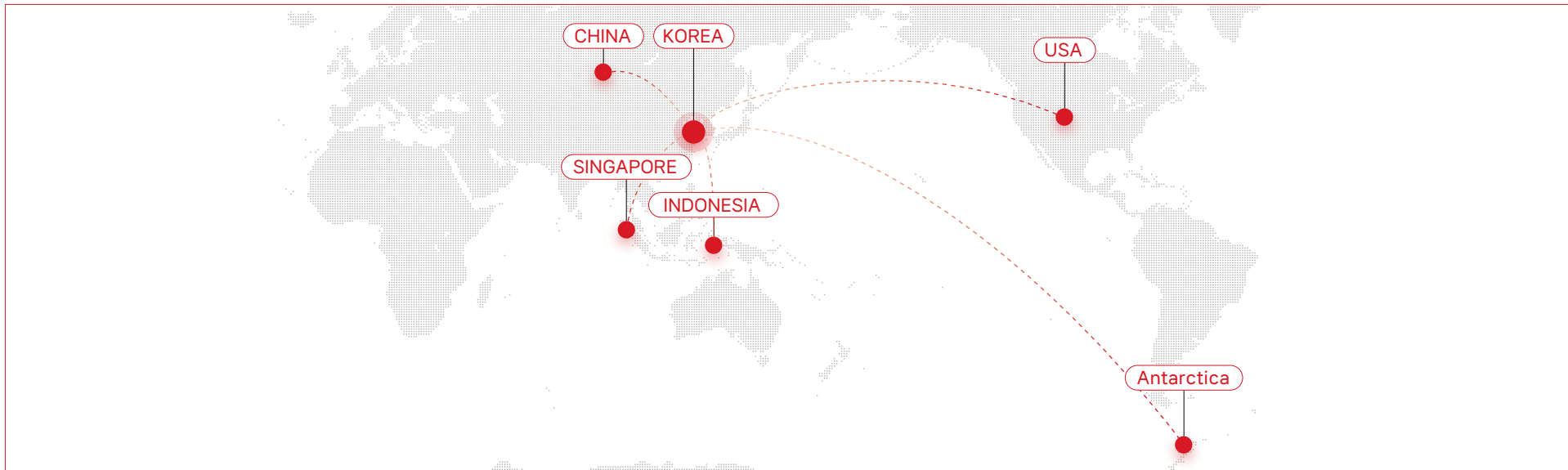
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Global Open R&I

COSMAX promotes joint research with leading universities and research institutes around the world based on global open innovation. Through collaborations with institutions such as Harvard University, Seoul National University, and Pohang University of Science and Technology, the company continues to advance its research and development capabilities across diverse fields, including dermatological science, biotechnology, and the microbiome.



Major Global Open R&I Initiatives



[HARVARD] Joint research on the skin microbiome

Through joint research on the skin microbiome, COSMAX is developing customized skincare solutions that consider diverse factors such as ethnicity, environment, and lifestyle.

Commemorative photo of COSMAX-Harvard research agreement signing ceremony



[SNU] Convergence research project

Development of beauty-tech solutions based on convergence technologies such as AI and big data, and proposal of beauty trends based on culture-tech.

Commemorative photo of the COSMAX-SNU research agreement signing ceremony



[POSTECH] Development of new UV protection materials and formulations

Joint establishment of the 'Pohang UIC,' a specialized research center for UV protection, to develop new materials and formulations for sun care.

Commemorative photo of the COSMAX-POSTECH-Pohang City tripartite MOU signing ceremony (Photo: POSTECH)

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COSMAX R&I



Core Technologies

COSMAX develops over 8,000 new products annually through its R&I Centers. With over 30 years of history, these Centers—leaders in K-beauty innovation—have achieved numerous milestones as the “first” and the “best,” including the world’s first development of skin improvement technology and record-breaking sales in global markets.

Key Core Technologies

Cationic Liposome Skin Delivery System

Plussome™ is an innovative skin delivery technology that utilizes plant-derived cationic liposomes formulated with natural chitosan. By leveraging electrostatic attraction, it significantly enhances the skin absorption of active ingredients. Recently, COSMAX introduced White Plussome™, which applies the whitening agent niacinamide based on this core technology. White Plussome™ has demonstrated over 45 times higher permeability compared to conventional formulations and proven skin-brightening effects, and is now being used as a key ingredient in various high-performance cosmetics.

Skin Microbiome Solution

COSMAX has developed Untopinol™, the world’s first microbiome solution specifically designed to improve problematic skin, maximizing the efficacy of 4th-generation postbiotics based on probiotics. This technology has proven its effectiveness and innovation through publication in allergy-related journals and domestic patent applications. COSMAX is now accelerating its application in both medical devices and general cosmetics to expand personalized skin care solutions.

pH-responsive hair repair technology

Corelink-S™ is the world’s first pH-responsive hair repair ingredient developed through joint research with Seoul National University. It restores cystine bonds inside damaged hair in response to pH changes, enabling recovery of structural strength and elasticity. Unlike conventional surface-coating methods, this technology penetrates the hair shaft to fundamentally improve damage from within, and its hair restoration efficacy has been clinically proven. It is expected to serve as a next-generation innovation in damaged hair care.

Nano-structured ceramide delivery technology

COINCELL™ is a nano-structured delivery technology designed in coin-shaped particles smaller than 50nm to dramatically improve the penetration and stability of active ingredients such as ceramides. This technology effectively passes through the skin barrier while maintaining high stability against temperature and light fluctuations, making it an optimized platform for the development of high-performance skincare products. It is scheduled to be first applied to an upcoming ceramide cream and is gaining attention as a key technology for differentiated skin barrier enhancement solutions.

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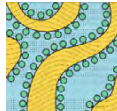
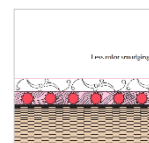
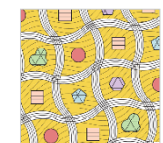
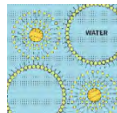
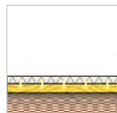
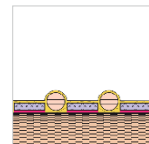
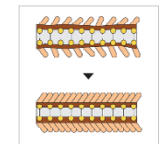

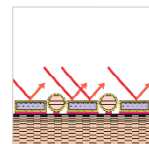
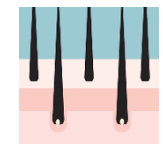
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COSMAX R&I

Technology Branding

Since 2013, COSMAX has been implementing 'Technology Branding' to effectively communicate with customers by individually branding its technologies. Technology Branding is a concept that systematizes technologies so that anyone can explain them with a consistent message. COSMAX's individual branding expresses core technologies in each beauty category in consumer-friendly language, thereby enhancing the clarity of communication. It also reinforces the company's status as a top-tier global cosmetics research and development company and contributes to the creation of corporate added value.

2024 Key Technology Branding

Skincare	Lip Makeup	Eye Makeup
<p>Doubleblend™</p>  <p>A two-phase cleansing technology that blends lipophilic and hydrophilic ingredients to form a continuous phase structure, which melts makeup automatically while improving oil-water balance and providing superior cleansing performance.</p>	<p>GLOWCOAT™</p>  <p>A next-generation glow coating technology that forms dual layers of gloss and color adhesion, preventing color transfer and enhancing long-lasting wear.</p>	<p>Eco Formelt™</p>  <p>A molding technology that uses cosmetic-grade materials to produce external components that protect makeup sticks. The name Eco Formelt is a coined term combining "form" and "melt."</p>
<p>hydromella™</p>  <p>A low-viscosity emulsion technology that forms hydro-pockets within the aqueous phase to maximize hydration and lightness, delivering instant moisturization, long-lasting hydration, and skin barrier improvement.</p>	<p>Powder Makeup</p>	<p>Hair</p>
<p>multi grinding™</p>  <p>A balm formulation technology that combines COSMAX's exclusive filling technology and grinding container to maximize usability and visual appeal, enabling multi-formula and multi-layer/color expressions.</p>	<p>Sleek Dew™</p>  <p>A wet powder formulation that offers a moisturizing, non-drying feel reminiscent of morning dew. It ensures smooth application and even, thin adhesion.</p>	<p>Bicapture Elixir™</p>  <p>A dual-action technology that embeds hydrophilic hair-repairing ingredients within oil, delivering immediate softness while strengthening hair tensile strength over time.</p>
<p>SPREAD-CEL™</p>  <p>A technology that allows high-viscosity, high-efficacy creams or packs to be spread on fabric sheets, offering enhanced adherence and convenience without touching the hands, maximizing both usability and efficacy.</p>	<p>Xparklize™</p>  <p>A formulation that evenly disperses pearls, glitter, powder particles, and a high concentration of oil binder to create a clear base with maximized pearlescent shine.</p>	<p>Dand-thief™</p>  <p>A technology that applies an optimal blend of antibacterial and anti-dandruff ingredients to help improve scalp redness, sebum, and flakiness, thereby contributing to a healthier scalp environment.</p>

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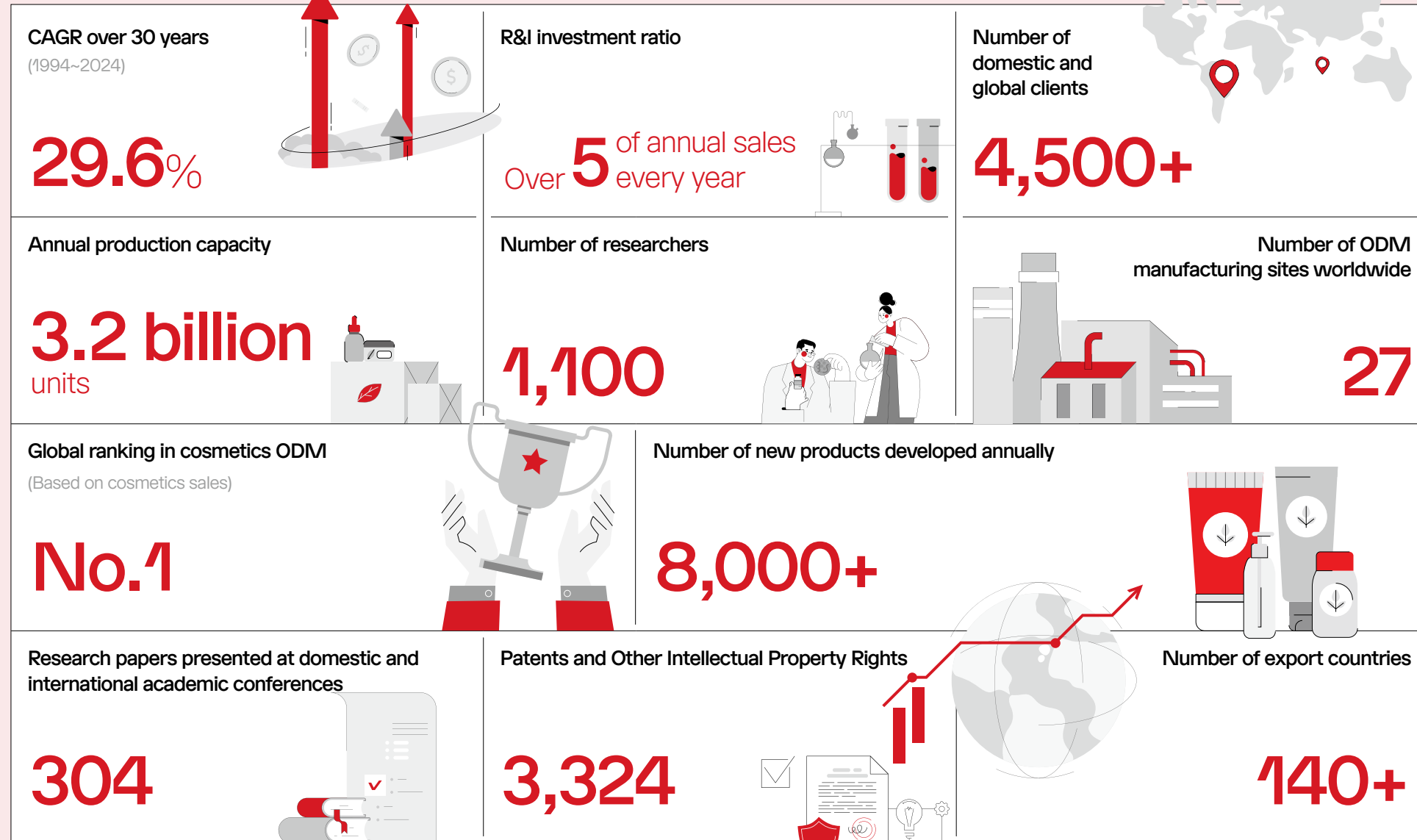
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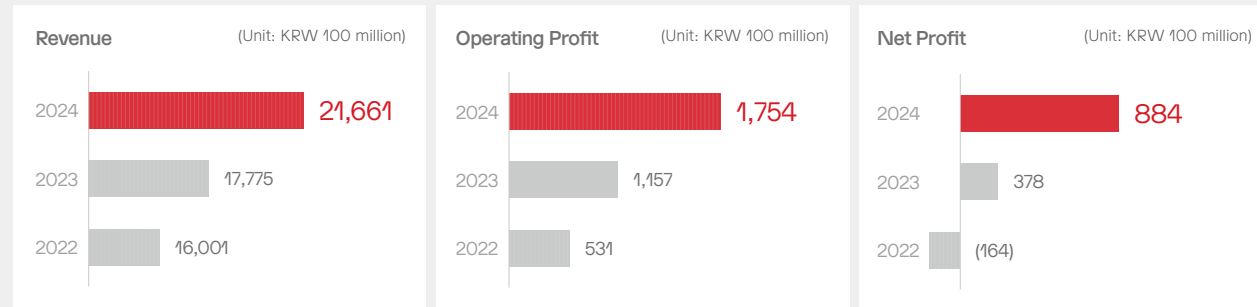
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2024 COSMAX Financial Performance



2024 COSMAX Technology Development Achievements

<p>Eco-friendly Cellulose-Based Ceramide Stabilized Delivery System</p> <p>A proprietary technology that fundamentally stabilizes ceramide—a key ingredient for strengthening the skin barrier—within cosmetic formulations. The research was published in the internationally renowned Chemical Engineering Journal (CEJ).</p>	<p>New Skin Delivery System: COINCELL™</p> <p>A novel skin delivery system with disc-shaped particles under 50nm in size. Featuring a bilayer structure without internal aqueous compartments, the active ingredient is embedded between lipid layers, offering strong stability under thermal and environmental stress and enhanced skin permeability.</p>	<p>Corelink-S™: Hair Repair and Strengthening Ingredient</p> <p>An innovative material that reconnects cystine bonds broken by repeated chemical treatments, contributing to hair repair and reinforcement. Proven to improve tensile strength of damaged hair.</p>
<p>Totaraxin™: Non-Notification Acne-Relieving Ingredient</p> <p>A novel skin delivery system developed using Totara, a native plant extract from New Zealand rated 'Green' by EWG. Demonstrated efficacy in sebum control and acne improvement.</p>	<p>Spike Janus Nanoparticles</p> <p>A next-generation UV protection material utilizing Janus nanoparticles with both hydrophilic and lipophilic properties, enabling UV blocking without the use of surfactants. Proven to improve the stickiness associated with conventional sunscreens.</p>	<p>Whitening Functional Ingredient: White Plussome™</p> <p>A whitening formulation that applies niacinamide—commonly used for brightening—into COSMAX's proprietary plant-derived cationic delivery system, Plussome™. Clinically validated for enhancing skin permeability and improving brightness and hyperpigmentation.</p>

Awarded the USD 200 Million Export Tower for Global Export Performance

At the 61st Trade Day ceremony, COSMAX became the first company in Korea's cosmetics ODM industry to receive the "USD 200 Million Export Tower," affirming its global export competitiveness. From July 2023 to June 2024, the company achieved a total export volume of USD 202.77 million (KRW 286.8 billion), with exports accounting for approximately 24% of total sales during the same period.

Over the past three years, COSMAX has recorded an average annual export growth rate of 14%, continuing its steady upward trajectory. In the first half of 2024, exports increased by 36.6% year-on-year. The highest export shares were to the U.S. (24.4%) and Japan (20.3%), with the company's flagship product, cushion foundation, surpassing a cumulative production volume of 800 million units.

To accelerate the global expansion of K-beauty, COSMAX operates an emerging market task force and is expanding into the Middle East, Latin America, India, and Africa. It is also securing new clients in local markets such as the UAE, Türkiye, Kenya, and Mexico through market-specific strategies. Going forward, COSMAX will continue to strengthen its export competitiveness as a reliable partner to its clients and lead the global spread of K-beauty at the heart of the beauty industry.



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Double Materiality Assessment

Double Materiality Assessment Process

COSMAX conducted a double materiality assessment in accordance with the procedures recommended by international disclosure standards such as the Global Reporting Initiative (GRI) and the European Sustainability Reporting Standards (ESRS), to identify issues that may have social or environmental impacts or pose financial risks. Key issues identified through the double materiality assessment are transparently disclosed in the sustainability report.

Double Materiality Assessment Process



Step 1. Environmental Analysis

COSMAX analyzed the sustainability management environment based on international standards and ESG evaluation indicators to identify issues of high significance from the perspectives of economy, environment, and people, which may affect stakeholders. In addition, media analysis and an ESG issue analysis of peer industries were conducted to identify ESG issues relevant to COSMAX's business characteristics, resulting in a pool of 26 issues.

Environmental Analysis

- Analysis of international standards
- Media analysis
- ESG issue analysis of peer industries



Step 2. Defining IRO (Impact, Risk, Opportunity)

Based on the IRO (Impact, Risk, Opportunity) identified during the environmental analysis stage, COSMAX defined the social and environmental impacts, financial risks, and opportunity factors associated with each sustainability issue. COSMAX also reflected the indicator requirements of the European Sustainability Reporting Standards (ESRS) and the results of internal assessments to develop an IRO longlist for each issue.

Identification of Actual and Potential Impacts

- COSMAX identified both actual and potential impacts of its operations and business relationships across economic, environmental, and human rights dimensions.

Identification of Positive and Negative Impacts

- COSMAX analyzed the direction and extent of each issue's impact by comprehensively considering its nature, scale, scope, likelihood of occurrence, and irreversibility.



Step 3. Materiality Assessment

Based on the IRO Longlist, COSMAX conducted an assessment of both Environmental/Social Impact Materiality and Financial Materiality. The assessment was carried out by a group of experts comprising internal practitioners and external ESG specialists to ensure a balanced reflection of both internal and external stakeholder expectations from a diversified perspective.

Impact Materiality Assessment

- Analysis of international standards: Review of disclosure standards based on GRI Standards, UN SDGs, and other Environmental & Social Materiality criteria
- Media analysis: Review of issues related to corporate activities covered in the media
- Benchmarking analysis: Review of key material issues and sustainability disclosures in peer industries
- Stakeholder survey: Analysis of survey responses from external stakeholders, including suppliers, customers, government agencies, and ESG experts

Financial Materiality Assessment

- Analysis of international standards: Review of disclosure standards based on Financial Materiality criteria such as SASB and TCFD
- Evaluation index analysis: Review of ESG evaluation indicators that affect investor decisions and external reputation (e.g., MSCI, DJSI)
- Media analysis: Review of issues related to corporate activities covered in the media
- Stakeholder survey: Analysis of survey responses from internal stakeholders such as employees and investors



Step 4. Prioritization

COSMAX prioritized the 26 issues identified in the issue pool based on their materiality and selected the top 10 issues as key reporting topics.

- Both internal and external stakeholder perspectives were considered when selecting the key issues.
- The top 10 issues were categorized into environmental, social, and governance (economic) perspectives.
- COSMAX discloses its responses to these key issues transparently through this report.

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Double Materiality Assessment Result

COSMAX identified 10 key issues through a double materiality assessment. Among them, energy reduction and climate change response, R&D and product innovation, and ESG management of suppliers were selected as the most critical issues.

Ranking of Key Issues in the Double Materiality Assessment

Rank	Domain	Key Issue	Change vs. 2024	Environmental & Social Impact	Financial Impact
1	Environment	Energy reduction and climate change response	▲ 2	●	●
2	Governance	R&D and product innovation	New	●	●
3	Social	ESG management of suppliers	▲ 5	●	●
4	Environment	Development and management of eco-friendly products	-	●	◐
5	Social	Customer communication and satisfaction	-	◐	●
6	Social	Establishment of a favorable corporate culture	New	●	◐
7	Governance	Responsible board composition and operation	New	●	◐
8	Environment	Sustainable packaging	▼ 6	◐	●
9	Social	Respect for human rights and ensuring diversity	New	◐	●
10	Environment	Waste management	▼ 1	◐	◐

* ● High, ◐ Medium, ○ Low

Double Materiality Assessment Matrix



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Management of Key Issues

COSMAX defines the risks and opportunities that may arise from material issues and establishes strategies to systematically manage them. The company transparently discloses its related activities and outcomes through the Sustainability Report.

Management of Key Issues

Material Issue	Environmental & Social Impact			Financial Impact		
	Type	Impact Description	Result	Type	Impact Description	Result
Energy reduction and climate change response	Negative	<ul style="list-style-type: none"> Impact of energy management and greenhouse gas emissions on the environment Impact of energy paradigm shifts and climate change on the regional economy 	●	Risk	<ul style="list-style-type: none"> Increased operational costs due to expenses related to installing high-efficiency equipment and purchasing renewable energy Decline in customer trust due to passive adaptation and mitigation efforts for climate change 	●
				Opportunity	<ul style="list-style-type: none"> Improved operational efficiency through energy savings enabled by smart energy management and the adoption of high-efficiency equipment Strengthened long-term customer relationships through active energy-saving efforts and expanded use of renewable energy 	
R&D and product innovation	Positive	<ul style="list-style-type: none"> Impact of R&D investments on the regional economy Impact of innovative product development across the value chain (production, distribution, consumption) 	●	Risk	<ul style="list-style-type: none"> Additional R&D costs due to accelerated innovation cycles Decline in customer trust due to products not meeting customer needs 	●
				Opportunity	<ul style="list-style-type: none"> Improved customer trust through product launches and enhanced technological capabilities Enhanced reputation and brand value through innovation-driven brand image 	
ESG management of suppliers	Positive	<ul style="list-style-type: none"> Impact of applying ESG requirements across the supply chain Impact of ESG collaboration with suppliers on society 	●	Risk	<ul style="list-style-type: none"> Increased operational costs due to contract renewals and support for improving ESG levels of suppliers Weakened supplier position due to failure to meet customer audit requirements for ESG compliance Decline in corporate reputation and brand value due to ESG-related issues with specific suppliers 	●
				Opportunity	<ul style="list-style-type: none"> Cost reduction and operational efficiency through joint initiatives with suppliers for fairness and efficiency Maintenance of sustainable customer relationships through enhanced ESG levels across the supply chain 	
Development and management of eco-friendly products	Positive	<ul style="list-style-type: none"> Impact of developing eco-friendly technologies and products on the regional economy Impact of adopting and developing eco-friendly technologies and products on the environment 	●	Risk	<ul style="list-style-type: none"> Operational costs incurred from eco-certification, equipment, and R&D investment Reputational and brand value decline due to greenwashing issues 	◐
				Opportunity	<ul style="list-style-type: none"> Mid- to long-term cost savings from operating eco-friendly, high-efficiency facilities Creation of new markets driven by trends in eco-conscious and value-based consumption 	
Customer communication and satisfaction	Positive	<ul style="list-style-type: none"> Impact of operating diverse stakeholder communication channels on customers Impact of broad opinion collection on employees 	◐	Risk	<ul style="list-style-type: none"> Increased operational costs due to miscommunication or disputes arising from lack of customer engagement Decline in customer loyalty and brand value due to unresolved complaints or external disclosures 	●
				Opportunity	<ul style="list-style-type: none"> Improved product satisfaction through new product/service ideas generated from stakeholder communication Enhanced repurchase rates and customer support through active two-way communication, boosting brand value 	
Establishment of a favorable corporate culture	Positive	<ul style="list-style-type: none"> Impact of improved working conditions and employee welfare on staff Impact of corporate culture innovation on society 	●	Risk	<ul style="list-style-type: none"> Reputational and brand value loss due to exposure of negative corporate culture via media or social platforms Decline in productivity due to loss of key talent and reduced engagement stemming from undifferentiated work environments compared to competitors 	◐
				Opportunity	<ul style="list-style-type: none"> Reduced HR management costs by lowering turnover and improving productivity Enhanced brand value through the spread of a positive workplace image such as work-life balance and "great place to work" recognition 	
Responsible board composition and operation	Positive	<ul style="list-style-type: none"> Impact of strengthening board functions and roles on investors and shareholders Impact of enhanced ESG responsibilities on society, the environment, and employees 	●	Risk	<ul style="list-style-type: none"> Decline in brand value due to lack of transparency in decision-making processes Reduced investment value due to passive board functions and responsibilities 	◐
				Opportunity	<ul style="list-style-type: none"> Improved brand value through the establishment of a transparent and sound governance structure 	
Sustainable packaging	Positive	<ul style="list-style-type: none"> Impact of adopting eco-friendly packaging materials and diversifying materials on the environment Impact of establishing a circular economy on the regional economy 	◐	Risk	<ul style="list-style-type: none"> Increase in raw material costs due to procurement of eco-friendly packaging materials Decline in customer trust and brand value when eco-friendly requirements are not met 	●
				Opportunity	<ul style="list-style-type: none"> Enhanced brand image and responsiveness to eco-conscious consumption trends through adoption of eco-friendly packaging Contribution to building a circular economy by introducing recyclable materials 	
Respect for human rights and ensuring diversity	Positive	<ul style="list-style-type: none"> Impact of spreading a culture of respect for human rights on employees Impact of spreading a culture of respect for human rights on the supply chain 	◐	Risk	<ul style="list-style-type: none"> Reputational and brand value loss due to domestic or international pressure and customer attrition following human rights violations Increased operational costs from compensation or settlement related to discrimination or human rights violation lawsuits Decline in productivity due to internal conflict and weakened teamwork stemming from lack of diversity, inclusion, or human rights issues 	●
				Opportunity	<ul style="list-style-type: none"> Enhanced brand value through favorable media and consumer perception driven by the spread of a corporate culture that values human rights and equality 	
Waste management	Negative	<ul style="list-style-type: none"> Impact of waste generated during cosmetic manufacturing processes on the environment Impact of waste generated during raw and subsidiary material production on the environment 	◐	Risk	<ul style="list-style-type: none"> Fines incurred for violations of waste management regulations Increased production costs due to higher waste disposal costs 	◐
				Opportunity	<ul style="list-style-type: none"> Enhanced customer trust and brand value through transparent disclosure of waste reduction activities Securing competitiveness in entering global markets by acquiring eco-friendly certifications 	

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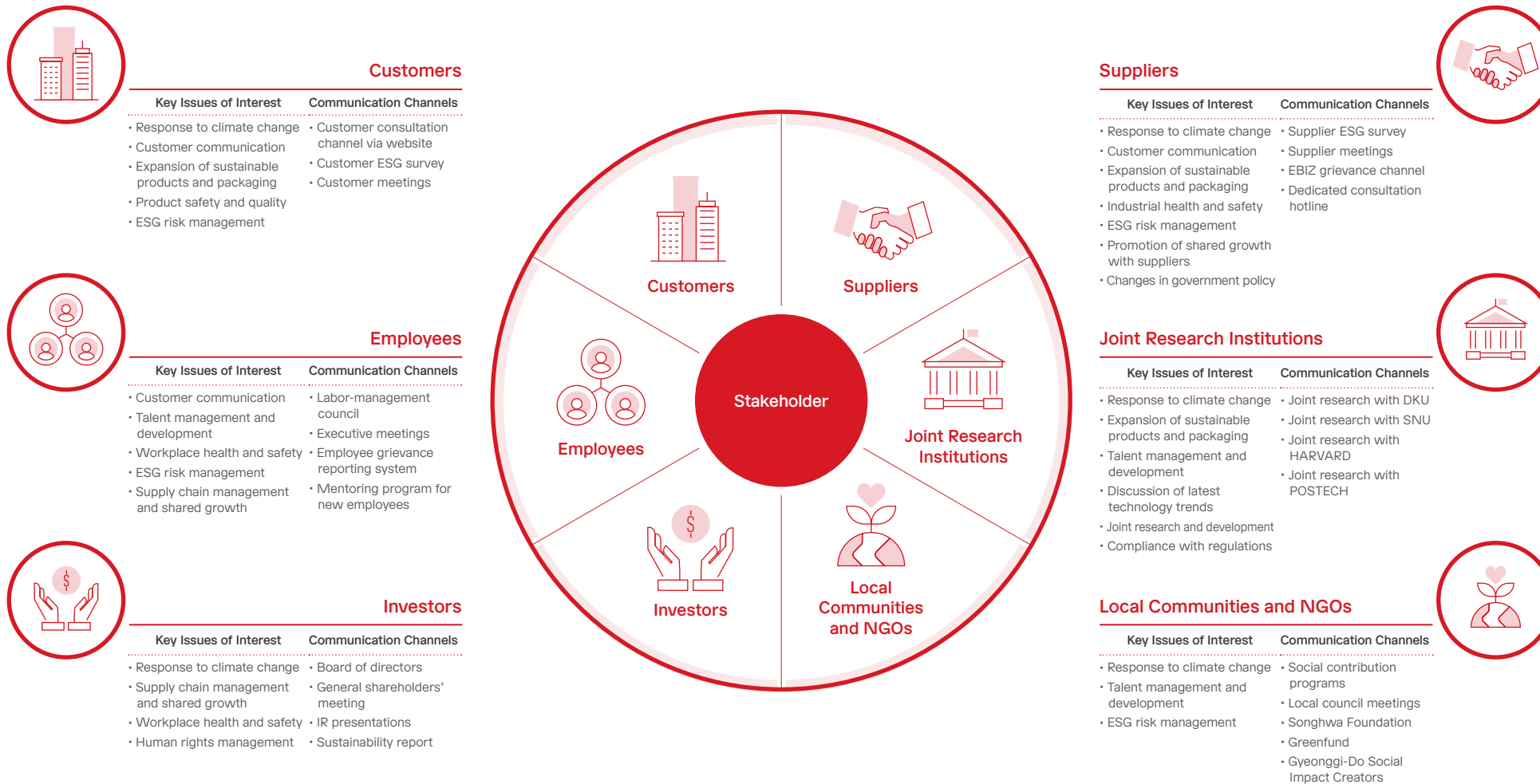
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Stakeholder Engagement

Stakeholder Communication Activities

COSMAX identifies customers, executives and employees, investors, suppliers, joint research institutions, and local communities as its key stakeholder groups. The company has identified the primary issues of interest for each group and established implementation strategies based on these issues, which are reflected throughout its business operations. To facilitate effective communication, COSMAX operates customized communication channels tailored to each stakeholder group. Through these efforts, the company aims to respond promptly and proactively to the expectations and needs of each stakeholder.

Key Issues of Interest and Communication Channels



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COSMAX ESG Vision & Strategy

Based on its ESG management philosophy — “Pursuing sustainable change and innovation so that all humanity can enjoy a beautiful and healthy life” — COSMAX strives to contribute to achieving the UN Sustainable Development Goals (SDGs), a shared global agenda, and to grow into a global eco-friendly company. Anchored in its corporate values of ARUM (Beauty) · DARUM (Difference) · BARUM (Integrity), COSMAX has established a three-pillar strategy: Creating a Beautiful Planet, Creating Innovation, and Creating Ethical Business. Through this strategic framework, the company seeks to create both environmental and social value. COSMAX will continue to advance its ESG management across all areas of business operations and take the lead in building a sustainable future.

VISION	COSMAX Changes toward a New horizon	
	<p>Management Philosophy</p> <p>Pursuing sustainable change and innovation so that all humanity can enjoy a beautiful and healthy life</p>	<p>Our Values</p> <p>Together with our clients and stakeholders, COSMAX aims to contribute to achieving the UN Sustainable Development Goals (SDGs), a global common agenda, and to become a global eco-friendly company that delivers sustainable value to humanity through innovation in the beauty and health industry with the best products.</p>

Value	ARUM Creating a Beautiful World	DARUM Committed Research Endeavors	BARUM Ethical Business Practices
Strategy	<p style="text-align: center;">Creating a Beautiful Planet</p> <p style="text-align: center;">Minimizing environmental impact and reducing environmental footprint through resource circulation</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> Achieve carbon neutrality by 2050 </div> <div style="text-align: center;"> Expand renewable energy use </div> <div style="text-align: center;"> Reduce water consumption and waste generation </div> </div>	<p style="text-align: center;">Creating Innovation</p> <p style="text-align: center;">Responsible product manufacturing and expanded social and environmental benefits</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> Safety and health Product innovation </div> <div style="text-align: center;"> Eco-friendly materials and packaging </div> <div style="text-align: center;"> Creation of social and environmental value </div> </div>	<p style="text-align: center;">Creating Ethical Business</p> <p style="text-align: center;">Strengthening shared growth and social responsibility across the value chain</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> Sustainable supply chain </div> <div style="text-align: center;"> Ethical and human rights management </div> <div style="text-align: center;"> Social responsibility Shared growth </div> </div>
Core Activity	<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> Innovation in climate change response </div> <div style="text-align: center;"> Expansion of environmental and social value through resource circulation </div> </div>	<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> Ensuring product safety and risk management </div> <div style="text-align: center;"> Expansion of eco-friendly research and technological capabilities </div> <div style="text-align: center;"> Expansion of social responsibility initiatives </div> </div>	<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> Establishment of a sustainable supply chain </div> <div style="text-align: center;"> Advancement of human rights-centered management </div> <div style="text-align: center;"> Creation of a great place to work </div> <div style="text-align: center;"> Expansion of global business portfolio </div> </div>

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2024 ESG Key Performance and Goals

ESG Strategy	Key Performance Indicator	2024 Key Activities	Goals
Creating a Beautiful Planet Minimizing environmental impact and reducing environmental footprint through resource circulation 	Achieve carbon neutrality by 2050 <ul style="list-style-type: none"> Intensity of GHG emissions (Scope 1, 2) (tCO₂e / sales in KRW 100 million): 2.01 tCO₂e Advance the supply chain GHG management system 	<ul style="list-style-type: none"> Finalize and implement the 2050 Net Zero roadmap Establish a foundation for identifying and implementing GHG reduction tasks Operate a consulting program to support supplier carbon management 	<ul style="list-style-type: none"> Reduce GHG emissions by 50% by 2035 compared to 2024 Achieve Net Zero roadmap targets by 2050
	Expand renewable energy use <ul style="list-style-type: none"> Renewable energy consumption: 176.7% year-on-year increase Number of business sites with newly installed solar power facilities: 4 	<ul style="list-style-type: none"> Establish and implement a roadmap for renewable energy adoption Expand solar power facilities and strengthen energy management initiatives 	<ul style="list-style-type: none"> Achieve 55% renewable energy by 2035 Expand renewable energy generation facilities at all business sites by 2035
	Reduce water consumption and waste generation <ul style="list-style-type: none"> Intensity of water consumption (ton / sales in KRW 100 million): 14.17 tons (based on COSMAX operations) Waste recycling rate (%): 81.7% (based on COSMAX operations) 	<ul style="list-style-type: none"> Reduce resource use including water and waste, and expand recycling/reuse Strengthen systems for managing pollutants and waste 	<ul style="list-style-type: none"> Reduce water consumption intensity by 30% by 2035 compared to 2024 Achieve a domestic waste recycling rate of 95% by 2035
Creating Innovation Responsible product manufacturing and expanded social and environmental benefits 	Safety and health Product innovation <ul style="list-style-type: none"> Occupational Health and Safety Management System certification rate of business sites (%): 100% Improvement/mitigation rate for risk factors (%): 100% 	<ul style="list-style-type: none"> Strengthen and internalize global safety and health management through expansion of safety facility investments and emergency response training Conduct risk assessments and integrated monitoring of risk factors at worksites, and implement improvement plans 	<ul style="list-style-type: none"> Achieve 100% certification in occupational health and safety management systems at all business sites by 2030 Maintain zero cases of serious industrial accidents
	Eco-friendly materials and packaging <ul style="list-style-type: none"> Percentage of COSMAX ECO grade packaging used (%): 100% (Your Logo, for employee sales) Percentage of products using vegan raw materials: 5.49% 	<ul style="list-style-type: none"> Develop eco-friendly products and technologies including plant-based materials, recycled plastics, and vegan-certified products, and expand global patent acquisition Strengthen quality management throughout the entire product lifecycle, including hazard assessment 	<ul style="list-style-type: none"> Achieve microplastic-free by 2030 Expand COSMAX ECO grade products by 50% by 2035
	Creation of social and environmental value <ul style="list-style-type: none"> Commercialized eco-friendly bio-based adhesive Number of open R&I collaboration projects: 12 Expand research initiatives to reduce environmental impact and enhance customer safety 	<ul style="list-style-type: none"> Secure globally leading technologies such as development of new materials based on microbiome Continue to expand open R&I based on collaboration with research institutes and universities 	<ul style="list-style-type: none"> Apply bio-based adhesives to all products by 2035 Expand global open R&I Expand product development to improve accessibility for persons with disabilities
Creating Ethical Business Strengthening shared growth and social responsibility across the value chain 	Sustainable supply chain <ul style="list-style-type: none"> Code of Conduct signing rate of significant suppliers (%): 100% ESG evaluation coverage of significant suppliers (%): 100% Percentage of RSPO-certified raw materials used (%): 64.8% 	<ul style="list-style-type: none"> Advance supply chain management policies including the Supplier Code of Conduct Expand ESG evaluations and on-site audits for suppliers (human rights, labor, environment, safety, ethics) 	<ul style="list-style-type: none"> Achieve 100% ESG evaluation coverage of significant global suppliers by 2030 Achieve 80% of RSPO-certified raw materials used by 2030
	Ethical and human rights management <ul style="list-style-type: none"> Human Rights Impact Assessment implementation rate of business sites (%): 80% Corruption risk assessment rate of business sites (%): 100% 	<ul style="list-style-type: none"> Strengthen human rights risk management systems in response to tightening global regulations such as CSDDD Promote ethics risk management activities based on ethics policies and codes of conduct 	<ul style="list-style-type: none"> Conduct human rights impact assessments at all sites and implement improvement measures by 2030
	Social responsibility Shared growth <ul style="list-style-type: none"> Cumulative number of beneficiaries of social contribution programs (persons): 1,474 Continuously expand social contribution programs at global sites Implement biodiversity conservation programs for local communities 	<ul style="list-style-type: none"> Continue community donation activities in key areas of social interest such as traditional culture Promote local coexistence and community engagement activities at global business sites 	<ul style="list-style-type: none"> Expand number of COSMAX social contribution beneficiaries to 5,000 by 2030

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2024 ESG Key Activities

Environmental	Social	Governance
<p>Expansion of Solar Power Facilities</p> <p>We expanded renewable energy generation and consumption by newly installing and operating solar power facilities at four sites¹⁾.</p> <p><small>1) Pyeongtaek Plant 2, COSMAX China Plant A and Plant C, YATSEN Biotechnology</small></p>	<p>Declaration of Support for the UN Women's Empowerment Principles (WEPs)</p> <p>COSMAX joined and declared its support for the Women's Empowerment Principles (WEPs), jointly established by the United Nations Global Compact (UNGC) and UN Women. Through this, we expressed our commitment to implementing the principles that promote gender equality and the empowerment of women throughout business operations.</p>	<p>Enhancing Board Diversity</p> <p>COSMAX strengthened diversity and inclusion within the Board of Directors (BOD) by appointing a female independent director. This effort not only contributed to improving gender balance, but also enhanced the expertise and objectivity of the decision-making process, advancing sustainable corporate governance.</p>
<p>Establishment of a GHG Management System for the Supply Chain</p> <p>We supported the calculation and management of greenhouse gas (GHG) emissions (Scope 3) from our suppliers by providing consulting services and on-site training. By applying standardized criteria, we enhanced the accuracy of data, thereby strengthening the foundation for ESG responsiveness and carbon neutrality across the entire supply chain.</p>	<p>Received 'Gold' Rating in EcoVadis Global ESG Assessment</p> <p>COSMAX received a Gold rating from EcoVadis, a global supply chain sustainability assessment organization, in four key ESG categories: environment, labor & human rights, ethics, and sustainable procurement. This recognition demonstrates our systematic and effective management of ESG across its supply chain.</p>	<p>Advancement of Ethics and Compliance Management System</p> <p>COSMAX established a company-wide ethics management system and implemented internal controls to monitor and manage ethics and anti-corruption risks. As a result, we obtained certifications for ISO 37001 (Anti-bribery Management System) and ISO 37301 (Compliance Management System).</p>
<p>Expansion of Eco-friendly Raw Materials and Ingredients</p> <p>For the first time in Korea, we developed a marine biodegradable bio-based adhesive that improves recyclability and environmental sustainability. In addition, we expanded our product technologies for eco-friendly packaging and skincare by developing bio-based raw materials derived from agricultural by-products, microorganisms, and enzymes.</p>	<p>Advancement of ESG Management System in the Supply Chain</p> <p>To enhance the ESG capabilities of its suppliers, COSMAX established a sustainability management system for suppliers. We also strengthened ESG evaluations and on-site audits based on global standards across key areas including labor & human rights, health & safety, environment, and ethics.</p>	<p>Reestablishment of Integrated Risk Management System</p> <p>COSMAX reestablished its integrated risk management system to evaluate both financial and non-financial risks and determine priority areas. We manage key risks through governance led by the ESG Committee, Chief Risk Officer (CRO), and working groups.</p>

ESG Assessment Results

<p>KCGS Rating: B+</p> <p>Received an 'A' rating in Environment, 'A+' in Social, and 'B' in Governance from Korea Corporate Governance Service (KCGS)</p>	<p>Sustainvest Rating: AA</p> <p>Achieved 'A' ratings in Environment, Social, and Governance from Sustainvest</p>	<p>EcoVadis Rating: Gold</p> <p>Earned high scores in climate change response, systematic supply chain management, and ethical business practices</p>
<p>Korea ESG Research Institute Rating: Comprehensive A</p> <p>Received an 'A+' in Environment, 'A' in Social, and 'B' in Governance</p>	<p>CDP Climate Change Response: Management Level</p> <p>Rated 'B' in Climate Change and 'B' in Water Security</p>	

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- Double Materiality Assessment
- Stakeholder Engagement
- COSMAX ESG Vision
- COSMAX ESG Highlights**

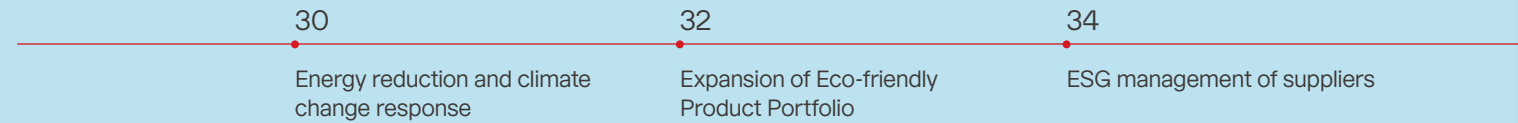
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CLIMATE CHANGE RESPONSE

Importance

Across global industries, energy efficiency and climate change response are increasingly recognized as critical elements for fulfilling environmental responsibility and securing a foundation for sustainable operations. Major countries, including the European Union (EU), are reinforcing their carbon neutrality targets and requiring manufacturers to adopt renewable energy and reduce greenhouse gas emissions—trends that are directly impacting the cosmetics manufacturing industry. At the same time, as consumer demand for eco-friendly products grows, companies are enhancing sustainability by introducing renewable energy sources such as solar and wind power, applying energy-efficient technologies in production processes, and obtaining carbon neutrality certifications.

Approach

COSMAX recognizes the role of a responsible corporation in addressing the climate crisis and has established a company-wide climate response system to strengthen the foundation for sustainable growth. Led by the ESG Committee within the BOD, we systematically identify and manage climate-related risks and opportunities, and transparently manage our greenhouse gas emissions in accordance with the recommendations of the TCFD. We have also established mid- to long-term strategies and targets for climate action and operate a governance structure that involves all executives and key departments to enhance policy and strategy execution. Furthermore, we are gradually expanding a range of climate action initiatives—including the transition to renewable energy, improvements in energy efficiency, and investments in eco-friendly infrastructure—to achieve Net Zero by 2050. COSMAX will continue to enhance its climate response capabilities and strengthen communication with stakeholders and participation in global initiatives, actively contributing to the transition toward a low-carbon economy and a sustainable future.

UN SDGs



2024 Achievements

GHG emissions intensity

7.8% reduction

Renewable energy consumption

176.7%

year-on-year increase

Number of business sites with newly installed solar power facilities

4

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GOVERNANCE

COSMAX identifies risks and opportunities through its climate governance framework and systematically oversees ESG initiatives. The ESG Committee under the BOD serves as the highest decision-making body, establishing strategy and mid- to long-term targets. The CEO supervises company-wide ESG management and presents key issues to the Board. The ESG Management Council, composed of executives, regularly discusses ESG-related topics, while the Carbon Neutrality Working Group drives Net Zero strategy by implementing department-specific action plans. These bodies work in close coordination to enhance the effectiveness and execution of the climate response system.

STRATEGY

COSMAX aims to achieve carbon neutrality by 2050 and is reinforcing its greenhouse gas monitoring system by advancing its emissions reduction strategy and strengthening Scope 3 emissions management. We are expanding solar panel installations at major business sites and promoting renewable energy procurement. Additionally, energy efficiency is being improved through the deployment of Factory Energy Management Systems (FEMS) and the adoption of high-efficiency equipment.



Strengthening Climate Response Framework

- Advance GHG reduction targets and strategy
- Enhance the greenhouse gas monitoring system, including expansion of Scope 3 emissions categories



Accelerating Transition to Renewable Energy

- Expand installation and operation of solar power generation facilities at major business sites
- Promote renewable energy procurement through PPA and REC mechanisms



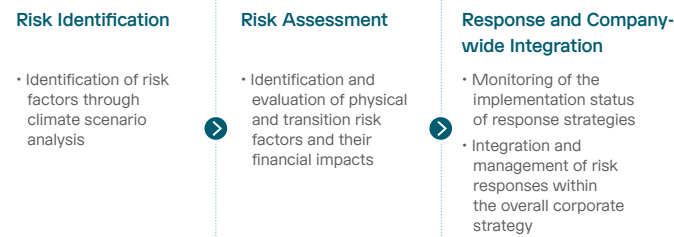
Improving Energy Efficiency

- Establish and operate Factory Energy Management Systems (FEMS) across all plants
- Promote the improvement of high-efficiency equipment at business sites

RISK MANAGEMENT

COSMAX conducts annual assessments of climate-related risks to identify physical and transition risks that may arise across its business operations and to develop appropriate countermeasures. The ESG Committee works closely with relevant departments to detect potential risks in advance, and significant risks are selected as key management issues and systematically managed. In addition, climate scenario analysis is conducted to establish response strategies for physical and transition risks at major business sites.

Integrated Climate Risk Management System



TARGET & ACTIVITY

	Short Term (2025)	Mid Term (2027)	Long Term (2030)
TARGET	<ul style="list-style-type: none"> • Expand solar power facilities to all sites (100% installation at production sites) 	<ul style="list-style-type: none"> • Achieve 10% renewable energy consumption 	<ul style="list-style-type: none"> • Achieve 15% renewable energy consumption
ACTIVITY	<ul style="list-style-type: none"> • Complete company-wide FEMS (Factory Energy Management System) expansion • Review the adoption of renewable energy PPA and REC 	<ul style="list-style-type: none"> • Promote renewable energy PPA and REC agreements • Establish a roadmap to achieve carbon neutrality targets across all business sites 	<ul style="list-style-type: none"> • Complete the establishment of Net Zero implementation infrastructure

Energy Saving and Efficiency Improvement



We have maximized energy-saving effects by improving the efficiency of major equipment, enhancing operational methods, and upgrading infrastructure, such as cutting standby power of IT equipment. Through measures such as improving chiller efficiency and managing transformer voltage at optimal levels, we minimize unnecessary energy loss via systematic management. Continued infrastructure upgrades contribute to reducing environmental impact.



Expansion of Renewable Energy Use



At ten domestic and overseas sites, a portion of electricity used in production processes has been self-generated through solar power facilities and converted to renewable energy. Going forward, we plan to further reduce GHG emissions and expand the use of eco-friendly energy through diverse procurement methods, including Power Purchase Agreements (PPA) and Renewable Energy Certificates (REC).



Establishment of Supply Chain GHG Management System



To strengthen Scope 3 GHG emissions management across the supply chain, we provided consulting support for supplier GHG reduction initiatives and inventory establishment. By sharing standardized calculation criteria and templates, we supported suppliers in establishing voluntary management systems and enhanced their capacity to respond to climate change within the supply chain.



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ECO-FRIENDLY PRODUCT PORTFOLIO

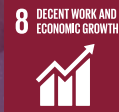
Importance

As the demand for sustainability continues to rise in the global beauty industry, the development of eco-friendly products is increasingly recognized as a key task for securing corporate competitiveness and strengthening stakeholder trust. Eco-friendly products not only meet growing societal expectations for consumer health, safety, and environmental protection, but are also essential for complying with stricter regulations and meeting the sustainability requirements of global clients. Accordingly, expanding the eco-friendly product portfolio goes beyond simple product differentiation and serves as a core strategic task for realizing sustainable management and securing future growth engines.

Approach

COSMAX, led by its R&I Center, is committed to expanding its eco-friendly product portfolio. We strive to minimize environmental impact by developing products and services based on eco-friendly technologies and raw materials. Our efforts encompass the entire product life cycle—from raw material selection, production, and distribution to use and disposal—to reinforce environmental responsibility at every stage. In addition, we are actively researching sustainable packaging solutions and promoting collaboration to support resource circulation and waste reduction. By offering sustainable choices to customers, we aim to expand the value of eco-friendliness throughout the industry. COSMAX will continue to strengthen its global competitiveness and contribute to the sustainable growth of the industrial ecosystem through green innovation and sustainable management practices.

UN SDGs



2024 Achievements

Commercialized eco-friendly bio-based adhesive

Percentage of products using vegan raw materials

5.49%

Expanded packaging using CO₂-reducing materials

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GOVERNANCE

COSMAX has established a company-wide product responsibility governance system to systematically assess and manage consumer safety and environmental impact throughout the entire product lifecycle. This includes the establishment of the Packaging Science Lab (PS Lab) within the R&I organization. We are promoting the transition to eco-friendly manufacturing processes and expanding our environmentally responsible product portfolio. Product safety and environmental performance are verified through international certifications and rigorous quality control standards. In addition, by strictly complying with relevant regulations and global guidelines, we continue to enhance the sustainability value of our products. COSMAX remains committed to reinforcing customer trust and advancing sustainable management through eco-friendly product innovation and strengthened product responsibility.

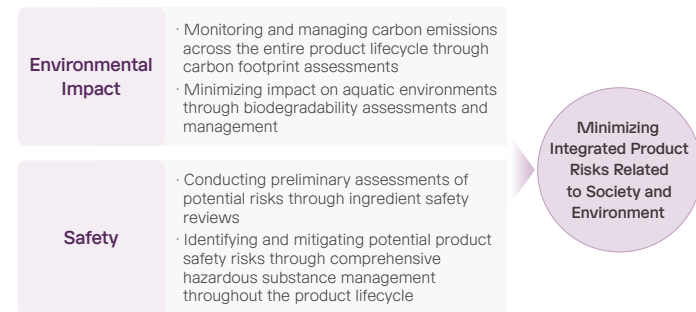
STRATEGY

COSMAX strives to minimize environmental impact across all stages—from raw material selection and manufacturing to packaging and production processes. We actively use sustainable resources such as natural, renewable, and biodegradable ingredients, as well as RSPO-certified palm oil. We also focus on developing products that exclude microplastics and harmful substances to reduce environmental toxicity. Furthermore, we are expanding vegan-certified products to eliminate animal-derived ingredients and increasing the use of eco-friendly packaging such as recycled plastic containers and FSC-certified paper. Efforts to improve energy efficiency and reduce waste across production processes reflect our commitment to environmental responsibility throughout the value chain.

	Use of Eco-Friendly Ingredients	Products that use ingredients with low environmental impact, such as natural, renewable, and biodegradable materials, which minimize ecosystem disruption and pollution during production and sourcing processes (e.g., plant-based ingredients, RSPO-certified palm oil, upcycled ingredients)
	Reduction of Environmental Hazards	Products that eliminate or minimize the use of substances harmful to human health and the environment, and reduce emissions of hazardous materials throughout the entire product lifecycle (e.g., free from microplastics and harmful substances, compliant with global standards)
	Eco-Friendly Packaging	Products that apply recyclable, reusable, or biodegradable materials, or minimize packaging volume (e.g., containers made from post-consumer recycled (PCR) plastics, FSC-certified paper)
	Reduction of Environmental Impact in Manufacturing	Products manufactured using eco-friendly processes that improve energy efficiency, minimize greenhouse gas and pollutant emissions, and promote resource circulation and waste reduction (e.g., low-carbon production processes, wastewater/waste reduction, use of renewable energy)

RISK MANAGEMENT

COSMAX systematically evaluates various product-related risks, such as human toxicity and environmental impact, from the early stages of product development. Scientific assessments and strict internal verification procedures are applied to ensure both product safety and environmental responsibility. Recently, COSMAX conducted carbon footprint assessments on key products and plans to continue expanding the scope of such environmental impact evaluations. In addition to strict compliance with relevant regulations, we are enhancing our proactive risk management system to minimize negative impacts on consumers and the environment. Internally, COSMAX operates a company-wide quality and safety management system to continuously monitor and improve potential environmental and safety risks throughout the entire product lifecycle.



TARGET & ACTIVITY

	Short Term (2025)	Mid Term (2027)	Long Term (2030)
TARGET	<ul style="list-style-type: none"> Discontinue production of existing rinse-off products containing microplastics 	<ul style="list-style-type: none"> Restrict registration of new raw materials classified as microplastics 	<ul style="list-style-type: none"> Achieve microplastic-free status Phase out raw materials, replace raw materials in existing products or discontinue products
ACTIVITY	<ul style="list-style-type: none"> Establishment of eco-friendly product categories and management foundation 	<ul style="list-style-type: none"> Development of a roadmap for expanding eco-friendly product sales 	<ul style="list-style-type: none"> Advancement of performance monitoring system for eco-friendly products

Development of Eco-friendly Bio-based Adhesives



COSMAX became the first company in Korea to successfully commercialize a PHA-based hot melt adhesive. Co-developed with Dongsung Chemical, this bio-based adhesive received the "2-Star" certification from DIN CERTCO, a globally recognized German eco-certification body, officially validating its eco-friendly technological capabilities. The adhesive contributes to reducing CO₂ emissions and is planned to be applied across a broader range of cosmetic packaging processes.



R&D on Bio-based Ingredients



COSMAX is strengthening research into high-performance, eco-friendly cosmetic materials derived from bio-based ingredients such as cellulose and lignin sourced from agricultural by-products like rice straw and soybean meal. In addition, we are expanding the application of sustainable new materials, such as emulsifiers derived from fermented rice by-products, and are enhancing product sustainability through the development of eco-friendly products incorporating biotechnology.



Development of Low-energy Manufacturing Process Technology



COSMAX has developed a high-concentration emulsion base manufacturing technology using high-pressure emulsification. This enables dilution at room temperature after an initial high-temperature, high-pressure process, which is expected to improve energy efficiency in the latter stages of production and contribute to carbon reduction.



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SUPPLY CHAIN SUSTAINABILITY MANAGEMENT

Importance

Managing the sustainability (ESG) performance of suppliers is a strategic priority essential for enhancing global competitiveness and strengthening brand trust. As regulations tighten across various countries—including the European Union’s Corporate Sustainability Due Diligence Directive (CSDDD)—companies are increasingly required to systematically manage environmental, social, and governance (ESG) risks across their supply chains. In response, leading global beauty companies are actively working with suppliers to reduce carbon emissions, improve labor conditions, and promote ethical sourcing of raw materials. These companies are also taking proactive steps by making ESG evaluations mandatory across their entire supply chains.

Approach

COSMAX is undertaking various initiatives to minimize ESG risks across the supply chain and enhance supplier capabilities to promote mutual growth and sustainable development. Based on the four key principles and Code of Conduct for suppliers, COSMAX clearly communicates its environmental, social, and ethical expectations to all suppliers. In addition, we support suppliers in strengthening their sustainability performance through assessments and capability-building programs. COSMAX also seeks to strengthen the competitiveness and sustainable value of its supply chain by building a mutually beneficial ecosystem through responsible sourcing of raw materials, expansion of global certifications, joint development efforts, and welfare support for suppliers.

UN SDGs



2024 Achievements

Code of Conduct signing rate of significant suppliers
100%

ESG evaluation coverage of significant suppliers
100%

Percentage of RSPO-certified raw materials used
64.8%

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GOVERNANCE

COSMAX operates a board-level supply chain ESG management system to ensure sustainability across the entire supply chain. The ESG Committee regularly reviews the ESG evaluation results of suppliers and the status of supply chain risk management, and provides strategic direction as needed to enhance the sustainability of the overall supply chain.

At the operational level, the Procurement and ESG teams regularly monitor not only business risks but also ESG-related risks of suppliers. Based on this, COSMAX promotes various support initiatives to strengthen suppliers' sustainability capabilities.

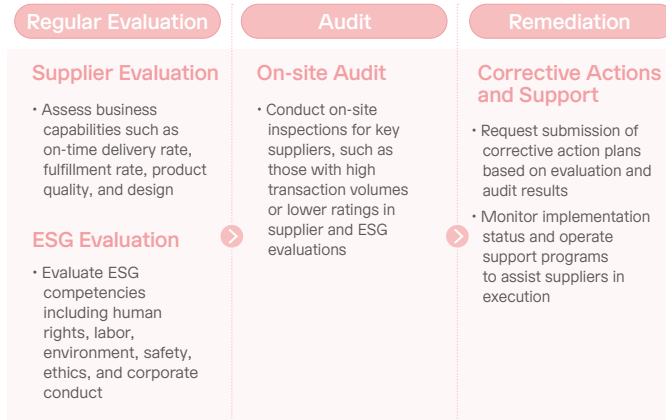
STRATEGY

To strengthen suppliers' ESG capabilities, COSMAX is systematically advancing three core strategies: enhancing the supply chain management system, managing supply chain risks, and building supply chain sustainability capacity. We continue to refine our supply chain ESG policy and guidelines, and support voluntary implementation by suppliers. Through regular ESG risk assessments and on-site inspections, potential risks are managed proactively. In addition, COSMAX is enhancing supply chain-wide sustainability through practical shared growth initiatives such as ESG training programs for supplier employees, technical collaboration, and welfare support programs.

<p>Enhancing the supply chain management system</p>	<p>Strengthening supply chain risk management</p>	<p>Building supply chain sustainability capacity</p>
<ul style="list-style-type: none"> Establish supply chain ESG policies and codes of conduct in response to global regulations such as the CSDDD Monitor the implementation of the Supplier Code of Conduct 	<ul style="list-style-type: none"> Establish a supplier risk management system covering all ESG areas Conduct on-site inspections of key suppliers Review the status of corrective actions for identified risks 	<ul style="list-style-type: none"> Expand ESG awareness training programs for supplier employees Expand joint technology development and welfare support programs for supplier employees

RISK MANAGEMENT

COSMAX conducts integrated evaluations from both business and ESG perspectives to effectively manage risks across the supply chain. For suppliers deemed highly critical from either perspective, COSMAX performs on-site inspections to preemptively manage potential risks. In cases where improvement is needed, we continuously monitor the implementation of corrective actions and provides support for remediation.



TARGET & ACTIVITY

	Short Term (2025)	Mid Term (2027)	Long Term (2030)
TARGET	<ul style="list-style-type: none"> Establish the global supplier ESG evaluation system 	<ul style="list-style-type: none"> Achieve 95% ESG evaluation coverage of significant suppliers 	<ul style="list-style-type: none"> Achieve 100% ESG evaluation coverage of significant global suppliers Achieve 80% of RSPO-certified raw materials used
ACTIVITY	<ul style="list-style-type: none"> Promote integration of the Supplier Code of Conduct Advance the supplier ESG evaluation system 	<ul style="list-style-type: none"> Expand capacity-building programs for suppliers Strengthen supplier communication and engagement activities 	<ul style="list-style-type: none"> Maintain a high ESG rating across the supply chain and complete the advancement of the supply chain risk management system

Supply Chain ESG Evaluation and On-site Audits

In response to global regulations such as supply chain due diligence, COSMAX has enhanced the evaluation criteria for supply chain ESG evaluations and conducted systematic evaluations and on-site audits based on the updated framework. In addition, financial and non-financial incentive programs are in place according to the evaluation results to support supply chain sustainability and promote a culture of ESG throughout the value chain.

Strengthening Communication and Collaboration with Suppliers

To foster shared growth with suppliers, COSMAX holds annual meetings to discuss key issues in production and quality, while swiftly resolving grievances raised in the field. We also operate various communication channels, including the Red Whistle system and dedicated consultation hotlines, to actively listen to the voices of supplier employees.

Strengthening Support for Indie Brands' Global Expansion

COSMAX is actively supporting the global expansion of promising indie brands to drive the sustainable growth of K-beauty. Domestically, COSMAX has established a three-party shared growth model—"ODM-Platform-Brand"—in collaboration with SSG.com. In Japan, we are supporting market entry of Korean indie brands through localized strategies in partnership with eBay Japan.

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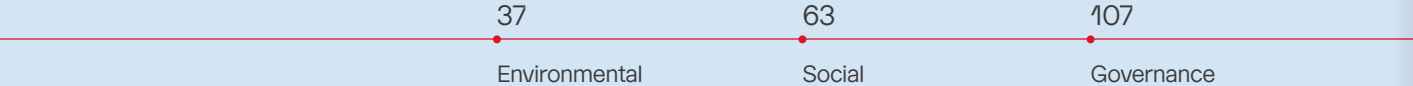
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ENVIRONMENTAL

COSMAX is undertaking a wide range of initiatives to realize eco-friendly values and actively respond to climate change. With the goal of achieving carbon neutrality by 2050, the company is working to reduce greenhouse gas emissions, adopt renewable energy, and improve energy efficiency. It is also making systematic efforts to minimize environmental impact across all stages of business, including the development of eco-friendly products and packaging, waste and water resource management, and biodiversity conservation. In addition, COSMAX is proactively responding to global environmental regulations and stakeholder expectations while continuing to strengthen its environmental management activities to ensure a sustainable future.

Environmental Management	38
Climate Change Response	41
Environmental Impact Reduction	50
Expansion of Eco-Friendly Business	54
Biodiversity Conservation	60

Key Activities and Achievements



Establishment of 2050 Net Zero Target



Environmental Management System certification rate

100%



Renewable energy consumption

176.7%
year-on-year increase



Water consumption intensity

5%
year-on-year reduction

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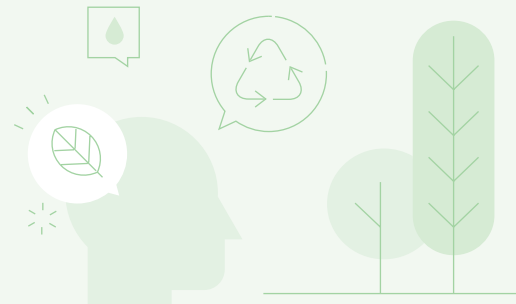
Environmental Management

In response to the strengthening of global regulations and the growing demand from stakeholders for environmental management, COSMAX is establishing environmental policies aimed at building environmentally friendly and carbon-neutral sites. The company will continue its efforts to minimize environmental impact on clients and stakeholders, while proactively responding to various climate change risks as a global enterprise.

Key Policy

COSMAX Environmental Management Policy

UN SDGs



Environmental Management Policy

COSMAX adheres to internationally recognized environmental laws and regulations based on its environmental management policy, and is fully committed to fulfilling its social responsibilities for environmental protection and the development of local communities. In line with this, COSMAX has established its environmental management goals and key policies, and continues to manage key environmental issues such as climate change response, pollutant emissions, and biodiversity protection. All employees and relevant stakeholders are required to strictly comply with COSMAX's environmental management policy to ensure the effective implementation of its strategic environmental initiatives. In addition, COSMAX identifies environmental risk factors—such as the discharge of hazardous chemicals and pollutants that may arise in the cosmetics industry—and implements effective countermeasures. We actively engage in activities to protect and improve the environment throughout our operations and across all areas of our business.

Environmental Management Policy

Environmental Management Policy

1. COSMAX complies with environmental laws, international agreements, and other applicable requirements, and establishes and rigorously implements its own strict internal standards.
2. COSMAX identifies the environmental impacts throughout its business activities and strives to reduce environmental burdens by minimizing waste, pollutant emissions, and the use of hazardous chemicals, while promoting biodiversity initiatives.
3. COSMAX continuously works to reduce greenhouse gas emissions by enhancing energy efficiency and expanding the use of renewable energy in response to climate change.
4. COSMAX discloses its environmental performance transparently to stakeholders to foster mutual trust.
5. COSMAX establishes clear goals and detailed implementation plans for the continuous improvement of environmental management. All employees are provided with appropriate training and capacity-building programs to understand the environmental management system and actively participate in improvement efforts.
6. COSMAX minimizes the use of raw materials, energy, water, and other resources throughout all business activities, and ensures environmentally responsible treatment and continuous reduction of generated waste through methods such as separation, reuse, and recycling.

Environmental Management Strategy

Vision

A Company that Inspires Customers with the Care for Environment

Target



Zero Risk

Environmental Management



Eco Friendly

Site Development

Task

Enhance the Environmental Management System

- Strengthen ISO 14001 system operation
- Establish environmental awareness among all employees
- Comply with environmental laws

Expand Internal and External Communication

- Participate in environmental information disclosure systems
- Enhance response to the CDP
- Engage in community environmental contribution activities

Minimize Pollutant Discharge

- Reduce environmental pollutant discharge
- Optimize prevention facility operation
- Manage chemical substances systematically

Actively Respond to Climate Change

- Build greenhouse gas inventory and reduce discharge
- Engage in company-wide energy saving activities
- Expand use of renewable energy

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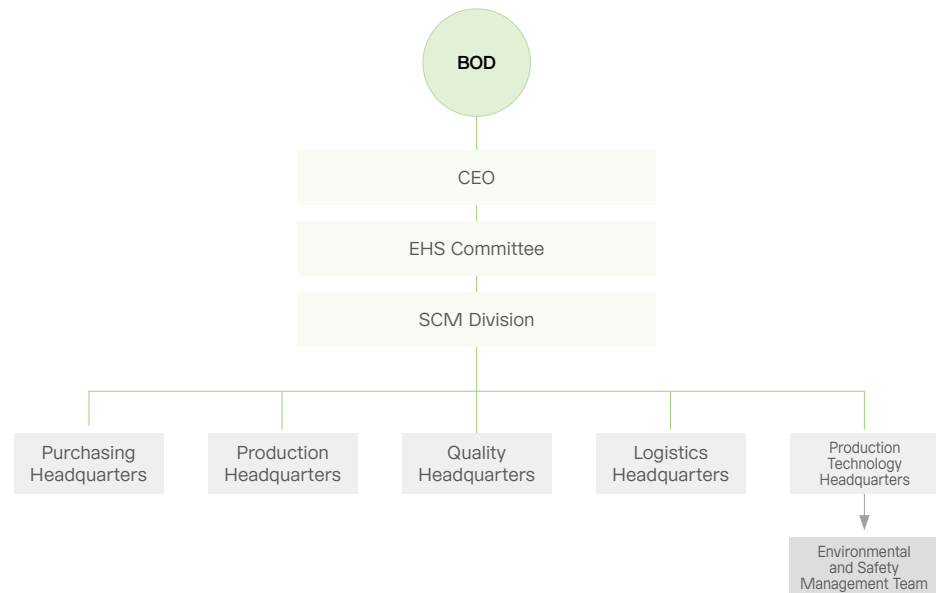
Environmental Management

Environmental Management Governance

COSMAX operates the Environmental, Safety, and Health Committee, which consists of the CEO and heads of each site. The committee holds regular quarterly meetings to oversee environmental management risks and performance improvement activities, and makes decisions as needed. Key issues are submitted to the ESG Committee within the board for regular review and approval.

The Environmental Management Team, which is responsible for environmental management, continuously monitors the creation and revision of environmental regulations and establishes and implements environmental management strategies. The team promotes pollutant reduction initiatives and provides environmental training for employees to enhance environmental awareness. In addition, COSMAX transparently discloses environmental information to both domestic and international stakeholders to strengthen communication. To reinforce the accountability of the management team, environmental management indicators are incorporated into compensation and evaluation system. Executive performance evaluations include progress on key environmental goals such as reducing water and waste intensity and implementing company-wide environmental campaigns.

Environmental Management Governance Organizational Chart



Environmental Impact Assessment

COSMAX conducts environmental impact assessments across all its sites to manage risks that may arise during production processes. These assessments are carried out regularly once a year, and any indicators identified for improvement are recorded in the Environmental Impact Register and reflected in the setting of environmental objectives. In addition to regular assessments, ad-hoc assessments are also conducted in response to specific events such as process changes due to facility expansion or modification, environmental complaints, environmental incidents, and emergencies. In 2024, COSMAX conducted a total of 98 cases of pre-assessments related to environmental and safety impacts arising from process changes, thereby managing potential environmental risks.

ISO 14001 Certification Across All Sites

COSMAX's major domestic and international subsidiaries have established and operated environmental management systems aligned with global standards by obtaining the Environmental Management System (ISO 14001) certification. Each year, they conduct conformity assessments by external verification agencies as well as internal audits to evaluate the level of environmental management. For any issues identified, immediate corrective actions are taken, and continuous improvement activities are implemented. As of 2024, 100% of COSMAX's production sites hold ISO 14001 certification.

ISO 14001 Certification Status

Category	Certified Sites
Domestic	Hwaseong Plant 1, Hwaseong Plant 2, Pyeongtaek Plant 1, Pyeongtaek Plant 2, Pangyo R&I Center, CM Tech, COSMAX NEO, COSMAX ICURE
Overseas	COSMAX China, COSMAX Guangzhou, COSMAX Thailand, COSMAX Indonesia, COSMAX USA, YATSEN Biotechnology

Response to Environmental Regulations

COSMAX has established a systematic regulatory management process to respond proactively to increasingly stringent environmental regulations. Through the maintenance of a regulatory management register, we regularly identify environmental compliance risks and monitor the status of regulatory adherence. Internal audits are also conducted to share information on environmental regulations and strengthen communication. In addition, annual site audits are carried out across all sites to comprehensively manage environmental compliance data from COSMAX subsidiaries and suppliers. When any non-compliance or recommendations are identified, immediate corrective actions are taken. As a result of these efforts, COSMAX recorded zero violations of environmental laws and regulations from 2022 to 2024 and carried out a total of 337 preventive actions and improvement measures in 2024.

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Environmental Management

Environmental Operation Cost and Investment

COSMAX continues to invest in environmental initiatives to minimize environmental impacts—such as greenhouse gas emissions, hazardous substances, and waste—generated during site operations and to establish a sustainable production system. Through these efforts, we proactively respond to increasingly stringent environmental regulations and systematically manage environmental risks. We are actively expanding investments in environmental facilities and operation costs to enhance eco-friendly production capabilities and build a foundation for realizing sustainable value as a responsible cosmetics manufacturer.

Green Investment Status

Category	Unit	2024
Environmental facility investment	KRW million	732
Environmental operation cost	KRW million	2,314

* Based on COSMAX operations

Enhancing Environmental Awareness

COSMAX operates a range of environmental education programs and campaigns to enhance environmental awareness among executives and employees. We conduct regular education and drills for environmental staff—including education on air, wastewater, and waste discharge management, as well as chemical spill preparedness—to strengthen practical capabilities. In 2024, a cumulative total of 2,784 employees completed these education programs. All education is conducted face-to-face to maximize effectiveness. Additionally, we continue to promote environmental management culture at the corporate level through the regular distribution of environmental card news.

Environmental Awareness Activities Status

Category	Unit	2022	2023	2024	
Biannual	Environmental education completion rate	%	100	100	100
Ongoing	Environmental campaigns conducted	Cases	14	6	6

* Based on COSMAX operations

CASE

Internal Carbon Reduction Initiative: “Stair Day” Campaign

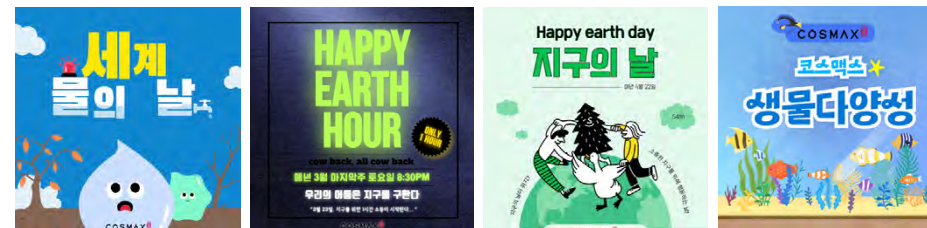
COSMAX is promoting an in-house eco-friendly campaign that aims to protect the environment and improve employee health through voluntary participation. The “Stair Day” campaign, short for “Take the stairs, stay healthy, and reduce carbon,” is a COSMAX ESG initiative designed to encourage daily actions that contribute to carbon reduction. The campaign seeks to increase physical activity among employees, reduce elevator energy consumption, and establish sustainable ESG practices in daily life.

The campaign utilizes a carbon reduction platform operated by Zeroquest, based on AI and blockchain technology. When employees tag their smartphones at the NFC terminals installed at the stair entrances and exits, the number of floors climbed is automatically recorded. This data is then used to calculate the amount of energy saved from reduced elevator usage and convert it into the corresponding carbon reduction. COSMAX also plans to convert the quantified reduction into carbon credits in the Voluntary Carbon Market (VCM). Participants are awarded points and rewards based on stair usage, and voluntary and continuous participation is encouraged through a personal ranking system and in-house events. COSMAX will continue to cultivate a culture of carbon reduction in everyday life through action-based ESG campaigns alongside employees and further strengthen the foundation of sustainable management within the organization.

“Stair Day” Campaign



ECO-MAX Card News



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Climate Change Response

COSMAX has established a climate response framework to address the climate crisis and join global efforts to reduce greenhouse gas emissions. In line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), we identify and manage climate-related risks and opportunities, and systematically manage our greenhouse gas emissions. We also transparently disclose climate-related information necessary for decision-making by financial investors and stakeholders, while making company-wide efforts for continuous emission reduction.

UN SDGs



Climate Change Response Governance

COSMAX identifies climate-related risks and opportunities and monitors the progress of ESG activities through a climate change response governance structure comprising the ESG Committee, Sustainability Management Headquarters, ESG Management Council, and Carbon Neutrality Task Force. Based on this governance framework, we establish fundamental policies and strategies for climate change response, set mid- to long-term goals, and operate an integrated response system.

ESG Committee

COSMAX operates an ESG Committee within the board to systematically manage and respond to climate-related risks and opportunities. The ESG Committee, as a sub-committee of the board—the company’s highest decision-making body—plays a decisive role in determining the direction of response to climate-related risks and opportunities.

The ESG Committee convenes executive meetings regularly or as needed to review and discuss company-wide goals, strategies, and performance for advancing sustainable management with all executives. The committee also gathers heads of not only environmental, safety, and health departments but also those from production, quality, procurement, and research to drive company-wide implementation of climate response initiatives.

Role of the Management

The CEO of COSMAX is responsible for overseeing all ESG management and climate change response activities, as well as determining solutions to key issues. To this end, the CEO leads the ESG Committee and the ESG Management Council, which evaluate and manage climate-related risks and opportunities.

The Carbon Neutrality Task Force, operating under the CEO and led by the Sustainability Management Team and the Environmental Management Team, develops and manages climate response initiatives. The CEO reports major climate-related issues identified by the ESG Committee and the Carbon Neutrality Task Force to the board. In addition, to strengthen executive accountability in climate change response, climate-related indicators are integrated into compensation and evaluation system. Executive performance evaluations include achievement of key climate-related targets such as energy consumption reduction and the development of a carbon neutrality roadmap.

ESG Management Council

COSMAX has established the ESG Management Council, composed of executive-level management, to assess and manage climate-related risks and opportunities. The Council, consisting of executives from key ESG-related departments, holds regular quarterly meetings to continuously discuss ESG issues that may arise across the company’s operations.

The ESG Management Council is chaired by the CEO and includes key department heads such as the SCM Division Head, Corporate Support Division Head, and Head of the Sustainability Management Headquarters, along with other C-level executives involved in ESG matters. This structure ensures a systematic channel for timely and effective decision-making.

Carbon Neutrality Task Force

COSMAX operates a Carbon Neutrality Task Force as an implementing body to identify and manage risks and opportunities related to climate change. The task force is composed of relevant ESG operational departments, including the Sustainability Management Team, Environmental Management Team, Production Technology Team, and designated departments of each overseas subsidiary.

The Carbon Neutrality Task Force is responsible for executing departmental initiatives related to climate change response, such as establishing and planning Net Zero strategies, calculating and monitoring greenhouse gas emissions, improving plant efficiency, and managing energy use. The key outcomes are reported to the ESG Management Council and ESG Committee, thereby strengthening capabilities in the analysis, management, and oversight of climate-related risks and opportunities.

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Climate Change Response Strategy

COSMAX identifies the potential impacts of climate change on its business and assesses the company’s climate resilience by deriving key risks and opportunities and conducting scenario analyses for critical factors. Based on the characteristics of each business site and organizational unit, we analyze the likelihood of occurrence and severity of impact in the short, medium, and long term. We continue to systematically review transition and physical risks and opportunities, striving to effectively respond to climate-related risks.

Climate Change Risk Identification and Assessment Process

In 2024, COSMAX identified and assessed the impact of climate change on its management activities by categorizing the effects across customers, executives and employees, investment institutions, suppliers, joint research institutes, and local communities. We identified risks and opportunities related to climate change by understanding regulatory policies and laws, analyzing the cosmetic industry, and recognizing stakeholder requirements. A materiality assessment was conducted based on the probability of occurrence and impact level to determine key risks and opportunities. As a result of this analysis, we selected the expansion of management activities related to climate change response and the improvement of renewable energy use rates as key tasks to systematically address climate risks with high likelihood and impact.

Climate Change Risk Analysis Scenarios

COSMAX reviewed the potential impact of key factors based on four internationally recognized climate change scenarios to analyze climate-related risks and opportunities from a mid- to long-term perspective. The scenarios applied were derived from the public climate scenario data of the IPCC¹⁾ and IEA²⁾. For physical risks, COSMAX used Climate Physical Risk Data derived from the Intercontinental Exchange (ICE)’s climate risk analysis model to calculate financial impacts. The ICE model is based on the SSP³⁾ scenarios outlined in the IPCC’s Sixth Assessment Report, specifically SSP1-2.6, SSP2-4.5, and SSP5-8.5. Additionally, transition risks and opportunities were analyzed for their financial impacts using the Net Zero Emissions by 2050 (NZE) scenario from the IEA’s World Energy Outlook (WEO).

1) Intergovernmental Panel on Climate Change
 2) International Energy Agency
 3) Shared Socioeconomic Pathways, Global development pathways that classify climate scenarios according to levels of social progress and greenhouse gas reduction.

Climate Change Risk Analysis Scenarios

	Scenario Type	Projected Global Temperature Rise by 2100 ¹⁾	Description
Physical Risk Scenarios	IPCC SSP1-2.6	1.8°C	Assumes that renewable energy technologies develop, fossil fuel use is minimized, and environmentally sustainable economic growth is achieved.
	IPCC SSP2-4.5	2.7°C	Assumes a moderate level of climate change mitigation and socioeconomic development.
	IPCC SSP5-8.5	4.4°C	Assumes rapid industrial and technological development centered on fossil fuels, with widespread and unregulated urban expansion.
Transition Risk/Opportunity Scenario	IEA NZE(Net Zero Emissions by 2050)	1.5°C	Assumes a pathway to achieve net-zero carbon emissions in the global energy sector by 2050.

1) Minimum projected increase in global surface temperature by 2100.

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Climate Change-Related Risk Factors

Type	Subcategory	Identified Climate-Related Risks	Likelihood & Impact Timeline			Business and Strategic/Financial Impact	Response Strategy
			Short-term	Mid-term	Long-term		
Physical Risks	Acute	Increased severity of extreme weather events – Typhoon		●	●	<ul style="list-style-type: none"> Heightened severity of typhoons, floods, and wildfires may expose production sites and equipment to damage risks 	<ul style="list-style-type: none"> Conduct annual special inspections of buildings and facilities Allocate budget to reinforce facilities against abnormal weather
		Increased severity of extreme weather events – Flood		●	●	<ul style="list-style-type: none"> Heightened severity of typhoons, floods, and wildfires may expose production sites and equipment to damage risks 	<ul style="list-style-type: none"> Conduct annual special inspections of buildings and facilities Allocate budget to reinforce facilities against abnormal weather Review flood control systems and drainage management for new plant construction
		Increased severity of extreme weather events – Wildfire		●	●	<ul style="list-style-type: none"> Heightened severity of typhoons, floods, and wildfires may expose production sites and equipment to damage risks 	<ul style="list-style-type: none"> Conduct annual special inspections of buildings and facilities Allocate budget to reinforce facilities against abnormal weather Review fire prevention systems and subscribe to insurance for damage mitigation
	Chronic	Changes in rainfall patterns and extreme volatility in weather patterns			●	<ul style="list-style-type: none"> Increased frequency and intensity of heavy rainfall due to climate change may disrupt production sites during concentrated periods, posing risks of shutdowns and revenue loss 	<ul style="list-style-type: none"> Conduct annual special inspections of buildings and facilities Allocate budget to reinforce facilities against abnormal weather
		Increased frequency of extreme temperature events – Heatwave		●	●	<ul style="list-style-type: none"> Rising temperatures and increase in extremely hot days may deteriorate operating conditions, potentially leading to productivity declines and revenue loss 	<ul style="list-style-type: none"> Improve energy efficiency through high-efficiency equipment Establish work hour adjustment standards during heatwave/cold spell alerts
Transition Risks	Policy & Regulation	Increase in GHG emissions pricing			●	<ul style="list-style-type: none"> Operational costs related to GHG emissions may rise due to continued business expansion. However, financial impact is limited as the company is not subject to GHG regulations based on the current reporting year 	<ul style="list-style-type: none"> Expand use of renewable electricity to reduce GHG emissions Invest in energy-efficient equipment and replace aging facilities Establish GHG reduction roadmap and near-term targets
		Strengthened emissions reporting obligations		●	●	<ul style="list-style-type: none"> Increased compliance costs due to strengthened GHG and climate-related disclosure requirements Risk of penalties or fines if future expansion of reporting scope leads to regulatory classification 	<ul style="list-style-type: none"> Monitor domestic climate disclosure regulations and reporting requirements Enhance GHG emissions calculation and establish carbon neutrality targets
		Product/service-related obligations and regulations			●	<ul style="list-style-type: none"> If designated under future target management schemes, may incur costs related to emissions quantification, verification, and mitigation investments Risk of decreased demand if obligations or regulations are not met 	<ul style="list-style-type: none"> Monitor compliance requirements and regulation trends for relevant products Establish internal systems for reviewing the safety of cosmetic ingredients and products, and enhance toxicological and ingredient safety databases Ensure credibility through third-party verifications
	Technology	Substitution of existing products/services by low-carbon alternatives			●	<ul style="list-style-type: none"> Increased demand for low-carbon and eco-friendly products may lead to higher investment and infrastructure costs 	<ul style="list-style-type: none"> Analyze demand for low-carbon products and establish marketing strategies
		Costs of low-carbon technology transition	●	●	●	<ul style="list-style-type: none"> Risk of cost increase related to the adoption of low-carbon technologies (e.g., renewable energy transition, energy efficiency improvements) to meet carbon neutrality goals 	<ul style="list-style-type: none"> Consider expanding renewable energy procurement options (e.g., PPA, REC purchases)
	Market	Change in customer behavior		●	●	<ul style="list-style-type: none"> Risk of revenue decline due to insufficient response to increasing customer preference for low-carbon and eco-friendly products 	<ul style="list-style-type: none"> Develop products based on customer and market preference analysis Conduct product-level GHG emissions accounting
		Increase in raw material costs	●	●	●	<ul style="list-style-type: none"> Cost increases due to higher demand for low-carbon raw materials and expansion of certified sustainable inputs (e.g., RSPO-certified palm oil) Rising procurement costs from upstream suppliers shifting to low-carbon production 	<ul style="list-style-type: none"> Diversify supply chain and co-develop sustainable materials with suppliers Develop alternative materials in-house

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Climate Change-Related Opportunity Factors

Type	Subcategory	Identified Climate-Related Opportunities	Likelihood & Impact Timeline			Business and Strategic/Financial Impact	Response Strategy
			Short-term	Mid-term	Long-term		
Opportunity	Resource efficiency	Adoption of more efficient production and distribution processes		●	●	<ul style="list-style-type: none"> Improved energy efficiency through replacement of aging facilities leads to increased production capacity and lower operating costs for the same output 	<ul style="list-style-type: none"> Replace aging facilities to improve energy efficiency Establish targets for building circular resource systems
	Energy source	Use of low-GHG emission energy sources	●	●	●	<ul style="list-style-type: none"> Expanding use of renewable energy reduces exposure to fossil fuels and GHG emissions, and lowers sensitivity to carbon price fluctuations 	<ul style="list-style-type: none"> Install solar power systems at Pyeongtaek Plant 2 Operate solar power facilities at Hwaseong Plant, Pyeongtaek Plant, and COSMAX Hyangyakwon Expand solar facilities at domestic and overseas sites
	Products and services	Development and expansion of low-carbon and eco-friendly products and services			●	<ul style="list-style-type: none"> Demand from clients and consumers for low-carbon and eco-friendly products and services creates new product development opportunities, expansion of transaction volume, and new customer acquisition 	<ul style="list-style-type: none"> Use recycled plastic containers for emulsions and creams; apply eco-friendly packaging design and eco-label development Invest in R&D for low-carbon products and packaging
		R&I and innovation-driven development of new products/services			●	<ul style="list-style-type: none"> Develop new products reflecting climate adaptation needs, securing new market revenue streams 	<ul style="list-style-type: none"> Assess demand and market size for climate-adaptive product categories
	Resilience	Participation in renewable energy programs and energy efficiency		●	●	<ul style="list-style-type: none"> Expanded use of renewable energy enhances resilience and market value, increasing supply chain reliability 	<ul style="list-style-type: none"> Consider joining renewable energy programs and initiatives Apply energy-saving measures through facility efficiency improvements

Climate Change-Related Risk Management

COSMAX operates an enterprise-wide integrated risk management system to efficiently manage risks that may hinder business operations. This system identifies potential risks in areas such as legal, financial, and operational activities, including climate change response, and classifies them by type and materiality for selective management by dedicated risk management departments or relevant functional teams.

Furthermore, COSMAX continues to enhance its risk management framework by regularly reviewing the status of major risks and the progress of mitigation tasks on a quarterly basis. Resolved risks are shared company-wide to strengthen early prevention and response capabilities for critical risks.

Climate Change-Related Risk Management Process



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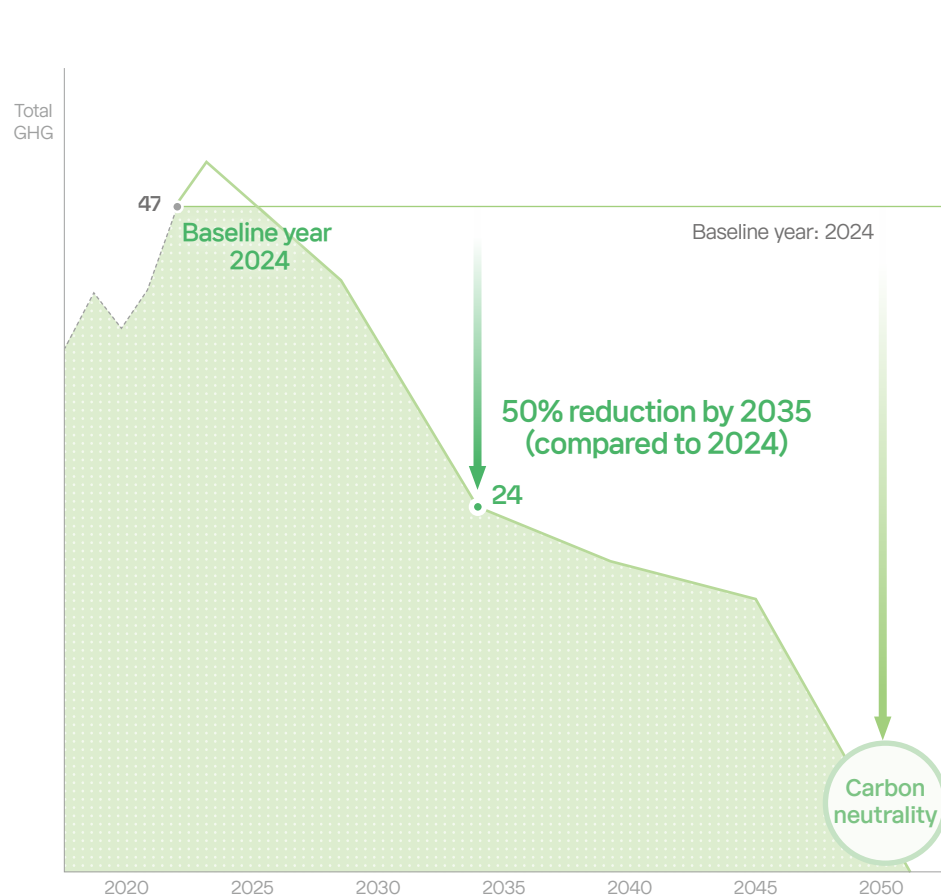
Greenhouse Gas Reduction Targets and Plans

2050 Net Zero Target

COSMAX has established a long-term target of achieving Net Zero (zero net carbon emissions) by 2050, demonstrating its active commitment to global climate change mitigation. COSMAX has set an interim target of reducing greenhouse gas emissions by 50% by 2035 compared to 2024 levels, and has identified 32 distinct carbon reduction initiatives, including plans to expand the use of renewable energy and adopt future technologies. In addition, we aim to build a stable renewable energy supply system in the mid- to long-term to achieve carbon neutrality by 2050.

Greenhouse Gas Reduction Pathway

(Unit: thousand tCO₂e)



Greenhouse Gas Reduction Strategies



Process and Equipment Efficiency Enhancement

COSMAX is sequentially implementing 14 emission reduction tasks aimed at improving process and equipment efficiency. These include fuel conversion for boilers at production sites and the replacement of major aging power equipment by site.



Expansion of Renewable Energy Use

Beyond expanding the scale of solar power facilities at production sites, COSMAX is considering the introduction of On-Site PPAs¹⁾, direct PPAs²⁾, and virtual PPAs³⁾ at both domestic and overseas sites, as well as the purchase of RECs⁴⁾.



Transition to Electric Vehicles

COSMAX is promoting the phased transition to zero-emission vehicles for company-owned and leased vehicles, including employee commuting buses, logistics vehicles used for product transportation, and staff cars.



Offset Credits

COSMAX offsets remaining emissions by utilizing offset credits based on support for plastic recycling and afforestation projects aligned with its business operations.



Future Technology Review

COSMAX conducts comprehensive reviews of nine future technologies with potential business applications, including hydrogen-fueled boilers using eco-friendly materials.



Reduction of Product Carbon Footprint

COSMAX manages Scope 3 emissions by enhancing the measurement of product carbon footprints and modifying product packaging based on the improved data.

1) On-Site Power Purchase Agreement (On-Site PPA): A contract in which electricity is generated on the company's premises (on-site) and the company purchases the generated power.
 2) Direct PPA: A contract directly signed between a company and a renewable energy generator for the supply of renewable electricity.
 3) Virtual PPA: A financial contract between a company and a renewable energy generator, in which RECs are issued and the price difference is settled based on market prices.
 4) Renewable Energy Certificate (REC): A certificate purchased from a renewable energy generator to certify the supply of renewable energy.

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Greenhouse Gas and Energy Management

Greenhouse Gas Emission Management

COSMAX has established an inventory system based on international standards to annually calculate Scope 1 and 2 greenhouse gas emissions, which are disclosed transparently following third-party verification. The emissions include all greenhouse gas emission sources from energy used at all domestic sites and subsidiaries, as well as overseas production sites, and emissions generated during certain processes. COSMAX voluntarily shares its climate change response status and performance through the Environmental Information Disclosure System and business reports. In addition, we respond to client and stakeholder requests by participating in the global initiative CDP.

Scope 1 and 2 Greenhouse Gas Emissions

	Category	Unit	2022	2023	2024
Domestic ¹⁾	Scope 1	tCO ₂ eq	2,390	2,640	3,070
	Scope 2	tCO ₂ eq	10,504	11,410	15,482
	Subtotal	tCO ₂ eq	12,894	14,050	18,553
Overseas	Scope 1	tCO ₂ eq	2,558	2,846	2,506
	Scope 2	tCO ₂ eq	22,487	25,599	26,367
	Subtotal	tCO ₂ eq	25,045	28,445	28,873
Total		tCO ₂ eq	37,938	42,495	47,426
	Intensity of GHG emissions (Scope 1, 2) ²⁾	tCO ₂ eq / sales in KRW 100 million	2.18	2.18	2.01

* Rounding up to the whole number for reporting purposes may result in differences of less than 1 tCO₂ in the total value

1) Includes domestic subsidiaries

2) Based on the financial statements of each corporation

Energy Management System Operation

COSMAX has introduced the Factory Energy Management System (FEMS) at all plants, enabling real-time monitoring of energy usage through measuring instruments and communication devices installed on various equipment. The system collects detailed utility usage data from within each plant and analyzes it to accurately identify energy waste and imbalanced energy distribution factors by operating status. Using this data-driven system, COSMAX optimizes the operating status of equipment and machinery to maximize energy-saving effects, and plans to expand the system to its overseas sites in the future.

Energy Consumption

Category	Unit	2022	2023	2024
Non-renewable energy	TJ	224.7	239.8	333.7
Renewable energy	TJ	2.3	3.1	3.8
Total	TJ	227.0	242.9	337.5
Intensity of energy consumption ¹⁾	TJ / sales in KRW 100 million	0.027	0.023	0.025

* Based on COSMAX operations

1) Based on the financial statements of each corporation

FEMS Diagram



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Scope 3 Greenhouse Gas Emission Management

COSMAX independently calculates and manages Scope 3 (other indirect) greenhouse gas emissions generated across its supply chain and discloses the data after third-party verification. In 2024, COSMAX calculated greenhouse gas emissions for seven out of the fifteen relevant categories that are closely linked to its business. Going forward, we plan to expand category coverage and establish clear assessment standards to enhance the objectivity of data.

Scope 3 Greenhouse Gas Emissions

	Category	Unit	2022	2023	2024
Upstream	(C1) Purchased goods and services	tCO ₂ eq	4,174	4,592	5,253
	(C2) Capital goods	tCO ₂ eq	1,224	2,428	25,265
	(C3) Fuel- and energy-related activities ¹⁾	tCO ₂ eq	196	894	2,294
	(C5) Waste generated in operations	tCO ₂ eq	696	656	573
	(C6) Business travel	tCO ₂ eq	493	697	793
	(C7) Employee commuting	tCO ₂ eq	194	213	1,540
Downstream	(C9) Downstream transportation and distribution	tCO ₂ eq	-	1,455	4,170
Total ²⁾		tCO ₂ eq	6,977	10,935	39,888

* Scope 3 emissions are calculated and managed for COSMAX operations only.

1) Upstream emissions from electricity use under fuel- and energy-related activities were newly included starting in 2023.

2) Increase in emissions is due to expansion of the calculation boundary.

Support for Establishing Greenhouse Gas Management Systems for Suppliers

To enhance Scope 3 greenhouse gas emissions management across the supply chain and strengthen the sustainability capabilities of its suppliers, COSMAX is promoting initiatives to support the establishment of greenhouse gas inventories by suppliers. In collaboration with external experts, COSMAX provides consulting services and on-site training to help suppliers systematically calculate and manage their emissions. The company also offers standardized calculation methodologies and emissions data management tools to improve data reliability. These efforts enable suppliers to build their own greenhouse gas management systems, laying the groundwork for long-term carbon neutrality and compliance with ESG management requirements. COSMAX will continue to expand these capacity-building activities to achieve shared growth and strengthen the overall supply chain's climate resilience.

Supplier ESG Carbon Management Training Status

Category	Unit	2024
Target suppliers for training	Companies	15
Total training hours	Hours	60

CASE

Supplier Carbon Management Support and Consulting Program

To strengthen the supply chain's capacity for greenhouse gas reduction, COSMAX is supporting key suppliers in establishing greenhouse gas inventories through emissions calculation and data management systems. In 2024, COSMAX newly built inventories for 15 suppliers, bringing the cumulative total of suppliers supported for emissions calculation to 63. In addition, COSMAX assisted in developing standardized calculation tools tailored to each supplier's emission characteristics and conducted practical training to enhance their internal management capabilities. By applying calculation processes based on global standards, the company ensured data reliability and laid the foundation for Scope 3 management by identifying major emission sources and providing calculation manuals. Furthermore, tailored energy diagnostics and energy-saving consulting were provided to offer suppliers practical improvement measures for energy efficiency and greenhouse gas reduction. COSMAX will continue to expand its support to help realize carbon neutrality across the supply chain and achieve shared growth with its suppliers.



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Renewable Energy Transition Roadmap

To respond to climate change and pursue sustainable growth, COSMAX has established a mid-to long-term roadmap and budget for the transition to renewable energy and is executing it in a systematic manner. We are gradually increasing the share of renewable energy in our energy mix to reduce carbon emissions, while laying the foundation for achieving Net Zero by 2050 in the long term.

Eco-Friendly Energy Infrastructure Investment Status

Category	Unit	2022	2023	2024
Infrastructure investment	KRW 100 million	0.7	1.6	6.8

Energy Conservation and Efficiency Improvement

COSMAX is actively implementing various infrastructure improvement initiatives to reduce energy consumption and enhance energy efficiency across its sites. We optimize key facilities such as chillers and adjust dust collector filter washing cycles to manage energy more efficiently through improved equipment operations. In addition, we minimize unnecessary energy loss by refining operations such as regulating transformer voltage, adjusting the usage of chillers and vending machines, and cutting standby power for IT equipment. Furthermore, we are expanding the use of eco-friendly energy by installing solar power generation systems and introducing renewable energy infrastructure. COSMAX will continue to invest in equipment and pursue operational innovations to reduce greenhouse gas emissions and minimize environmental impact through ongoing energy-saving and efficiency enhancement initiatives.

Energy-Saving and Efficiency Improvement Status in 2024

Power reduction of chiller through outdoor cooling water 14.65 toe	Improvement in refrigeration efficiency 18.03 toe	Adjustment of dust collector pulse frequency 7.62 toe	Proper voltage management of transformer 6.04 toe
Improvement of usage methods for water coolers and vending machines 3.82 toe	Standby power shutdown of IT equipment 8.17 toe	Installation of solar power generation facilities 29.93 toe	

Expansion of Renewable Energy Use

COSMAX is expanding the use of renewable energy to achieve its greenhouse gas reduction targets. We are making various efforts to convert a significant portion of the electricity used at our sites to renewable energy such as solar power. In 2024, solar power generation facilities were operated at a total of 10 sites—five domestic sites (Hwaseong Plants 1 and 2, Pyeongtaek Plants 1 and 2, and COSMAX Hyangyakwon) and five overseas sites (COSMAX China Plants A and C, COSMAX Indonesia, COSMAX USA, and YATSEN Biotechnology)—generating electricity for production processes. We are currently expanding new facilities at COSMAX Thailand and plan to further expand solar power facilities to all domestic and overseas sites in operation to prepare for increased energy consumption driven by continued business growth. Furthermore, we are reviewing various options such as purchasing Power Purchase Agreements (PPA) and Renewable Energy Certificates (REC) to reduce greenhouse gas emissions.



Renewable Energy Consumption



1) COSMAX USA uses renewable energy through an on-site system.

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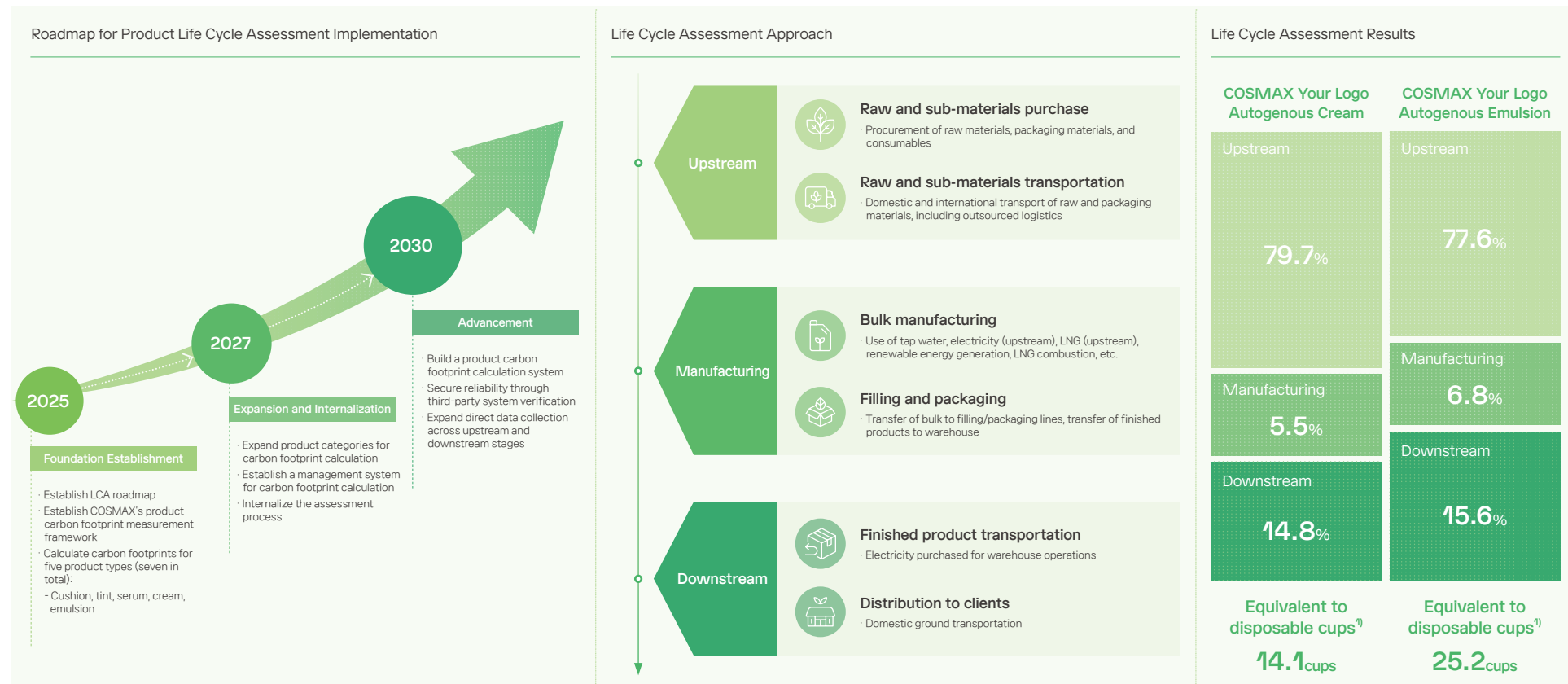
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Establishment of a Product Carbon Footprint Management System

To proactively respond to the growing market demand for eco-friendly products and the carbon emission management requirements of global clients across the supply chain, COSMAX is establishing a product carbon footprint management system based on Life Cycle Assessment (LCA). The system enables the calculation and management of greenhouse gas emissions at each stage of the product lifecycle, including raw materials, sub-materials, packaging, manufacturing, and transportation. COSMAX applies data management and calculation processes in line with international standards such as ISO 14040, ISO 14044, and ISO 14067, as well as the GHG Protocol. This allows us to identify emissions at each stage and set priorities for reduction, thereby enhancing our ability to focus on areas where tangible improvements can be achieved. Furthermore, we are strengthening system integration and verification procedures to ensure the reliability and consistency of data, enabling active compliance with future global regulations and disclosure requests from clients. Through the establishment of this systematic product carbon footprint management foundation, COSMAX will continue efforts to reduce emissions, enhance product competitiveness, and create sustainable value.

Product Life Cycle Assessment System



¹⁾ Based on 25gCO₂eq per disposable cup (polystyrene lid 6g, paper cup 13g, holder 6g)

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Environmental Impact Reduction

To address the growing challenges of climate change and environmental pollution, COSMAX is carrying out various initiatives aimed at reducing environmental impact. We have established a systematic strategy for managing environmental impacts and are actively promoting efficient water resource management and the implementation of a circular economy. In addition, we strictly manage waste and pollutants, and engage in activities to protect biodiversity as part of our efforts to practice sustainable environmental management.

Key Policy

COSMAX Hazardous Chemical Management Policy

UN SDGs



Environmental Impact Response Strategy

COSMAX is committed to minimizing environmental impact throughout the entire cosmetic manufacturing process by systematically monitoring and managing water resources, air pollutants, waste, and hazardous chemicals. We have set medium-term environmental goals to reduce the basic unit of water use and waste discharge by 30% by 2035 compared to 2024, and to achieve a 95% recycling rate. To this end, COSMAX has established internal standards that are stricter than legal requirements to thoroughly manage environmental impact factors and has developed management systems to ensure compliance with environmental regulations. We are actively responding to environmental issues within our sites.

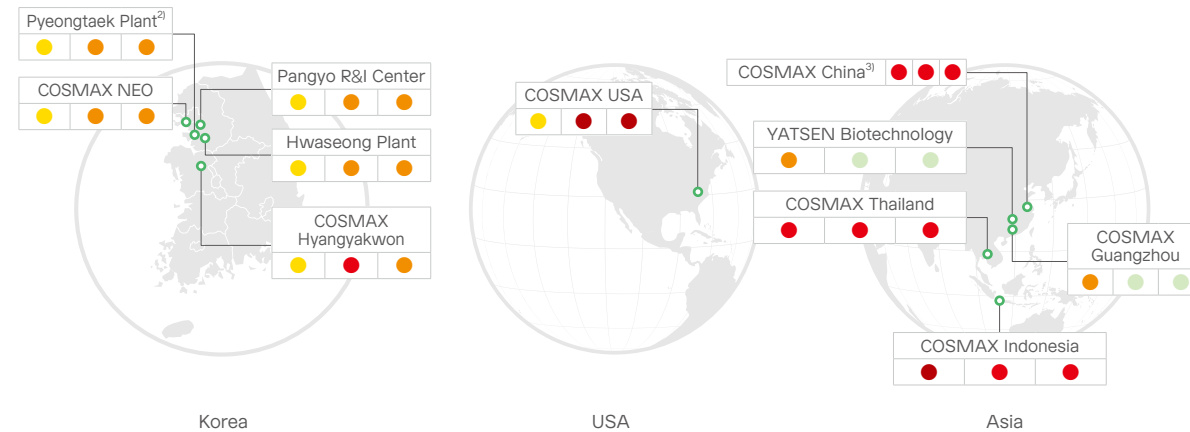
Water Resource Management

Water Risk Assessment

Recognizing the importance of water as a key resource in business operations, COSMAX has established a systematic water risk management system to ensure efficient water resource management. We monitor water risks at all domestic and overseas sites using the 'Aqueduct' water risk assessment tool developed by the World Resources Institute (WRI). Going forward, we plan to develop and implement customized response strategies that reflect the characteristics of each region.

Aqueduct Risk Assessment Results

Assessment Criteria	Overall Water Risk		2030 Water Stress ¹⁾		2050 Water Stress ¹⁾	
	Low : ●	Low-Medium : ●	Medium-High : ●	High : ●	Extremely High : ●	Extremely High : ●



1) Business as usual
 2) Including CM Tech and COSMAX ICURE
 3) Including PELEY Cosmetics and CM Tech China

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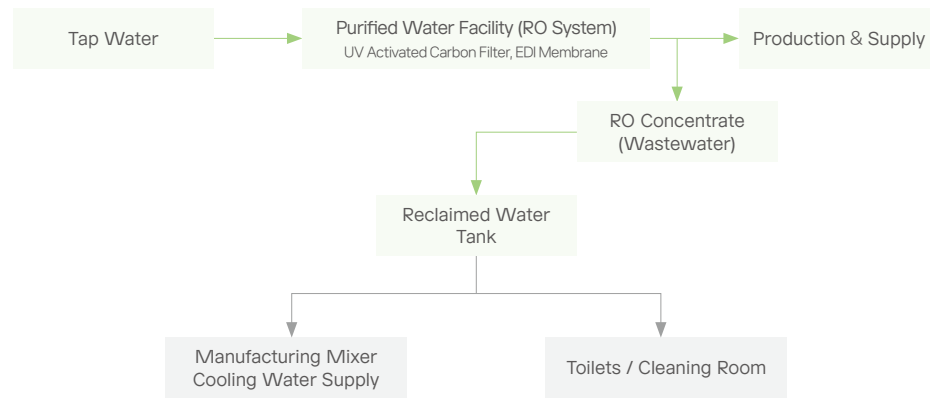
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Environmental Impact Reduction

Water Reduction Activity

COSMAX recycles Reverse Osmosis (RO) concentrate generated from its purification systems for use as cooling water for manufacturing mixers and cleaning water for facilities. To further improve the efficiency of manufacturing processes, we have also implemented a Clean in Place (CIP) system to reduce the amount of water used in cleaning manufacturing mixers. Through this systematic water resource management, COSMAX reused 13,868 tons of water in 2024.

RO Concentrate Reuse Process



Water Consumption

Category	Unit	2022	2023	2024
Tap water	ton	155,111	162,651	192,354
Groundwater ¹⁾	ton	0	0	0
Total	ton	155,111	162,651	192,354
Intensity of water consumption ²⁾	ton / sales in KRW 100 million	18.16	15.38	14.17

* Based on COSMAX operations

1) Groundwater has not been used since September 2021.

2) Based on each legal entity's financial statements

Waste Management

COSMAX operates a systematic waste treatment and management process that classifies and recycles waste generated within the sites by type. All processes strictly comply with legal standards and are carried out through specialized treatment firms. In particular, we ensure compliance with relevant laws and regulations such as restrictions on the transboundary movement of hazardous waste, and conduct annual on-site inspections of waste treatment companies to thoroughly verify legal compliance.

With increasing production volumes leading to greater waste generation from raw material packaging and subsidiary materials, COSMAX is strengthening yield management to minimize raw material waste. We are also working to reduce the occurrence of non-conforming products by improving manufacturing, filling, and packaging processes. In addition, we systematically manage idle and inactive subsidiary materials—those with low sales or usage and stored long-term—to continuously reduce waste output. Furthermore, we are building a sustainable waste management system by reducing landfill and incineration volumes and increasing the recycling rate.

Waste Treatment and Management Process



Recycled Waste Rate

Category	Unit	2022	2023	2024
Total waste discharge	ton	2,605	2,628	3,076
Recycled waste	ton	1,985	2,044	2,514
Recycled waste rate	%	76.2	77.8	81.7

* Based on COSMAX operations

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Environmental Impact Reduction

Pollutant Management

Water Pollutant Management

COSMAX has implemented various management measures to protect aquatic ecosystems near its facilities and prevent water pollution. Wastewater undergoes a dual-treatment system, receiving primary treatment at COSMAX's in-house facility and secondary treatment at a public treatment plant located in the industrial complex before discharge. Treatment water generated from production processes is strictly managed based on internal standards that are more stringent than legal requirements. Pollutants from manufacturing processes are reduced through various physicochemical and biological treatments. Wastewater that is difficult to treat, such as that generated in laboratories, is consigned to specialized treatment companies equipped with advanced facilities. In addition, COSMAX has installed stormwater pipelines and manholes throughout its sites to prevent direct discharge of rainwater and reduce non-point source pollution through treatment systems. We also conduct regular and ad hoc inspections, water quality analyses, and dredging to improve river water quality. Furthermore, we monitor potential impacts on water resources through semiannual water quality analyses of groundwater—one of our water sources—carried out by external professional organizations.

Wastewater Discharge

Category	Unit	2022	2023	2024
Wastewater discharge	ton	102,733	103,844	123,427
Entrusted wastewater	ton	1,452	1,350	1,733
Total	ton	103,886	105,194	125,160
Intensity of wastewater discharge ¹⁾	ton / sales in KRW 100 million	12.16	9.95	9.22

* Based on COSMAX operations

1) Based on the financial statements of each corporation

Water Pollutant Emissions

Category	Unit	2022	2023	2024
TOC	ton	17.0	17.3	23.5
BOD	ton	35.2	31.2	44.2
SS	ton	6.5	4.0	10.4
Total	ton	58.7	52.5	78.1
Intensity of water pollutant emissions ¹⁾	kg / sales in KRW 100 million	6.87	4.97	5.76

* Based on COSMAX operations

1) Based on the financial statements of each corporation

Air Pollutant Management

COSMAX is dedicated to proactively reducing and managing air pollutants by establishing and operating internal standards that are stricter than legal requirements. To enhance the efficiency of the management system, COSMAX conducts regular measurements and monitoring of major air pollutants—such as nitrogen oxides (NOx), sulfur oxides (SOx), and particulate matter—through external professional agencies. In addition, COSMAX operates a variety of air pollution control facilities, including filtration and adsorption systems that remove sulfur oxides and dust, as well as eco-friendly combustion devices such as low NOx burners, to actively reduce emissions. We also optimize the performance of these pollution control facilities through regular inspections.

Air Pollutant Emission

Category	Unit	2022	2023	2024
NOx	kg	626	376	949
SOx	kg	138	59	23
Dust	kg	296	199	225
Total	kg	1,060	633	1,196
Intensity of air pollutant emissions ¹⁾	kg / sales in KRW 100 million	0.12	0.06	0.09

* Based on COSMAX operations. Calculated based on business sites subject to submission of confirmed air pollutant emissions statements under Article 35 of the Clean Air Conservation Act

1) Based on the financial statements of each corporation

Air Pollution Control Facility Inspection Activity in 2024

Category	Inspection Details	Inspection Intervals	No. of Improvements
On-Site Inspections	Hood inspections of air emission facilities	Twice per month	121 cases improved
	Regular inspections of control facilities	Once per month	
Equipment Operation	Filter replacement in dust collectors	Once every 1.5 years	54 cases improved
	Activated carbon replacement in adsorption towers	Once per quarter	
	Blower bearing replacement	Once every 4 years	
	Blower V-Belts replacement	Once per year	

* Based on COSMAX operations

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Environmental Impact Reduction

Chemical Substance Management

COSMAX conducts regular inspections at all production and manufacturing facilities to prevent chemical spills on-site. At each chemical handling location, Material Safety Data Sheets (MSDS) and protective equipment are provided, and disaster response equipment is installed to strengthen safety management. To prevent accidents, storage and manufacturing areas are designed with explosion-proof structures to ensure safety from fire and explosions. Each workplace also operates a response team composed of hazardous chemical handlers. In addition, COSMAX provides executives and employees with legal and special training on chemical handling areas, response methods for each handled item, and the location and use of disaster response equipment. Regular annual spill response drills are conducted to establish an effective initial response system in case of emergency.

Chemical Substance Management Tasks



Hazardous Chemical Management

COSMAX provides guidelines for managing hazardous chemicals based on its internal policy and systematically manages all chemicals used at its business sites through the research management system. Monitoring and regular inspections are conducted in phases based on the hazards and risks of each substance. COSMAX strictly applies its hazardous chemical management regulations across the entire lifecycle—from the registration of new raw materials to product development, production, and disposal. In particular, for newly introduced chemicals, only substances verified in accordance with COSMAX’s internal hazardous substance standards are permitted for use.

In line with the European Union’s chemical regulation (REACH), D5 (Decamethylcyclopentasiloxane) and D6 (Dodecamethylcyclohexasiloxane) have been included in the list of Substances of Very High Concern (SVHC). As a result, COSMAX will restrict the use of these substances in new rinse-off products starting from June 2024 and plans to substitute or phase them out in existing products by 2026. D4 (Octamethylcyclotetrasiloxane) has been classified as a reproductive toxicant and is being managed through the suspension of raw material supply and discontinuation of existing products starting in 2024. Lilial (Butylphenyl Methylpropional), a fragrance allergen, was classified as a reproductive toxicant under the EU Classification, Labelling and Packaging (CLP) Regulation. In response, COSMAX discontinued all related fragrance formulations in June 2021 and has continued to restrict its use across all products.

COSMAX also continuously monitors changes and newly introduced regulations on hazardous substances both domestically and internationally and is enhancing its response to restrict and substitute hazardous chemicals. In particular, we are expanding resources and budgets to develop alternative raw materials and broaden its portfolio of products free from hazardous substances in order to minimize environmental impact.

New Chemical Management Process



Membership in the Korea Responsible Care Council

COSMAX became the first company in the Korean cosmetics manufacturing industry to join the Korea Responsible Care (RC) Council. Responsible Care is a global initiative in which the chemical industry voluntarily participates, aiming to achieve continuous improvement and outstanding performance in the areas of environment, safety, health, and security. It also reflects a commitment to corporate ethics that prioritize the safe management of chemical products and the achievement of the highest standards within the chemical industry. Through its membership in the Korea RC Council, COSMAX will further strengthen sustainability and responsible management in the chemical industry and solidify social trust.

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Expansion of Eco-Friendly Business

COSMAX continues to strengthen its eco-friendly business initiatives based on a circular economy approach. We are taking the lead in minimizing environmental impact by developing products and services that utilize eco-friendly technologies and raw materials. In addition, we contribute to resource circulation and waste reduction by researching and applying various sustainable packaging solutions. Through these efforts, we aim to provide customers with sustainable options and promote eco-conscious values across the industry. COSMAX will continue to pursue sustainable management in the global market through eco-friendly innovation.

Key Policy

COSMAX Packaging Policy

UN SDGs



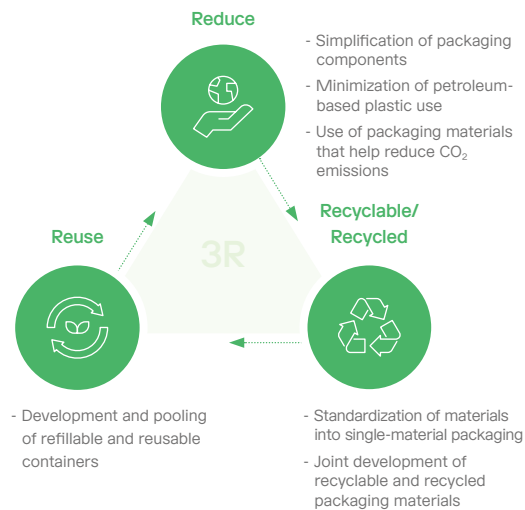
Circular Economy Policy

COSMAX applies stringent environmental standards throughout the entire product development process—from raw material selection to production, distribution, use, and disposal—to minimize environmental impact. We have established a circular economy policy aimed at reducing waste and environmental pollution caused by packaging, and have built a list of restricted substances under the COSMAX Conscious Beauty (CCB) system to ensure the production of environmentally friendly products. Furthermore, through the 3R strategy—which aims to maximize resource efficiency and minimize waste generation—we promote the recycling and appropriate disposal of waste, thereby reducing the consumption of natural resources and energy. In addition, by advancing the development of sustainable technologies that consider the entire product life cycle, such as biodegradable ingredients and materials, we strive to expand our portfolio of eco-friendly products and services and contribute to building a sustainable resource-circulating society.

Eco-friendly Packaging: 3R Strategy

COSMAX promotes the efficient use of resources and waste reduction through its eco-friendly packaging 3R strategy. By minimizing the use of plastic (Reduce), expanding the development of refillable and reusable containers (Reuse), and adopting recyclable or recycled materials (Recyclable/Recycled), we aim to enhance resource efficiency and contribute to establishing a circular economy.

Eco-friendly Packaging: 3R Strategy



Establishment of Eco-friendly Packaging Standards

COSMAX is continuously striving to expand the use of eco-friendly packaging and is at the forefront of developing sustainable containers and packaging materials. To encourage consumers to participate in resource circulation when using beauty products, we have established the 'COSMAX Eco-friendly Packaging Roadmap.' In addition, we have introduced our own packaging standard, the ECO grade, and are actively proposing this standard to clients to increase the adoption of recycled materials in product packaging. Our goal is to build an eco-friendly platform that connects producers, distributors, clients, and consumers by 2030.

COSMAX Eco-friendly Packaging Roadmap



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Expansion of Eco-Friendly Business

Plastic Initiative

COSMAX recognizes the growing global concern over microplastics, which are widely used in cosmetics and increasingly viewed as a critical issue in the beauty industry. Microplastics, defined as plastic particles smaller than 5mm, are commonly used in products such as scrubs, lipsticks, and foundations. However, they pose a threat to the environment and can accumulate in the human body through the food chain. Countries around the world are implementing policies to regulate the use of microplastics, and global companies are placing stricter demands on their suppliers. In response, COSMAX has established the “Plastic Initiative,” with a commitment to phase out the use of microplastics in all products by 2030. The Plastic Initiative serves as a collaborative eco-friendly platform that connects producers, distributors, and consumers, presenting a comprehensive approach to addressing plastic-related issues in the cosmetics industry. Through this initiative, COSMAX aims to expand the use of eco-friendly materials and improve recycling systems, thereby contributing to a circular economy.

Mid-to-Long-Term Roadmap of the Plastic Initiative



Development of Eco-friendly Packaging

Joint Development of Eco-friendly Packaging

COSMAX actively collaborates with domestic and global material partners to develop sustainable materials for cosmetic containers with the goal of reducing carbon emissions and promoting resource circulation. In partnership with major companies such as SK Chemicals and LG Chem, COSMAX introduced eco-friendly cosmetic packaging solutions by operating the ECO ZONE booth at Cosmoprop Worldwide Bologna 2025.

In addition, COSMAX works closely with various partners to develop eco-friendly packaging materials such as biomass-based, recycled, and biodegradable materials. In particular, by co-developing “COSMAX PP”—a functional and eco-friendly polypropylene (PP) material that is easy to recycle and harmless to humans—with GS Caltex, COSMAX is contributing to resource circulation and realizing mutually beneficial partnerships with its collaborators. COSMAX will continue to expand its sustainable eco-friendly packaging efforts through ongoing collaborations with a diverse range of partners.

'Cosmoprop Worldwide Bologna 2025' ECO ZONE Booth



COSMAX-SK Chemicals: Sustainable Polyester Solution

COSMAX-LG Chem: Circular Loop

Examples of Products Applying COSMAX PP



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Expansion of Eco-Friendly Business

Development of Eco-friendly Products and Technologies

Development of Biodegradable Haircare Products

To fulfill its environmental responsibility and lead the sustainable beauty industry, COSMAX is committed to developing eco-friendly haircare products. In order to minimize environmental impact throughout the product lifecycle, we actively incorporate biodegradable ingredients, including over 90% naturally derived mild formulas, plant-based surfactants, and eco-friendly moisturizing polymers. COSMAX has enhanced the environmental sustainability of its products through innovative formulations such as powder-type shampoos that significantly reduce water and plastic usage, highly concentrated waterless cream washes, and no-rinse conditioners with more than 92% biodegradability. These products deliver excellent cleansing, hydration, and nourishment even with small amounts, and are formulated with mildly acidic pH to maintain scalp and hair health.

In addition, proprietary technologies such as Lamellux™ have been applied to strengthen the scalp and hair barrier while effectively delivering active ingredients. The eco-friendliness of packaging has also been improved by reducing the use of plastic containers and adopting recyclable packaging. COSMAX will continue to pursue innovations to enhance environmental sustainability, including the development of biodegradable products.

Low-Energy Manufacturing Process Technology

The conventional manufacturing process for creams, lotions, and other general cosmetics requires heating water-based and oil-based ingredients separately, followed by emulsification at high temperatures. However, this method consumes a large amount of energy, as both water-based and oil-based components must be heated to 80–90°C.

To address this limitation, COSMAX is developing a high-concentration emulsion base using high-pressure emulsification technology. This technique requires high temperature and pressure only during the initial manufacturing phase. Subsequently, the formulation can be diluted at room temperature without additional heating to create various cosmetic formats. Through this technology, we aim to reduce overall energy consumption across the manufacturing process and thereby lower carbon emissions.

Bio-Based Adhesive Technology

Petroleum-based hot melt adhesives widely used in the cosmetics industry offer strong adhesion but have significant environmental drawbacks, such as high carbon emissions and the release of volatile organic compounds (VOCs). These adhesives are typically used to bond dissimilar materials—such as aluminum inner containers and plastic outer packaging—making them difficult to recycle and often subject to incineration.

Accordingly, COSMAX, in collaboration with Dongsung Chemical, has developed a bio-based adhesive that replaces EU REACH-regulated substances previously used in petroleum-based hot melts with eco-friendly plasticizers, enabling a reduction in carbon emissions by over 50%. This adhesive is easily washable during recycling processes and facilitates the separation of heterogeneous materials, thereby improving recycling efficiency. In addition, it helps reduce emissions of CO₂ and volatile organic compounds (VOCs) during incineration, effectively lowering environmental impact throughout the product life cycle.

Notably, COSMAX is the first in the cosmetics industry to apply polyhydroxyalkanoate (PHA)—a biodegradable plastic resin that achieves over 90% biodegradation within one year in natural environments such as soil and marine settings. The adhesive has also demonstrated excellent adhesion performance through various container adhesion tests. Furthermore, COSMAX’s eco-friendly technological capabilities have been officially recognized with a ‘2-Star’ certification from DIN CERTCO, a globally renowned environmental certification body in Germany. COSMAX is gradually replacing hot melt adhesives used in existing products with bio-based alternatives and is expanding their application, focusing on domestic client products. Going forward, we plan to broaden adoption to global clients and ultimately apply the solution across all product lines, actively contributing to climate change response and compliance with global environmental regulations.

CASE

Motion Dial Lip That Dispenses Just the Right Amount

COSMAX NEO, a COSMAX Group company specializing in the development of functional containers, is gaining attention both in Korea and abroad for its eco-friendly and resource-efficient packaging technologies. The ‘Motion Dial Lip’ container is designed to allow hygienic use of the contents to the very end, and it applies a mono-material polypropylene structure to enhance recyclability. With just a 90-degree rotation, it dispenses only the needed amount while drawing any remaining product back into the container through a “suck-back” function, thereby reducing cosmetic waste. The container was recognized for its excellence by winning the President’s Award from the Korea Institute of Industrial Technology at the 2025 Korea Packaging Awards. In addition, the ‘Shake Lip’ container prevents content separation and features a structure that enables easy disassembly for separate disposal, minimizing environmental impact. It has also secured an award at the WorldStar Packaging Awards. COSMAX Group plans to continue strengthening its research on lightweight and mono-material containers, proactively responding to global eco-friendly trends through sustainable packaging innovations.



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Expansion of Eco-Friendly Business

Key Eco-Friendly Packaging Technologies

Soy Ink

Soy ink is an eco-friendly ink made from soybean oil. It is used in sustainable printing methods based on plant-derived materials and applied to environmentally friendly packaging.



FSC® Material + Soy Ink

FSC® (Forest Stewardship Council®) certification is an international forest certification system established to conserve forest resources and protect the environment. This packaging uses eco-friendly paper and ink.



FSC® Certified Paper Box + Soy Ink

This eco-friendly packaging combines FSC®-certified paper with soy ink printing.



PCR

PCR (Post-Consumer Recycled) refers to the reuse of materials that have been sorted, collected, and recycled from plastic products discarded by end consumers. It is used to produce eco-friendly packaging made with recycled plastic materials.



Metal-Free Pump

Unlike conventional dispenser pumps made from composite materials that are difficult to recycle, this product features a metal-free pump made from single-material PP (Polypropylene), enabling easy separation and recycling.



All-PP Container + 1C Black Printing + No Coating

This packaging uses single-material plastic PP for enhanced recyclability. It employs 1C black printing (monochrome ink) to minimize ink use, and the surface is left uncoated, making it a sustainable packaging solution.



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Expansion of Eco-Friendly Business

Development of Eco-Friendly Ingredients and Materials

Bio-Based Ingredients Derived from Agricultural By-Products

COSMAX is developing bio-based cosmetic ingredients using agricultural by-products. By leveraging beneficial microorganisms and enzymes, we produce sustainable cosmetic materials such as cellulose and lignin from by-products including rice straw and soybean meal. Cellulose-based hydrogel has stabilizing properties for vitamin C, making it suitable for the development of high-performance emulsion formulations. It also enhances moisturization and sensory feel in skincare applications such as patches and facial masks. Lignin helps modify the surface of ZnO, improving dispersion uniformity and UV-blocking performance, which supports the development of sunscreens compatible with diverse skin tones. Additionally, COSMAX is developing a rice-based emulsifier by fermenting by-products generated during rice extract production, enabling its use as an emulsifier in cream formulations.

Development of Microbiome-Based Materials Using Microorganisms

Since 2011, COSMAX has been dedicated to microbiome research to identify microorganisms that offer skin health benefits. In 2019, we became the first in the world to commercialize a cosmetic product containing skin microbiome ingredients. In 2021, we discovered a new microbiome microorganism for the first time globally, and in 2022, we successfully identified second-generation skin microbiomes while also developing a natural microorganism-based emulsification system. In 2023, we developed Untopinol™, a microbiome-based solution that helps improve troubled skin and serves as a steroid alternative.

In 2024, COSMAX developed Dandriome™, a new microbiome-derived ingredient effective in improving both hair loss and seborrheic dermatitis. To accelerate bio-based innovation and generate future value, we also launched COSMAX BF (Bio Foundry), a collaborative research consortium for bio-based material development. COSMAX BF brings together the R&I Center of COSMAX BTI, the new joint venture COSMAX AB, and CM Tech. Through collaboration with domestic and international universities and research institutes, the consortium focuses on microbiome-centered research. Additionally, we are working with the Korea Polar Research Institute, affiliated with the Korea Institute of Ocean Science and Technology, to explore the robust viability of polar microorganisms and develop cosmetic ingredients based on these unique microbial resources.

CASE

Awarded the Minister of Trade, Industry and Energy Prize at the 2024 Korea Technology Awards

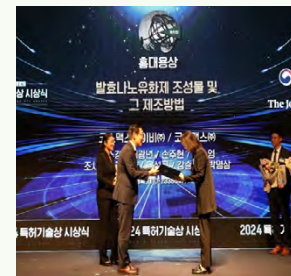
Hosted by the Ministry of Trade, Industry and Energy, the Korea Technology Awards recognize companies and individuals who have made significant contributions to the development and commercialization of outstanding innovative technologies. In November 2024, COSMAX was honored with the Minister of Trade, Industry and Energy Prize for its achievements in identifying the skin-related scientific properties of microorganisms and creating tangible business outcomes through the advancement of bioconversion technologies.



CASE

Recipient of the Hong Dae-Yong Award at the 2024 Patent Technology Awards in November

Hosted by the Korean Intellectual Property Office, the Patent Technology Awards were established to identify outstanding technologies and promote invention activities. The awards recognize patented technologies registered within the last ten years that have contributed to enhancing the technological competitiveness of national industries. COSMAX, in collaboration with COSMAX AB (Active Biome), was honored with the Hong Dae-Yong Award at the 2024 Patent Technology Awards for its "microorganism-based emulsification system" – a patented technology titled fermented nano-emulsifier composition and manufacturing method. Unlike conventional cosmetic manufacturing processes, this innovation forms emulsions without the use of chemical surfactants, relying solely on beneficial microorganisms.



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Development of Natural Materials for Vegan Cosmetics

COSMAX is actively engaged in developing vegan cosmetics based on the values of sustainability and environmental responsibility. In 2008, we became the first in the cosmetics ODM industry to obtain ECOCERT certification, demonstrating our capability in producing organic cosmetics by excluding chemical pesticides in the raw material production process. In 2018, we further secured certification for our cosmetics production facilities from the French certification agency EVE VEGAN, establishing a vegan cosmetics production system aligned with global standards. Building on this foundation, COSMAX has strengthened its R&D efforts to develop natural ingredients for vegan cosmetics.

In particular, COSMAX Indonesia has entered into research agreements with major Indonesian universities to jointly develop natural raw materials using native local plants. Based on the outcomes of these collaborative studies, COSMAX launched its ingredient brand 'The'Arum,' which utilizes native Indonesian plants. Beginning with the first ingredient, Green Java, in July 2023, COSMAX introduced six new materials—Sambiloto, Red Meniran, Kumis Kucing, Maja Fruit, Mango Ginger and Kesumba Flower—by May 2024. Additionally, in 2024, COSMAX expanded its lineup with the development of the Bali Series, consisting of 14 ingredients in total, including seven new ones: Moringa, Piper Betle, Green Caviar, Tamarind, Coconut, Rosella, and Coffea Arabica. COSMAX will continue to expand the 'The'Arum' brand lineup and reinforce its research efforts for developing natural ingredients for vegan cosmetics.

CASE

Operation of "Smart Green Farm" in Collaboration with IPB University, Indonesia

COSMAX is conducting joint research on native Indonesian plants in collaboration with IPB University (Institut Pertanian Bogor), Indonesia's top agricultural university. Established in 1963, IPB is recognized as the leading institution in agricultural science in the country and maintains active academic partnerships with major Korean research institutions, including Seoul National University.

Through the convergence of Indonesia's native plant resources and Korea's cosmetics technologies, COSMAX is creating new industrial value while expanding ingredient diversity and strengthening technological competitiveness by developing and applying various plant resources. To this end, COSMAX operates a Smart Green Farm to test various cultivation conditions and establish optimal environments that ensure high-quality results. These environments are then provided to local farms for implementation. Moving forward, COSMAX will continue to contribute to the development of natural materials for vegan cosmetics and the global eco-friendly ingredient ecosystem through ongoing collaborative research.

The'Arum Series

The'Arum Green Java 	The'Arum Moringa 
The'Arum Sambiloto 	The'Arum Piper Betle 
The'Arum Red Meniran 	The'Arum Green Caviar 
The'Arum Kumis Kucing 	The'Arum Tamarind 
The'Arum Maja Fruit 	The'Arum Coconut 
The'Arum Mango Ginger 	The'Arum Rosella 
The'Arum Kesumba Flower 	The'Arum Coffea Arabica 

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Biodiversity Conservation

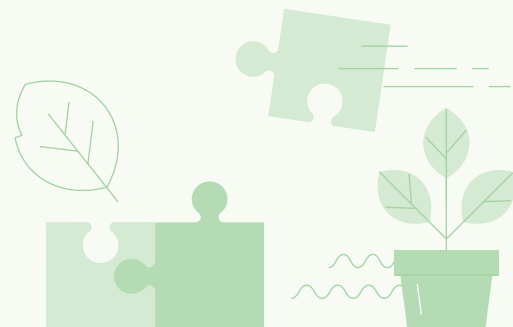
As the global decline in biodiversity continues to accelerate, COSMAX has established a biodiversity conservation policy and is actively promoting a range of environmental protection initiatives. We assess the impact of our business activities on ecosystems, systematically manage the identified opportunities and risks, and continuously strive to conserve a healthy ecological environment.

Key Policy

COSMAX Biodiversity Conservation Policy



UN SDGs



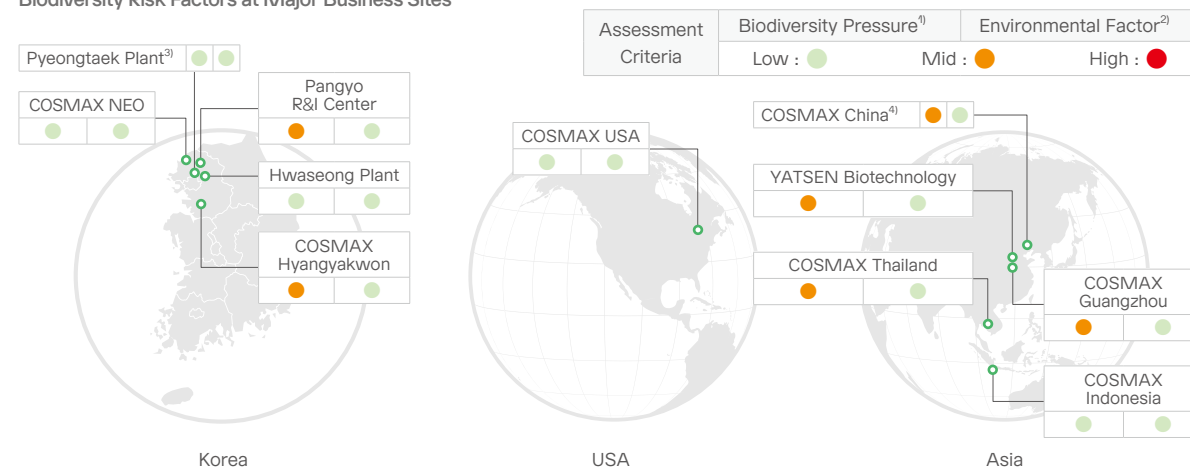
Biodiversity Protection and Deforestation Prevention Policy

COSMAX has established a Biodiversity Protection and Deforestation Prevention Policy to support sustainable corporate growth and ecological conservation. In line with this policy, we comply with international standards and guidelines, including the Convention on Biological Diversity (CBD), the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), and the International Union for Conservation of Nature (IUCN)'s Protected Area Programme. Based on this policy, we promote natural habitat protection activities and contribute to biodiversity conservation and the development of a sustainable value chain through deforestation prevention and forest restoration measures in local communities.

Biodiversity Risk Management

To systematically manage biodiversity-related risks, COSMAX applies a location-based approach and biodiversity impact assessment methodology to conduct in-depth analysis of interactions with natural ecosystems. These efforts enable us to minimize the impact of our business activities on natural capital and to establish concrete mitigation plans for biodiversity conservation. In particular, by referencing the LEAP (Locate, Evaluate, Assess, Prepare) framework of the Taskforce on Nature-related Financial Disclosures (TNFD), we are analyzing nature-related risks and opportunities and plan to develop targeted response measures integrated into our overall risk management process.

Biodiversity Risk Factors at Major Business Sites



* None of the major business sites were found to be exposed to biodiversity-related risks.

** Biodiversity risk in the vicinity of business sites was assessed using the World Wide Fund for Nature (WWF)'s Biodiversity Risk Filter (BRF).

1) Comprehensive evaluation of land/freshwater/marine use change, deforestation, encroachment, and environmental pollution

2) Comprehensive evaluation of protected/conservation areas, key biodiversity areas, other significant delineated regions, ecosystem condition, and rarity (endemism of mammals, amphibians, and birds)

3) Including CM Tech and COSMAX ICURE

4) Including PELEY Cosmetics and CM Tech China

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Biodiversity Conservation

Biodiversity Risk Mitigation Measures

COSMAX identifies and implements mitigation measures for risk factors that may arise in the course of its operations to protect biodiversity. In the sourcing of raw materials, we prioritize internationally certified materials such as RSPO (Roundtable on Sustainable Palm Oil) to minimize adverse impacts on biodiversity. In addition, we are working to develop alternative materials to natural ingredients through R&D efforts. To reduce the impact of our operations on local ecosystems, we also implement measures such as improving water use efficiency and managing emissions at our production sites. Furthermore, we continue to enhance initiatives across the entire product lifecycle to reduce ecological burdens, including expanding the use of eco-friendly packaging and establishing systems for the collection and recycling of plastic waste.

Biodiversity Risk Management Process



Key Biodiversity Risks and Mitigation Measures

Business Stage	Raw Material Production & Processing	Business Site Operations	Local Communities	Waste & Recycling
Key Sites & Regions 	<ul style="list-style-type: none"> Key raw material sourcing regions (domestic and international cosmetics ingredient suppliers) Natural ingredients (domestic and overseas) 	<ul style="list-style-type: none"> Key business sites (Seongnam, Hwaseong, Pyeongtaek) 		<ul style="list-style-type: none"> Regions where consumer waste is treated after use
Dependence on Natural Capital 	<ul style="list-style-type: none"> Potential dependence on biodiversity and ecosystem services in regions where palm oil and natural plant extracts are sourced 	<ul style="list-style-type: none"> Potential dependence on surrounding aquatic ecosystems and soil conditions due to water use and discharge during site operations 		<ul style="list-style-type: none"> Potential dependence on soil and energy resources during the disposal and recycling of packaging materials used in products
Impact on Biodiversity 	<ul style="list-style-type: none"> Risk of overharvesting plant resources and ecosystem degradation during raw material acquisition (e.g., habitat loss, soil erosion from indiscriminate wild plant collection) 	<ul style="list-style-type: none"> Risk of pollution and habitat disruption in local ecosystems due to wastewater discharge and waste generation from business site operations 		<ul style="list-style-type: none"> Risk of local ecosystem pollution from emissions generated during packaging waste treatment and recycling
Mitigation Measures 	<ul style="list-style-type: none"> Priority sourcing of certified sustainable raw materials such as RSPO-certified palm oil Development and application of natural raw materials through internal R&D teams 	<ul style="list-style-type: none"> Operation of water purification and water efficiency systems within production processes Application of eco-friendly and carbon reduction technologies from the facility design stage Regular monitoring of water ecosystems surrounding sites (Hwaseong, Pyeongtaek) Implementation of environmental protection programs around sites (e.g., stream cleanup, water quality and vegetation surveys, removal of invasive plants, EMI mud ball events) 		<ul style="list-style-type: none"> Expansion of eco-friendly packaging usage Establishment of a closed-loop system for collecting and recycling plastic waste

Management of Biodiversity Impact on Local Communities

COSMAX has established a biodiversity protection policy to preserve ecological ecosystems and promote the sustainable development of local communities. This policy is reflected across all aspects of our business operations. In accordance with the policy, we monitor areas directly or indirectly affected by our operations and strive to minimize the impact on local biodiversity. In particular, we prioritize monitoring of the Barancheon River, the final discharge stream for wastewater from the Hwaseong and Pyeongtaek Plants, to protect the aquatic ecosystem. We plan to gradually expand the scope of these monitoring activities going forward.

Key Business Site Biodiversity Impact Monitoring

Business Sites	Monitoring Details
Production Sites Hwaseong Plant Pyeongtaek Plant	Conducting monitoring on water resource impacts - Measuring and managing water quality impact on Barancheon River, the final discharge stream for wastewater

* Monitoring focuses on production sites that may impact biodiversity (Pangyo HQ is excluded from monitoring)

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Biodiversity Conservation

Biodiversity Conservation Activities

Native Plant Cultivation and Research

COSMAX promotes the cultivation and research of native plants to conserve ecosystems and enhance biodiversity. Native plants play a vital role in ecological resilience and stability, providing essential food and habitats for various species. In 2014, COSMAX established Hyangyakwon in Yugok-eup, Gongju-si, Chungcheongnam-do to directly cultivate and manage natural plants. Currently, Hyangyakwon cultivates 114 native species, including 8 local specialty species, 17 rare species, and 2 endangered wild plant species. In Indonesia, we are also cultivating 14 native species such as Green Java, Sambiloto, and Red Meniran, contributing to local biodiversity conservation. COSMAX is committed to preserving seeds and conducting propagation research on native plants both domestically and internationally to maintain biodiversity and promote ecosystem health.

Native Plant Cultivation Status

Category	Outdoor Cultivation Area	Number of Species	Number of Individuals
COSMAX Hyangyakwon	13,200m ² (4,000pyeong)	114	29,925
COSMAX Indonesia	17,820m ² (5,400pyeong)	14	17,820

Biodiversity Conservation Campaign

Until 2023, COSMAX carried out a biodiversity conservation campaign in collaboration with the City of Hwaseong and the Hwaseong Environmental Foundation to manage water quality in the Balancheon stream near its Hwaseong and Pyeongtaek plants. In 2024, the campaign was continued in partnership with the Pyeongtaek Industrial Complex Management Corporation. Through various environmental activities—including stream clean-ups, water and plant surveys, removal of invasive species, and EM mud ball tossing—COSMAX is contributing to the restoration of the local ecosystem. We also regularly monitor stream water quality and plan to further enhance our environmental protection activities tailored to the local ecosystem. To share the progress of these ecological improvements, COSMAX has published the Biodiversity Conservation Activity Report and will continue to practice proactive environmental management and lead environmental protection in the local community through ongoing collaboration with various related organizations.



Biodiversity Park Development

COSMAX is promoting a biodiversity conservation project focused on the restoration of endangered and native plant species in partnership with Hwaseong Special City, the Korea Green Foundation, Sejong National Arboretum, and the social enterprise Brothers Keeper. Through a multilateral agreement, we are actively engaging in biodiversity efforts to address the issue of biodiversity loss and secure the long-term value of natural capital.

Starting with unused land within the Hyangnam Pharmaceutical Industrial Complex in Hwaseong, where the COSMAX Hwaseong Plant is located, we plan to gradually expand the scope of biodiversity park development to areas near our Pyeongtaek site. The first site, “Biodiversity Park No. 1,” is designed as an ecological park, planting a total of 2,000 native plants from 21 species, including the golden spider lily (*Lycoris aurea*), a Level 2 endangered wild plant species. This space goes beyond the role of a conventional park, serving as a foundation for the propagation of endangered species and the restoration of ecological value. It will also contribute to preserving the urban ecosystem through collaboration with local communities. In particular, degraded sections will be restored by planting turf, while shaded garden spaces will be created around existing trees using semi-shade plants, forming a central area for diverse vegetation to coexist.

The project was systematically implemented in cooperation with related institutions. Hwaseong Special City secured the land and provided administrative support; the Korea Green Foundation, Korea’s first public environmental foundation, oversaw the overall planning, operation, and publicity of the park; and the Korea National Arboretum provided 300 native plants from six species—including *Glehnia littoralis*, *Patrinia saniculifolia*, *Sporobolus indicus*, *Hosta yingeri*, *Carex mollicula*, and *Sedum kamschaticum*. These plants were cultivated by Brothers Keeper and planted on-site in collaboration with COSMAX. Through this initiative, we established a foundation for the restoration and preservation of endangered and native plant species to enhance biodiversity. COSMAX will continue to contribute to the conservation of natural capital and the promotion of biodiversity by expanding ecological spaces based on native plant species.



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COSMAX strives to grow together with all stakeholders—including employees, suppliers, customers, and local communities. We are committed to fostering a culture of respect for human rights and mutual growth, and to implementing people-centered human resource management practices that ensure a safe and healthy work environment, along with opportunities for growth and support. Furthermore, by strengthening ESG capabilities across our supply chain and broader society and pursuing inclusive support initiatives, we generate social value that enables all stakeholders to grow together.

Human Resource Management	64
Respect for Human Rights	71
Safety and Health	74
Supply Chain ESG Management	82
Customer Value Management	89
Product Responsibility and Quality Enhancement	92
Information Security	99
Contribution to Local Communities	103

Key Activities and Achievements

	Percentage of female managers	51.6%
	Human Rights Impact Assessment implementation rate	100%
	ESG evaluation coverage of significant suppliers	100%
	Percentage of RSPO-certified raw materials used	64.8%

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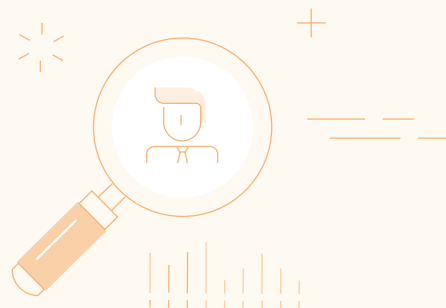
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Human Resource Management

COSMAX recognizes the importance of talent management as a global ODM company and defines fair recruitment, employee competency development, fair compensation, enhanced employee benefits, and active communication and engagement as the core elements of human resource management. To this end, we have established a transparent and rational personnel system and compensation structure, creating an environment where employees can fully realize their potential and enabling stable talent management for sustainable growth.

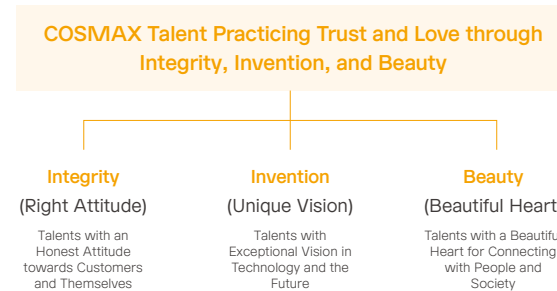
UN SDGs



Talent Recruitment Principles

COSMAX discovers and nurtures talents who practice trust and love through BARUM, DARUM, and ARUM. All forms of discrimination based on gender, age, nationality, or religion are strictly excluded in the hiring and evaluation processes. COSMAX respects diversity and is committed to securing a wide range of talents.

Talent Desired by COSMAX



Fair Opportunity Recruitment

Merit-based Fair Recruitment

COSMAX ensures fair and equal opportunity in recruitment by adopting an open hiring approach through public recruitment for new graduates and rolling recruitment for experienced professionals. The recruitment process eliminates all forms of bias and focuses on evaluating applicants based on job expertise and organizational fit. To accurately assess each applicant's inherent capabilities, COSMAX uses customized AI competency assessments as a standard criterion for talent selection. Job-specific interview processes are conducted in consultation with relevant departments and based on internal feedback. Interviewer manuals are in place to create a discrimination-free and fair interview environment, and regular training is provided to enhance interviewers' understanding of diversity and evaluation skills.

Talent Development Goals

COSMAX has set a goal to establish a world-class Human Resource Development (HRD) system by 2030. As part of this long-term objective, we have identified key mid-term targets to be achieved by 2025, including leadership development, strengthening global talent, and building a communication-centered organizational culture. Based on these priorities, COSMAX continues to implement detailed action plans for each objective.

HRD Vision and Detailed Tasks

Goal

Global Top-Tier Level of HRD Implementation (by 2030)

Detailed Tasks

- Establishing a leadership training system for different levels and nurturing future key leaders
- Building a system for fostering Korean expatriates abroad and enhancing the capabilities of local overseas personnel
- Implementing a communication-centered organizational culture

Employment of Socially Disadvantaged Groups

COSMAX operates a target hiring system to promote the employment of diverse social members, including people with disabilities and persons of national merit. We ensure equity in the recruitment process by granting additional points during screening stages and promoting dedicated employment portals. We also provide customized work environments and convenient facilities that reflect the circumstances of each employee. Going forward, COSMAX will continue improving systems to enable individuals from socially disadvantaged groups to fully demonstrate their capabilities across a wide range of roles.

Employment Status of Socially Disadvantaged Groups

Category	Unit	2022	2023	2024
Disabilities	Persons	9	22	27
Veterans	Persons	5	5	5

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Job Posting and Talent Pool System Operation

COSMAX operates a job posting system to provide career development opportunities and motivate employee growth within the organization. Targeting employees who have served in the same position for over a year, the internal job posting system allows internal talent to voluntarily apply for new positions. Through this system, employees can transfer between departments or switch roles in alignment with their competencies and career goals, thereby strengthening their expertise and capabilities through diverse job experiences. In addition, to secure outstanding talent and enhance strategic flexibility in HR operations, COSMAX operates a talent pool system on an ongoing basis. By utilizing the same online platform, we proactively identify promising talent and ensure their timely placement in suitable roles.

COSMAX Career Prep

COSMAX operates the recruitment YouTube channel COSMAX Career Prep to enhance communication with future talents and provide recruitment-related information. Through the COSMAX Group Jobdam interview series featuring current employees, we share detailed insights into career paths and job know-how by position. The channel also offers a variety of content including recruitment announcements, hiring process guides, and the COSMAX Life White Paper. In 2024, we further strengthened communication with job seekers via our official Instagram account. In particular, the Beauty Company Observation Diary short-form video series, which introduces a day in the life of our employees in line with the latest video trends, garnered strong engagement, reaching approximately 2 million cumulative views. We are also enhancing communication with future talents through diverse recruitment programs, including online job consulting sessions hosted on the metaverse platform Gather Town and the expansion of campus recruiting activities.

COSMAX Career Prep Contents



Fair Evaluation and Compensation

Building a Performance-Based Evaluation and Compensation System

COSMAX has introduced a performance evaluation system based on Objectives and Key Results (OKR) and Agile methodology in response to the rapidly changing market environment and the need for organizational agility. This system allows for flexible evaluation of employees' performance and capabilities. Through this performance management approach, COSMAX aims to establish a culture of ongoing communication and collaboration where the entire organization works toward a unified direction. To ensure the success of this evaluation system, COSMAX supports the full cycle of goal-setting, execution, and reflection, so that employees can understand the meaning of their work and take the lead in their own growth. The evaluation process considers not only results (performance and impact) but also the effort made throughout the process (including collaboration and communication) in a comprehensive manner. In addition, to enhance evaluation reliability, COSMAX manages objective evidence for evaluations on an ongoing basis and has adopted a calibration process where ratings are determined through 1-on-1 meetings, feedback, and sufficient discussion. To boost employee engagement and motivation, exemplary performance cases are shared on a quarterly basis and are accompanied by a reward system. COSMAX's OKR and Agile-based evaluation system contributes to enhancing overall organizational performance by fostering a culture rooted in innovation, collaboration, and performance.

Fair and Transparent Remuneration System

COSMAX has established the rules of employment and wage regulations to apply remuneration standards fairly. In accordance with these internal regulations, we provide a fair compensation system to all employees, and these rules are transparently disclosed through internal notice boards and the HR training system. All executives and employees can inquire about remuneration standards and related processes through the responsible department at any time. In particular, COSMAX provides equal pay regardless of gender to enhance equity and is committed to ensuring all members receive fair and appropriate compensation. Beyond compliance with the statutory minimum wage, we guarantee wages above the living wage level so that employees can maintain a stable standard of living. This commitment is codified in our Human Rights Management Policy and actively put into practice.

Remuneration Level as of 2024

Category	Unit	2024
Average remuneration per employee	KRW million	90.1
Total remuneration of female employees as a percentage of male employees ¹⁾	%	88.3
Percentage of employees covered by living wage analysis criteria	%	100

¹⁾ Per capita basis

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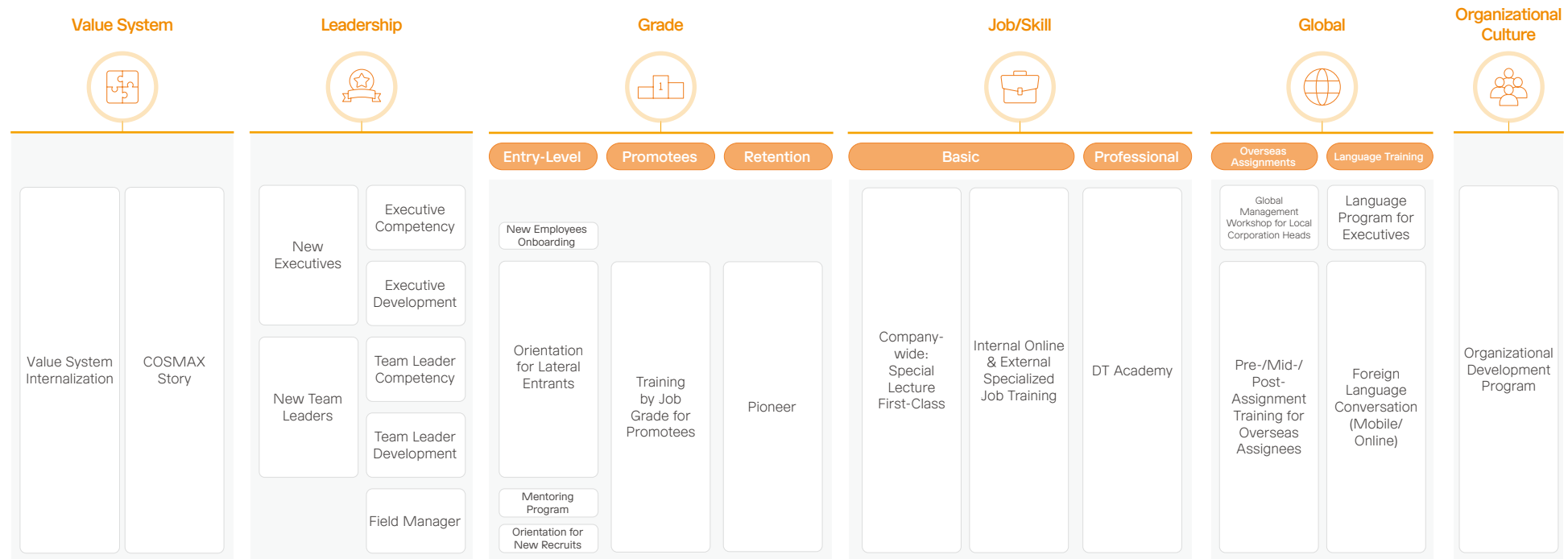
Employee Capability Development Programs

COSMAX operates structured training programs to enhance the expertise and growth of all executives and employees. All members are required to complete mandatory legal training programs to ensure thorough compliance with relevant laws and regulations. In addition, COSMAX offers various training programs tailored by position and job function to improve professional capabilities. Customized onboarding programs are also provided to new hires to support their adaptation to the organization and strengthen job competencies.

COSMAX Group Training System



COSMAX Group Education System



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Strengthening Employee Expertise

Category	Description	Purpose and Business Benefit	Quantitative Impact Caused by Business Benefit																				
Job Expertise Program	• Support for enhancing job expertise and developing global capabilities through specialized training courses and global talent development programs	<ul style="list-style-type: none"> • Strengthen business competitiveness to foster global talent and expand overseas business • Secure global standard capabilities 	<ul style="list-style-type: none"> • Approximately 37.4% of consolidated sales in 2024 generated from overseas operations 																				
	<table border="1"> <thead> <tr> <th>Category</th> <th>No. of Participants</th> <th>Category</th> <th>No. of Participants</th> </tr> </thead> <tbody> <tr> <td>Liberal arts, personal development</td> <td>602</td> <td>Empower IT</td> <td>43</td> </tr> <tr> <td>Improve job expertise (practical training)</td> <td>89</td> <td>Foreign languages</td> <td>288</td> </tr> <tr> <td>Increase productivity (PPT, Excel, etc.)</td> <td>245</td> <td>Leadership, communication</td> <td>164</td> </tr> </tbody> </table>			Category	No. of Participants	Category	No. of Participants	Liberal arts, personal development	602	Empower IT	43	Improve job expertise (practical training)	89	Foreign languages	288	Increase productivity (PPT, Excel, etc.)	245	Leadership, communication	164				
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Increase productivity (PPT, Excel, etc.)	245	Leadership, communication	164																				
R&I Research Institute Technical Training Program	• Strengthen expertise in cosmetics technology development by gaining academic knowledge and understanding of the latest research trends in new materials, raw ingredients, and R&I technologies	<ul style="list-style-type: none"> • Identify trends in global research technologies and prepare for global business expansion by responding to regulations on new technologies and ingredients • Expand expertise through patent applications, research paper presentations, and industry-academic collaboration 	<ul style="list-style-type: none"> • Developed more than 8,000 new products annually • Filed 143 new patents as of 2024 																				
	<table border="1"> <thead> <tr> <th>Program Name</th> <th>Target Participants</th> <th>No. of Participants</th> <th>Completion Rate</th> </tr> </thead> <tbody> <tr> <td>Training for New R&I Employees</td> <td>New R&I employees</td> <td>41</td> <td>100%</td> </tr> <tr> <td>Korea-China Formulation Category Owner Program</td> <td>Korea-China formulation researchers</td> <td>97</td> <td>100%</td> </tr> <tr> <td>Korea-China Formulation Technology Academy</td> <td>Formulation researchers at Shanghai office</td> <td>129</td> <td>100%</td> </tr> <tr> <td>Colloid & Rheology Training (Advanced R&I Program)</td> <td>Formulation researchers</td> <td>125</td> <td>100%</td> </tr> </tbody> </table>			Program Name	Target Participants	No. of Participants	Completion Rate	Training for New R&I Employees	New R&I employees	41	100%	Korea-China Formulation Category Owner Program	Korea-China formulation researchers	97	100%	Korea-China Formulation Technology Academy	Formulation researchers at Shanghai office	129	100%	Colloid & Rheology Training (Advanced R&I Program)	Formulation researchers	125	100%
	Program Name			Target Participants	No. of Participants	Completion Rate																	
	Training for New R&I Employees			New R&I employees	41	100%																	
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Korea-China Formulation Technology Academy	Formulation researchers at Shanghai office	129	100%																				
Colloid & Rheology Training (Advanced R&I Program)	Formulation researchers	125	100%																				
Monthly Capacity-Building Sessions	• Monthly sessions covering executive management direction, future strategies, distribution industry trends, global organizational culture, and ESG education	<ul style="list-style-type: none"> • Identify business trends to strengthen client responsiveness and explore new business opportunities 	<ul style="list-style-type: none"> • Recorded a sales growth rate of 21.8% in 2024 																				
	<table border="1"> <thead> <tr> <th>No. of Employees Trained</th> <th>Training Hours per Employee</th> </tr> </thead> <tbody> <tr> <td>12,232</td> <td>1 hour</td> </tr> </tbody> </table>			No. of Employees Trained	Training Hours per Employee	12,232	1 hour																
No. of Employees Trained	Training Hours per Employee																						
12,232	1 hour																						
Expert Lecture – COSMAX First Class	• Provided practical insights in areas such as marketing, brand strategy, global trends, and customer experience to strengthen employees' practical capabilities and expertise	<ul style="list-style-type: none"> • Strengthen global business expansion and internalize global marketing strategies and expertise 	<ul style="list-style-type: none"> • KRW 37.8 billion in new customer sales recorded in 2024 																				
	<table border="1"> <thead> <tr> <th>No. of Employees Trained</th> <th>Training Hours per Employee</th> </tr> </thead> <tbody> <tr> <td>594</td> <td>2 hours</td> </tr> </tbody> </table>			No. of Employees Trained	Training Hours per Employee	594	2 hours																
No. of Employees Trained	Training Hours per Employee																						
594	2 hours																						
ESG Education	• Training on ESG management fundamentals, global human rights cases, trends in eco-friendly product development, and climate change response strategies	<ul style="list-style-type: none"> • Strengthen education on global ESG regulatory trends, country-specific case studies, supply chain management, and human rights/ethics 	<ul style="list-style-type: none"> • 32 new products launched in 2024 with eco-friendly packaging applied 																				
	<table border="1"> <thead> <tr> <th>No. of Employees Trained</th> <th>Training Hours per Employee</th> </tr> </thead> <tbody> <tr> <td>1,112</td> <td>1 hour</td> </tr> </tbody> </table>			No. of Employees Trained	Training Hours per Employee	1,112	1 hour																
No. of Employees Trained	Training Hours per Employee																						
1,112	1 hour																						

New Employee Mentoring

COSMAX operates a structured mentoring program to support new hires in adapting to the organization and building internal networks. The mentoring program is designed to begin when new employees complete their OJT and transition into actual work, offering tailored support for job performance and overall adaptation to company life. The program consists of five sessions with 1-2 mentors and includes general activities held during lunch or after work, as well as special activities conducted during working hours. The program spans three months, and at the end of the cycle, outstanding mentoring teams are selected and awarded to enhance engagement and promote successful adaptation of new employees.

Support for Self-Directed Learning

COSMAX operates the HRD platform “Smart Course MAX+” to enhance employees’ self-directed job expertise, global competency, and leadership capabilities. Smart Course MAX+ offers approximately 7,500 learning contents, supporting customized competency development and continuous learning for all employees. In 2024, employees completed an average of 4.3 hours of learning per person using Smart Course MAX+, fostering a digital-based culture of self-directed learning.



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Enhancing Employee Benefits

Work-Life Balance

COSMAX strives to create a happy and pleasant work environment to improve employee job satisfaction and work efficiency, based on four core principles: human rights and safety, self-actualization, welfare, and organizational culture. To promote a family-friendly work environment, we operate a variety of programs such as flexible work schedules, minimized overtime, Family Day, annual leave encouragement, remote work, and staggered working hours. Since 2023, we have also introduced a half-day leave system to help employees better balance work and personal life.

Core Principles to Realize Employee Happiness

 Human Rights and Safety	 Self-Actualization	 Welfare	 Organizational Culture
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Employee Welfare Programs

COSMAX operates a wide range of benefit programs to enhance employee welfare and improve quality of life. In particular, we have strengthened policies supporting childbirth and parenting to foster a family-friendly work environment where employees can balance work and family. Through the introduction of childbirth incentives and expansion of parenting support programs, we offer comprehensive support across all stages—from birth to childcare. To promote a more accessible use of parental leave, we have introduced an automatic parental leave system to reduce psychological barriers and establish a natural usage culture. In addition, COSMAX supports employee health and well-being through a variety of welfare programs such as spousal paternity leave, childcare leave, and comprehensive health checkups. Going forward, COSMAX will continue to advance its family-friendly management system and uphold its certification as a Family-Friendly Company by the Ministry of Gender Equality and Family, fulfilling its responsibilities as a family-friendly employer.

Work-Life Balance and Welfare Programs

Category	Support System	Description
Flexible Work	Flexible Working Hours	• Adjustment of start and end times within the daily working hours
	Remote Work	• Performing tasks by selecting the preferred work location
Family-Friendly	Parental Leave	• Statutory leave system for employees with children under 8 years old or in grade 2 or below • Women: automatic 6-month leave, Men: 1-month mandatory paternity leave
	Spousal Paternity Leave	• 20 days of leave granted upon spouse's childbirth (10 paid, 10 unpaid)
	Childcare Support	• Childbirth incentive: KRW 10 million for the first child, 20 million for the second, 30 million for the third or more • Nursery care subsidy: support for infants aged 0-2
	Childcare Leave	• Two additional paid leave days for children in grade 2 or below, in addition to regular leave
	Congratulations & Condolences	• Provision of condolence money and leave for employee/family life events
Health and Leisure	Comprehensive Medical Examination	• Employees under age 35: once every two years • Employees age 35 or older: once a year
	Psychological Counseling Program	• Mental health checkups and 1:1 in-depth counseling services
	Long Service Awards	• Rewards provided to long-serving employees
	Employee Sales	• Employee sales events held during Family Month and holidays
	Club Support	• Activity expenses provided for in-house clubs (e.g. football, food tours)
Work Environment	Resort Support	• Support for use of condos and resorts
	Cultural Event Support	• Department-level cultural event support
	Operation of In-house Cafeteria	• Provision of breakfast, lunch, dinner, and light meals • Operation of on-site cafeteria
	Dormitory Provision	• Dormitories provided for factory workers
	Operation of Commuter Shuttle Bus	• Commuter shuttle bus service (Hwaseong / Pyeongtaek)
Provision of Work Uniforms	• Summer and winter uniforms provided (Hwaseong / Pyeongtaek)	

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Communication and Engagement with Employees

COSMAX is continuously improving the work environment to enhance employee satisfaction and work efficiency. We are committed to building a pleasant workplace guided by four core principles: human rights and safety, self-actualization, welfare, and organizational culture.

Enhancing Internal Communication

COSMAX operates the Caring Agent (CA) program to facilitate smooth internal communication and establish a healthy corporate culture. As the name suggests, a "Caring Agent" acts as a key contact for employee care, serving as an internal communication channel that listens to employee voices and promotes organizational culture improvement. CAs, selected by each business division, play a bridging role by facilitating two-way communication between team leaders and team members, and by collecting feedback and suggestions to ensure that employee experiences and ideas lead to tangible improvements in the working environment. This creates a safe and effective environment where employees feel empowered to express their opinions.

In addition, COSMAX strengthens communication channels by holding regular meetings between management and CAs to ensure that real voices from the field are reflected in corporate decision-making. This structure goes beyond simply collecting suggestions—it aims to build a participatory organizational culture based on mutual trust. COSMAX will continue to enhance the employee-driven communication system through the CA program to foster a respectful and healthy organizational culture where employees are encouraged to speak up voluntarily.



Meetings with Experienced Professionals

COSMAX is dedicated to helping experienced professionals adapt to the new organizational culture. We support these employees in adjusting to their new work environments and raise their job motivation by listening to and addressing various feedback and challenges related to the company culture through meetings with management.

Composition and Operation of Labor-Management Council

COSMAX holds quarterly labor-management council meetings joined by all employees to vitalize communication between labor and management and minimize conflicts of interest. In the 2024 meetings, 28 agenda items were discussed, including employee health campaigns, provision of winter supplies, and fire prevention measures in smoking areas. Corrective actions were taken for 21 of these suggestions. In addition, COSMAX ensures that all agenda items discussed in the labor-management council are applied to all members. We are committed to attentively listening to our members and building a cooperative and mutually beneficial labor relationship through continuous improvement efforts.

Employee Engagement and Satisfaction Survey

COSMAX conducts a biennial employee satisfaction survey to gather feedback on overall job satisfaction. The survey covers various areas such as work environment, organizational culture, and work processes. Based on the results, we identify areas for improvement and implement practical measures. From 2023 to 2024, 74% of all employees participated in the survey. High satisfaction was reported in collaborative aspects such as the global organizational environment, teamwork, and work-life balance. In particular, the work engagement score reached 79.6 points. COSMAX is committed to listening to employee feedback and reflecting it in system enhancements to foster a better work environment and continuously improve employee satisfaction.

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Employee Grievance Handling

COSMAX operates various grievance channels to address internal issues such as workplace harassment, sexual harassment, and working conditions. We strictly maintain confidentiality to ensure the informants' identities are protected. In 2024, a total of 12 reports were received through the Sinmungo system and Red Whistle, and appropriate actions were taken for all cases.

Employee Grievance Channels

Category	Grievance Channel	Method
Korea	Sinmungo System	• Email submissions
	Red Whistle	• Operated via the company website's reporting channel
	Labor-Management Council	• Quarterly meetings (held four times a year)
Shanghai	"Voice of Employees"	• Email submissions, phone, and WeChat
Guangzhou	Suggestion Box	• Installed in the factory cafeteria
	Email & Phone	• Contact with plant managers and HR administration team via email/phone
Thailand	Welfare Committee	• Monthly meetings
Indonesia	Labor-Management Council	• Quarterly meetings (held four times a year)
	Sexual Harassment Channel	• Email and WhatsApp access to HR/support team representatives
USA	Anonymous Reporting Channel	• Suggestion box installed in the factory

Employee Suggestion System

COSMAX operates an employee suggestion system to actively gather ideas and opinions from employees. This participatory system allows all members to freely submit ideas to improve business operations and work processes. We collect suggestions across various areas, including work efficiency, productivity, quality improvement, cost reduction, and prevention of environmental and safety incidents. Suitable suggestions are incorporated into actual work processes. In addition, employees receive monetary rewards based on the degree of improvement their suggestions bring, encouraging active participation from all members.

Outstanding Suggestions from 2024



Development of eco-friendly adhesive



Improvement of imported sample handling process in research



Development of automated alert and result confirmation system for test anomalies in research

Number of Employee Suggestions and Reward Amount

Category	Unit	2022	2023	2024
Total annual suggestions	Cases	17,206	17,422	15,776
Reward amount	KRW million	568	563	504

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Respect for Human Rights

COSMAX respects and protects the human rights of all employees and stakeholders by disclosing its human rights policy and operating a systematic human rights management framework. In particular, we identify and manage potential risk factors in advance through human rights due diligence, and respond promptly to human rights-related issues via various grievance channels. In addition, we promote awareness of human rights through employee training and strive to foster a culture of respect for human rights throughout the organization.

Key Policy

COSMAX Human Rights Policy



UN SDGs



Human Rights Policy

As a global corporation, COSMAX respects the human rights of all stakeholders including employees, customers, communities, and suppliers, and complies with global standards such as the United Nations Global Compact (UNGC), International Labour Organization (ILO), and the United Nations Guiding Principles on Business and Human Rights (UNGPR). Recognizing the importance of protecting human rights and spreading a culture of human rights protection, COSMAX has established a human rights policy. This policy outlines the human rights issues that must be observed by all stakeholders including COSMAX and our suppliers, such as human rights, forced labor, discrimination, child labor, working hours, wages, and freedom of association.

Basic Principles of Human Rights Policy

Respect for Human Rights	No forced labor	Non-discrimination	Child and Vulnerable Labor	Working Hours
Wages	Freedom of Association	Protecting the Human Rights of Local Residents	Protecting the Human Rights of Customers	Career Management and Training

Prohibition of Discrimination and Equal Opportunity

COSMAX is committed to creating a non-discriminatory organizational culture where all employees can work in a fair and equitable environment. We strictly prohibit discrimination based on gender, age, disability, nationality, religion, or any other grounds, and have established systems to ensure fairness in all HR management processes, including recruitment, evaluation, and compensation. Through these efforts, COSMAX supports equal opportunities for all employees and pursues sustainable growth based on a culture of non-discrimination.

Human Rights Policy (Operational Guidelines and Goals, 3) Non-discrimination)

Strive to ensure that employees are not discriminated against in terms of employment, wages, promotions, or other working conditions on any basis, including gender, nationality, age, race, religion, or politics, marital status, pregnancy, and childbirth, etc.

Human Rights Management Framework

COSMAX aims to protect the basic rights of all stakeholders and minimize human rights risks by maintaining zero incidents of human rights violations and regulatory breaches. We plan to achieve 100% implementation of human rights impact assessments at all operational sites by 2030. In addition, we strive to maintain a 100% response rate (remediation rate) through grievance channels and prevent recurrence of risks within the same sites, thereby eradicating human rights violations. Through systematic risk management, COSMAX is committed to creating a business environment that stakeholders can trust.

Furthermore, COSMAX recognizes respect for human rights as a core element of its business activities and promotes a systematic approach to human rights management. The ESG Committee under the BOD oversees risk management and performance improvement efforts related to human rights. The Committee reviews and approves revisions to the human rights policy, responses to laws and regulations in the field of human rights, and implementation results. In parallel, the HR Management Team and business unit leaders ensure strict compliance with the company's human rights policies across all employees.

Human Rights Management Roadmap

Short-term (2025)	Mid-term (2027)	Long-term (2030)
<p>Establish a human rights management and risk management system</p> <ul style="list-style-type: none"> Advance human rights management policies Conduct human rights impact assessments and manage human rights risks Provide human rights training for employees (100% completion rate) Operate human rights grievance channels Establish improvement plans for policies and processes based on human rights impact assessment results 	<p>Expand disclosure of human rights impact assessments at global sites</p> <ul style="list-style-type: none"> Advance codes of conduct on human rights and organizational culture Expand human rights risk assessments at global sites Identify improvement tasks for human rights risks Expand tailored human rights training for employees and managers 	<p>Share and expand human rights management performance across all business sites</p> <ul style="list-style-type: none"> Conduct human rights impact assessments at 100% of global sites Establish a company-wide integrated human rights management system Monitor the implementation of improvement tasks for human rights risks at global sites Promote best practice sharing and dissemination activities in human rights management Achieve 50% or more female employee representation

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Respect for Human Rights

Human Rights Risk Management

COSMAX has established a human rights risk assessment process to ensure the effective protection of human rights for all stakeholders, including employees. In line with this process, the HR Operations Team conducts annual human rights impact assessments and implements appropriate corrective measures based on the results, while monitoring effectiveness to verify whether risks have been resolved.

Human rights Risk Due Diligence Process



Mitigation of Key Human Rights Issues

COSMAX systematically identifies and addresses potential human rights issues that may arise from its business activities through human rights impact assessments. These issues are classified by severity and likelihood of occurrence, and those identified as having a moderate or higher level of severity are defined as key human rights issues. For these key issues, COSMAX establishes concrete mitigation measures, discloses the details transparently through the Human Rights Report, and strengthens trust with stakeholders. Through these efforts, COSMAX aims to implement responsible management and embed a culture of human rights respect throughout the organization.

Management of Vulnerable Groups

COSMAX defines vulnerable groups requiring protection in accordance with international human rights standards and principles and has established systematic management measures to safeguard their rights. Considering various criteria such as gender, age, and employment type, We identify women, supplier employees, contract and temporary workers as vulnerable groups. In addition, through human rights impact assessments, COSMAX proactively identifies potential risks these vulnerable groups may face and implements mitigation measures.

Human Rights Survey

COSMAX conducted a human rights survey targeting employees at domestic and overseas business sites. The survey aimed to identify human rights issues experienced directly or indirectly by employees, assess the current state of human rights within the company, and implement mitigation and remediation measures for identified human rights risks. The survey was developed based on major international human rights guidelines and consisted of 50 questions designed to capture both direct and indirect experiences of employees. To ensure anonymity, the survey was conducted via an external online platform, and the evaluation was carried out by an independent expert agency to secure objectivity.

Human Rights Survey Areas

Area	Evaluation Issues
Human Rights Management System	• Provision of human rights training, legally required training, and job competency training, provision of break time, prohibition and monitoring of verbal and physical abuse, grievance handling, workplace safety and employee health checkups, establishment and management of personal data policies
Prohibition of Discrimination	• Discrimination in recruitment, job transfer (including reassignment), performance evaluations, promotions, compensation, and access to training opportunities, discrimination against non-regular workers or during reinstatement after parental leave
Wages	• Payment for overtime and holiday work, timely wage payment, provision of pay statements
Prohibition of Forced Labor	• Employment contracts, prohibition of forced overtime, freedom to resign
Working Hours	• Management of employee working hours (52-hour workweek), shortened work hours for pregnant employees
Occupational Safety and Health	• Facility management, working environment, occupational safety and health awareness training, mental health, industrial accident management
Information Protection	• Identification of security risks, monitoring of information security risks, prevention of personal data breaches
Workplace Sexual Harassment	• Physical, verbal, and visual sexual harassment, other forms of sexual harassment
Workplace Bullying	• Inappropriate language or behavior such as verbal abuse, threats, or physical assault, unreasonable work orders or exclusion, unnecessary contact, unfavorable personnel changes, denial of use of annual leave, unreasonable demands unrelated to work

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Respect for Human Rights

Operation of Human Rights Grievance System

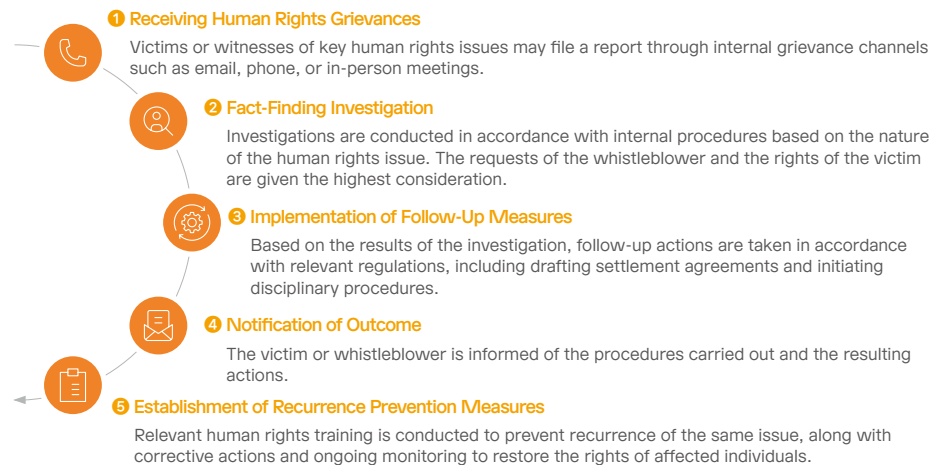
Reporting and Addressing Human Rights Grievances

COSMAX operates online and offline grievance channels to report human rights grievances. Employees and suppliers may submit their concerns through grievance boxes and the in-house “Sinmungo” system, while other stakeholders can raise issues via the customer service center. All consultations and the identities of informants are kept confidential in principle to ensure anonymity and prevent unfair retaliation. Upon receiving a human rights report, the responsible department promptly investigates the matter, implements protection measures for the victim, and ensures appropriate responses and follow-up actions. In 2024, the number of human rights grievances reported through the in-house Sinmungo system was zero. There were no violations of relevant laws and no fines or penalties incurred. COSMAX will continue to strengthen the operation of communication channels to support swift and fair resolution of issues, and further systematize its efforts to prevent and address human rights violations.

Remediation for Human Rights Violations

COSMAX strictly prohibits all forms of human rights violations and implements remediation measures that include a zero-tolerance policy toward perpetrators. Upon receiving a human rights report, the Personnel Committee conducts a thorough investigation to protect the rights of the victim and responds systematically by clearly defining the roles and responsibilities of relevant departments across various human rights domains. In particular, COSMAX evaluates the effectiveness of remediation measures related to child labor, forced labor, and human trafficking to address human rights issues within business operations in a practical and meaningful way.

Human Rights Violation Reporting and Remediation Process



Embedding Human Rights Awareness Among Employees

Human Rights Training

COSMAX conducts sexual harassment prevention training and disability awareness training to enhance and embed human rights awareness among employees. The completion rate for mandatory training has reached 100%, and additional training, including workplace harassment prevention, was provided, totaling more than three hours of human rights training. In May 2024, COSMAX conducted awareness training on child labor, forced labor, and human trafficking, with all 776 employees completing the session, achieving a 100% completion rate. COSMAX will continue to strengthen its training programs and expand various initiatives to internalize human rights awareness across the organization and foster a culture of respect for human rights.

Human Rights Training Programs

Training Title	Training Content
Sexual harassment prevention training	• Definition and examples of sexual harassment, response measures, and prevention methods
Workplace harassment prevention training	• Types of workplace harassment, case studies, prevention measures, and response procedures
Disability awareness training in the workplace	• Understanding the rights of persons with disabilities, anti-discrimination, and awareness improvement related to workplace inclusion
Awareness training on child labor, forced labor, and human trafficking	• Understanding cases and risk factors of human rights violations based on international standards, along with prevention and response measures

DEI Enhancement

COSMAX is committed to promoting gender equality within the organization and establishing a foundation for sustainable growth by increasing the proportion of female employees and strengthening their capabilities. To facilitate internal communication, COSMAX operates a mentoring program, and in 2024, 30 mentoring sessions were conducted specifically for female employees out of a total of 180 mentoring activities. In April 2025, COSMAX demonstrated its commitment to advancing Diversity, Equity, and Inclusion (DEI) by joining the Women’s Empowerment Principles (WEPs), a joint initiative established by the UN Global Compact and UN Women. Going forward, COSMAX will assess the company’s gender equality status based on the WEPs, identify and implement improvement tasks, and continuously expand education and programs to support the growth of female talent.

Employee Diversity Goal The 7 Principles of the Women’s Empowerment Principles (WEPs)

50% or more
female employees
by 2030

Establish high-level corporate leadership for gender equality	Treat all women and men fairly at work – respect and support human rights and non-discrimination	Ensure the health, safety, and well-being of all women and men workers	Promote education, training, and professional development for women
Implement enterprise development, supply chain, and marketing practices that empower women	Promote equality through community initiatives and advocacy	Measure and publicly report on progress to achieve gender equality	

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Safety and Health

COSMAX has established a safety and health policy and built a systematic safety and health governance structure to comply with increasingly stringent legal requirements, including the Occupational Safety and Health Act and the Serious Accidents Punishment Act. We are committed to ensuring that all employees and workers can operate in a safe and pleasant environment and actively carry out a wide range of initiatives such as awareness training, workplace safety and health monitoring, and hazard assessment. COSMAX will continue its efforts to enhance the level of occupational health and safety across both its own worksites and those of its suppliers, leading the way in fostering a safe and healthy working environment.

Key Policy

COSMAX Health & Safety Policy



UN SDGs



Occupational Health and Safety Policy

COSMAX establishes a safe and pleasant working environment by systematically regulating its health and safety activities in accordance with the Occupational Safety and Health Act and the Laboratory Safety Environment Act. We have developed a health and safety policy aimed at maintaining and promoting the safety and health of workers, and established safety and health guidelines that apply to both employees and supplier workers to prevent industrial accidents and ensure a safe working environment.

Health and Safety Policy

SAFETY HEALTH POLICY

안전보건 방침

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01 improvement in health and safety	Recognize safety and health as the top priority, establish goals and action plans for continuous improvement, and actively implement them.
02 compliance with safety regulations	Strictly comply with and implement safety and health regulations and laws in Korea and the relevant countries.
03 Risk management	Conduct risk assessments for the entire process of our business activities, establish and implement risk reduction measures.
04 Establishment of a communication system	Establish a variety of communication systems so that all employees can participate in safety and health activities.
01 Education and Training	Conduct systematic education and training for employees and stakeholders to achieve safety and health policies and goals.

CEO Kyoung Choi

THE SCIENCE OF KOREAN BEAUTY

Health and Safety Management System

COSMAX considers the health and safety of all stakeholders as a top priority and aims to achieve a zero-accident environment throughout all processes, from production to research and development, in order to create a safe and healthy workplace. To this end, we have established a health and safety management system based on the Occupational Health and Safety Management System (ISO 45001), set clear visions and goals related to safety and health, and defined detailed tasks in a systematic manner. As a mid- to long-term goal for health and safety management, we are working to obtain ISO 45001 certification for 100% of our business sites by 2030, thereby strengthening our global-level health and safety framework.

Occupational Health and Safety Strategy

Vision

Company that Produces Happiness in a Safe and Healthy Workplace and Achieves Zero Accidents

Target

Achieve Zero Accidents + Enhance Health and Safety of Supplier

Mid- to Long-Term Roadmap

Short-Term (2025) Internalization of the Safety and Health Management System	<ul style="list-style-type: none"> · Maintain and update the safety and health management system at all business sites · Conduct risk assessments and implement improvement measures · Strengthen customized on-site training and accident prevention programs
Mid-Term (2027) Establishment of a Prevention-Oriented Safety and Health Management Approach	<ul style="list-style-type: none"> · Expand standard safety and health manuals to global sites · Enhance support and management of safety and health capabilities across suppliers · Advance risk assessment and management systems
Long-Term (2030) Advancement of Global Infrastructure	<ul style="list-style-type: none"> · Company-wide adoption of AI- and IoT-based predictive safety management solutions · Establish integrated monitoring systems for safety management across business sites and supply chains

Task

Safe Work Environment <ul style="list-style-type: none"> · Identification of critical hazards through risk assessment · Introduction of a real-time monitoring system for hazard detection and improvement · Implementation of an AI-based forklift safety system 	Culture of Safety <ul style="list-style-type: none"> · Enhancing safety awareness through education · Enhancing responsibility through training · Reward for EHS/ES evaluation and improvement activities
Cooperation for Safety and Health <ul style="list-style-type: none"> · Provision of safety education for supplier companies · Strengthening of approval policy for high-risk tasks 	Strengthening of Safety and Health Systems <ul style="list-style-type: none"> · Strengthening of ISO 45001 operation · Compliance to safety related regulations

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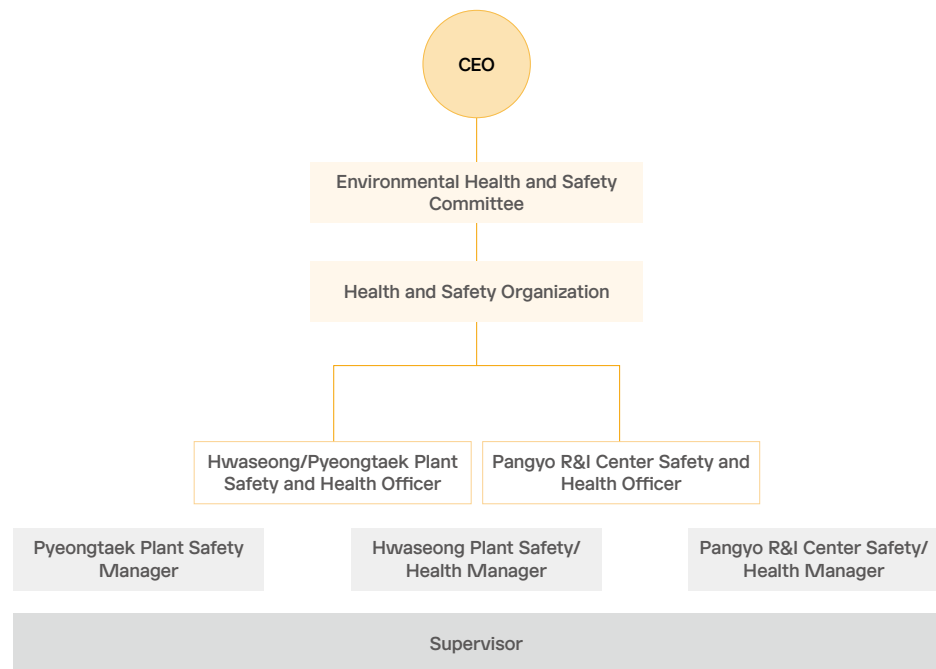
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Safety and Health Governance

COSMAX has established a dedicated organization under the CEO and operates the Environmental Health and Safety (EHS) Committee to ensure efficient safety and health management. The EHS Committee functions as a communication channel for decision-making on safety and health matters, and consists of 12 members—six user members including the CEO, Safety and Health Officers, and Health Managers, and six employee members including employee representatives. The committee meets once every quarter, totaling four times a year, to deliberate and decide on key issues such as health and safety policies, risk assessments, workplace environment measurements, precision safety diagnostics, and employee health management. To strengthen management accountability for occupational health and safety, COSMAX incorporates health and safety-related indicators into its compensation and evaluation systems. Executive performance evaluations include key safety and health targets such as achieving zero accidents and maintaining full compliance with safety and health regulations.

Safety and Health Management Governance Organizational Chart



Environmental Health and Safety (EHS) Committee

COSMAX values the health and safety of all employees and operates the Environmental Health and Safety (EHS) Committee as a platform to actively collect feedback and seek improvement measures. The EHS Committee deliberates on major health and safety issues, discusses activities to improve the work environment and prevent accidents, and promotes the overall improvement of working conditions related to employee health and safety. All agreed terms apply equally to all employees regardless of position or employment type, as part of COSMAX’s commitment to creating a safe working environment and protecting the health of its workforce.

Key Agenda Items of the EHS Committee

- Elimination of electric shock risk from external exposure of forklift charging stations
- Enhancement of fire evacuation training programs
- Implementation of emergency evacuation training tailored to each workplace
- Pre-safety inspections conducted prior to the purchase of new equipment
- Installation of sprinklers in outdoor smoking areas
- Introduction of department-level hazard identification and improvement system
- Full replacement of mixers with potential burn hazards
- Access restrictions for pedestrians in forklift operation zones

ISO 45001 Certification

COSMAX has obtained the Occupational Health and Safety Management System (ISO 45001) certification, creating and systematically managing a safe and healthy workplace environment. The health and safety management system applies not only to COSMAX employees but also to those of suppliers in business relationships. As of 2024, 100% of COSMAX’s production sites hold ISO 45001 certification.

ISO 45001 Certification Status

Category	Certified Sites
Domestic	Hwaseong Plant 1, Hwaseong Plant 2, Pyeongtaek Plant 1, Pyeongtaek Plant 2, Pangyo R&I Center, COSMAX NEO
Overseas	COSMAX China, COSMAX Guangzhou, COSMAX Thailand, COSMAX Indonesia, COSMAX USA, YATSEN Biotechnology

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Safety and Health Risk Management

5S / EHS Evaluation

COSMAX conducts 5S¹⁾ / EHS evaluations every month under the supervision of an evaluation body consisting of executives, team leaders, and department heads. These evaluations involve workplace tours to identify and manage potential hazards. The improvement status of the identified hazards is systematically managed and reviewed by the Industrial Safety and Health Committee, and a quarterly reward system is operated to encourage active employee participation.

1) Sifting, Sorting, Sweeping, Standardizing, Sustaining

Workplace Risk Assessment

COSMAX conducts regular risk assessments across all domestic and overseas sites (six in Korea and five overseas). All employees participate in these assessments via mobile surveys. In addition to regular assessments, ad-hoc risk assessments are conducted when accidents occur or when new equipment is introduced. Potential risks identified through these assessments are classified into risk levels from A to F based on the likelihood of occurrence and the level of impact. Appropriate risk management and mitigation measures are implemented based on these levels. Furthermore, COSMAX regularly conducts legal risk assessments to proactively check for violations of safety and health regulations, including the Serious Accidents Punishment Act, across all sites, in order to minimize legal risks.

Workplace Risk Assessment Status

Category		Unit	2022	2023	2024
Risk Assessment	Risks identified	Cases	92	108	62
	Risks mitigated	%	100	100	100
Legal Risk Assessment	Risks identified	Cases	2	1	2
	Risks mitigated	%	100	100	100

Strengthening Workplace Safety Management

Deployment of Supervisors and Safety/Health Managers

To establish a safe and healthy workplace, COSMAX strengthens its safety and health management by deploying supervisors and safety/health managers at its sites.

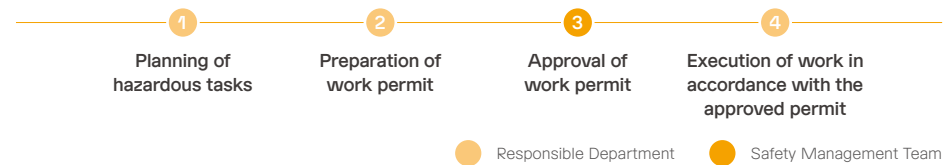
Supervisors and Safety/Health Managers Assignment Status

Category		Unit	2022	2023	2024
Supervisors	Hwaseong/Pyeongtaek Plants	persons	74	83	92
	Pangyo R&I Center	persons	65	73	70
Safety/Health Managers	Hwaseong/Pyeongtaek Plants	persons	4	4	4
	Pangyo R&I Center	persons	2	2	2

Work Permit for Hazardous Tasks

COSMAX has made the work permit process mandatory for all hazardous tasks. No such work is permitted without the issuance of a valid work permit. The work permit is an essential document required to identify potential hazards before work begins, and its issuance is mandatory for all high-risk tasks, including hot work, work at heights, heavy equipment operation, excavation, and electrical work. In this way, COSMAX strengthens pre-work inspections to ensure that all tasks are performed safely.

Work Permit Process



Work Permits Issued Status

Category	Unit	2022	2023	2024
Work permits issued	Cases	288	521	464

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Investment in Safety Facilities


COSMAX makes systematic annual investments to enhance workplace safety facilities. In 2024, a total of KRW 1.42 billion was invested in safety facilities.

Pedestrian Safety



Installation of safety fences along pedestrian walkways adjacent to forklift operation zones

Forklift Operation Safety



Deployment of 11 safety signalers

Introduction of AI-based forklift system with automatic stop upon human detection

Musculoskeletal Disorder (MSD) Prevention



Pilot testing of supportive suits for musculoskeletal load-reducing tasks

Introduction of table lifts

Roadmap for Expanding Intelligent Equipment Automation

COSMAX is advancing the automation of production facilities with AI and smart technologies to enhance worker safety and prevent industrial accidents. As of 2024, we operate 16 collaborative robots, 4 vertical articulated robots, 21 delta robots, and 36 SCARA robots. COSMAX is pursuing safety- and health-centered equipment innovation by gradually expanding the application of robotics in processes such as quality inspection, which can be automated. These efforts aim to increase production efficiency while minimizing safety and health risks for workers. Through equipment advancement, COSMAX is improving product quality and preemptively eliminating various potential hazards on production sites to create a safer working environment. Moving forward, COSMAX plans to apply AI technologies and automation systems throughout all stages of production to simultaneously strengthen product competitiveness and establish a safe workplace.

Establishment of Manufacturing Automation System

COSMAX is enhancing workplace safety by accelerating automation and digital transformation across its manufacturing processes. From production planning to product shipment, all steps are being digitalized to enable real-time monitoring of production data, early detection of anomalies, and proactive management of occupational health and safety risks.

In particular, COSMAX's proprietary mixer automatic control system is designed to allow any operator to produce safe and consistent products based on data-driven electronic formulations, with the ultimate goal of achieving full manufacturing automation. This automatic control system prevents errors and safety incidents during production by integrating digital prescriptions with manufacturing equipment, based on coded unit processes and standardized procedures. Previously, it took approximately six months to fully train a worker, but since the implementation of the mixer automatic control system, the training period has been shortened to two to three weeks, improving operational efficiency and reducing physical workload.

Additionally, COSMAX has established an Electronic Batch Record (EBR) system to protect formulation data and ensure safe operation of the manufacturing process. This system digitizes manufacturing instructions and records, enabling real-time management of the entire production process. Furthermore, by 2025, COSMAX plans to enhance its production traceability system to include filling and packaging processes and expand the digitization of packaging records to increase transparency and safety in the production process.

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Integrated Monitoring of Workplace Hazards

COSMAX has established an integrated monitoring system to identify and effectively address workplace hazards through multiple channels. In particular, we operate various communication channels, such as the suggestion system and employee reporting platform, to manage hazards directly identified by employees. COSMAX continues to expand employee engagement and communication to encourage voluntary participation. In 2024, a total of 1,143 hazards were identified, and 93% of them were addressed through corrective actions. Hazards that have not yet been resolved are continuously tracked and managed, with focused improvement efforts planned for the following year.

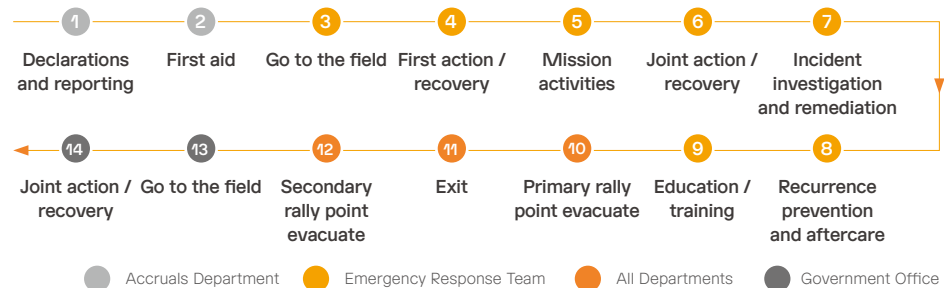
2024 Integrated Hazard Monitoring Results

Category	Identified	Resolved	Resolution Rate	Category	Identified	Resolved	Resolution Rate
Safety inspections	283 cases	267 cases	94%	Risk assessments	62 cases	62 cases	100%
Suggestion system	320 cases	266 cases	83%	5S/EHS	403 cases	403 cases	100%
Employee reports	27 cases	24 cases	89%	Department self-checks	48 cases	37 cases	77%

Emergency Response System

COSMAX has systematically categorized potential issues that may arise in emergencies and established specific response processes to address them. Based on these protocols, we regularly conduct employee-involved emergency drills assuming various emergency scenarios to ensure prompt and accurate responses in the event of an actual incident. In 2024, COSMAX organized department-level voluntary fire brigades and, in addition to existing emergency response training, implemented monthly evacuation drills by department to further strengthen employees' emergency response capabilities.

Emergency Response Process



Emergency Response Training

Category	Details
Company-wide fire evacuation drill	• Annual fire evacuation drills conducted at each plant in collaboration with local fire stations
Department-level evacuation drill	• Monthly evacuation drills conducted by department
Rescue drill for victims in confined spaces	• Quarterly rescue drills conducted for asphyxiation accidents in confined spaces
CO ₂ suppression system emergency response drill	• Annual emergency response training for CO ₂ fire suppression systems conducted for workers at hazardous materials manufacturing sites
Hazardous chemical spill response drill	• Annual department-level training for responding to hazardous chemical spills
Major accident response drill for forklifts in logistics centers	• Annual forklift-related fatal accident and rack collapse response drills conducted for logistics departments



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Strengthening Supplier Safety Management

Safety and Health Assessments for Suppliers

COSMAX conducts quarterly safety and health assessments for on-site subcontracted suppliers and continues to evaluate, manage, and monitor them to enhance their safety and health performance. In 2024, COSMAX assessed the safety and health levels of eight key on-site suppliers, and no safety-related risks were identified through the assessment. Additionally, COSMAX performed monthly on-site inspections for maintenance suppliers and identified a total of 108 risk factors. Corrective actions were taken for all issues, achieving a 100% improvement rate. COSMAX also evaluates the safety management levels of raw and subsidiary material suppliers once a year through supplier ESG evaluations. Furthermore, the results of safety, health, and ESG evaluations are reflected in the supplier selection process, and for high-risk suppliers, COSMAX provides safety and health consulting and training support.

2024 Safety and Health Assessment Results for Suppliers

Improvement Rate **100%**



Supplier Safety and Health Council Operation

COSMAX holds a monthly safety and health council meeting with eight resident suppliers at its business sites. The council meetings cover the status of safety and health incidents, findings from routine inspections, improvement actions, and emergency contact sharing. COSMAX actively listens to the safety and health-related feedback from suppliers and strives to ensure all suppliers at the sites can establish a safe working environment.

Construction Safety and Health Management

COSMAX continuously inspects the safety and health conditions at construction sites to prevent serious accidents during new construction and expansion projects. In the planning phase of construction, potential hazards are identified and mitigation measures are reviewed. During the design and construction phases, the implementation status of safety work plans reflecting those measures is checked monthly. In 2024, COSMAX conducted a total of five site inspections for the Pyeongtaek Plant 1 expansion project, identified 13 areas for improvement, and completed all corrective actions in cooperation with the contractor.



Supplier Safety Training

COSMAX conducts safety training before work begins (Tool Box Meeting, TBM), targeting all on-site workers, including supplier employees. The training is carried out by supervisors or safety managers who have completed supervisor training, and includes thorough checks to ensure proper use of protective equipment suitable for the task.



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Enhancing Employee Safety Awareness

Integrated Management System for Safety Training

COSMAX has developed an integrated management system for health and safety training for employees and systematized the implementation, planning, and performance management of these trainings. Through this system, we continue to enhance the efficiency and effectiveness of health and safety training.

Integrated Management System for Safety Training

 <p>All Employees First Aid Training for All Employees</p> <ul style="list-style-type: none"> Expanded first aid training to cover all employees by utilizing the emergency response training conducted annually in the fourth quarter Expanded the training target from proportional training by department size to include all employees 	 <p>Supervisors Enhancing Risk Assessment Capability</p> <ul style="list-style-type: none"> Conducted supervisor training and risk assessment training through firms designated under the Occupational Safety and Health Act to identify and share risk factors in workplaces and designated areas Strengthened supervisors' risk assessment capability 	 <p>Workers Participating in Safety and Health Activities</p> <ul style="list-style-type: none"> Collected and addressed workers' safety and health issues and suggestions using QR codes 	 <p>Suppliers Strengthening Supplier Safety and Health Management</p> <ul style="list-style-type: none"> Conducted safety training for suppliers before the commencement of work Managed on-site risk factors Conducted safety and health level assessments for major suppliers 	 <p>Safety-related Documents Advancing IT Systems</p> <ul style="list-style-type: none"> Computerized standard operating procedures (SOPs)
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TBM(Tool Box Meeting)

COSMAX holds daily Tool Box Meetings (TBM) led by supervisors before work begins. These meetings provide education on potential hazards during production, safety rules, emergency response processes, and the results of risk assessments. In addition, to prevent repetitive strain injuries (RSIs) and musculoskeletal disorders caused by repetitive tasks, the production and logistics teams perform a 10-minute pre-work stretching session every day under the supervision of team leaders, following the guidelines for the prevention of musculoskeletal disorders.








Safety Training Programs

COSMAX conducts various safety training programs annually to raise the safety and health awareness of our members. Specifically, individuals handling hazardous chemicals undergo 16 hours of specialized training upon hiring, and quarterly safety training sessions are held to provide education on the MSDS for the chemicals they handle. This training enhances handlers' understanding of the properties of hazardous substances, their risks, proper use of protective equipment, and emergency response procedures.

Safety training is provided both online and offline to ensure accessibility for all employees, and various training programs are tailored to the needs and situations of the participants, including regular safety training, safety and health training for new hires, special safety training, and supervisor training. COSMAX offers at least 16 hours of advanced training each year to supervisors, who are key safety and health personnel, and conducts quarterly safety training at research institutes. In 2024, a total of 1,167 individuals completed regular safety and health training, including 144 supervisors who completed specialized training courses.



Safety and Health Training Programs

 <p>TBM (Tool Box Meeting)</p>	<ul style="list-style-type: none"> Daily safety training and stretching conducted before work begins
 <p>Legally Required Safety and Health Training</p>	<ul style="list-style-type: none"> Quarterly in-person safety and health training by department Safety and health training provided for new hires and personnel transfers
 <p>First Aid Capability Training for Employees</p>	<ul style="list-style-type: none"> Annual hands-on training for employees on first aid and CPR, led by professional instructors
 <p>Capability Training for Security and Signal Personnel</p>	<ul style="list-style-type: none"> Monthly emergency response training for security personnel and safety training for signal workers
 <p>Safety and Health Communication</p>	<ul style="list-style-type: none"> Regular publication of safety and health-related content via the company groupware

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Safety and Health

Workplace Environment Measurement and Advancement

COSMAX conducts biannual workplace environment assessments—in the first and second halves of the year—to systematically identify and manage cases of exceeding exposure limits to harmful factors across all processes. In 2024, we measured 16 types of harmful factors and confirmed that no processes exceeded permissible exposure limits.

Noise is regularly included as one of the key harmful factors in workplace assessments. COSMAX monitors noise levels systematically and manages the relevant data. In particular, we measure boundary noise levels once a year to verify the potential impact on individuals outside the plant. In addition, to minimize adverse health effects from noise, COSMAX provides regular health education on noise and raises employee awareness while supporting hearing protection efforts. These initiatives contribute to improving the quality of the workplace environment and protecting employee health.

2024 Workplace Environment Measurement Results

Category	Exposure Limit	Measurement Result			
		Pangyo R&I Center	Hwaseong Plant	Pyeongtaek Plant 1	Pyeongtaek Plant 2
Talc	2mg/m ³	Below standard	Below standard	Below standard	Below standard
Sodium hydroxide	C2mg/m ³	Below standard	Below standard	Below standard	Below standard
Potassium hydroxide	C2mg/m ³	Below standard	Below standard	Below standard	Below standard
Titanium dioxide	10mg/m ³	Below standard	Below standard	Below standard	Below standard
Iron oxide dust	5mg/m ³	Below standard	Below standard	Below standard	Below standard
Zinc oxide dust	2mg/m ³	Below standard	Below standard	Below standard	Below standard
Methyl ethyl ketone	200ppm	Below standard	Below standard	Below standard	Below standard
Noise	90dB	Below standard	Below standard	Below standard	Below standard

Health Promotion for Employees

COSMAX is devoted to managing and preventing health risks among our employees. Based on the results of health screenings, employees with findings are classified into general or special health groups, with their health status continuously tracked and monitored. When necessary, health consultations are provided, and consultation records are systematically managed.

COSMAX also operates a variety of tailored programs for employees, supporting their well-being in the workplace. These include a no-smoking program and an office healing yoga program. In 2024, COSMAX newly established a workplace stress management system to enhance employees' mental health. Additionally, we operate the "Twos and Threes Class" for R&I Unit members, providing small-group cultural activities to help relieve work-related stress and support mental well-being.



2024 Health Screening Results

Category	No. of Individuals	Percentage
Examinees	1,226	100%
Non-examinees	0	0%
General health screening (with findings)	174	14.2%
Special health screening (with findings)	35	5.4%

Follow-up Management (Monitoring Required)

Category	No. of Individuals
General health screening (follow-up management)	402
Special health screening (follow-up management)	142

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Supply Chain ESG Management

COSMAX recognizes that collaboration with suppliers is a key element of sustainable growth. We engage in transactions based on our supply chain management policy and supplier operation principles, while encouraging ESG management practices and strengthening mutual cooperation. Through systematic supply chain management, COSMAX was awarded a ‘Gold’ rating—within the top 5%—by EcoVadis, a global sustainability assessment organization. Moving forward, COSMAX will continue to strengthen supply chain management rooted in ESG values to pursue sustainable growth with our suppliers and contribute to building a responsible corporate ecosystem.

Key Policy

COSMAX Sustainable Supply Chain Management Policy

UN SDGs



Supply Chain Management Policy

COSMAX is committed to realizing mutual benefits through collaboration with our suppliers by adhering to sustainable supply chain management principles. In particular, we engage in transactions based on four core principles we have independently established for supplier operations. We also promote ESG compliance among our suppliers by incorporating ESG-related clauses into supplier agreements. To build a sustainable supply chain, COSMAX has established and implemented a Supplier Code of Conduct that considers the environmental and social responsibilities of external suppliers. Based on this code, we outline sustainability management requirements and security management requirements for suppliers, along with detailed guidelines for each requirement.

Four Principles of the Supplier Code of Conduct

Four Principles of the Supplier Code of Conduct
1. Comply with national laws and regulations on labor, human rights, safety, and the environment
2. Creating a respectful, fair, and diverse workplace
3. Compliant, fair, and ethical business practices
4. Continuous improvement in sustainability to protect the environment and communities

Supplier Code of Conduct

Category	Details
Labor & Human Rights	<ul style="list-style-type: none"> Prohibition of forced labor and child labor, compliance with working hours, fair wages and benefits, humane treatment and prohibition of discrimination, freedom of association and collective bargaining, respect for local communities
Health & Safety	<ul style="list-style-type: none"> Establishment of health and safety management systems, industrial safety and emergency response, prevention of occupational accidents and diseases, safety inspections and control of hazardous substances, measures for physically demanding work, provision of dormitories and sanitary facilities, health and safety training
Environment	<ul style="list-style-type: none"> Establishment of environmental management systems, acquisition and maintenance of relevant permits, pollution prevention and resource efficiency, management of hazardous substances and air quality, compliance with substance regulations and water resource management, control of energy use and greenhouse gas emissions, biodiversity conservation and prohibition of deforestation
Ethics	<ul style="list-style-type: none"> Promotion of integrity and prohibition of conflicts of interest, information disclosure and protection of intellectual property, protection of personal information and fair trade, protection against retaliation and safeguarding whistleblower identity, responsible sourcing of raw materials, compliance with export controls and economic sanctions
Management System	<ul style="list-style-type: none"> Expression of commitment to compliance, executive responsibilities, risk management and communication, supplier management, implementation of grievance mechanisms

Sustainability Requirements for Suppliers

Environment	Labor Practices and Human Rights Policy
<ul style="list-style-type: none"> Document and maintain formalized environmental policies Implement actions to reduce energy consumption and greenhouse gas emissions Manage mineral management systems in accordance with internal procedures Take appropriate actions for hazardous substances and waste management Manage Key Performance Indicators (KPIs) for environmental management Provide periodic employee training on hazardous substances and waste disposal Acquire and manage valid certifications for the Environmental Management System (ISO 14001) 	<ul style="list-style-type: none"> Document and implement labor practices and human rights policies Address areas such as regular health check-ups, recruitment, working conditions, wages, forced labor, diversity, discrimination, and harassment Conduct periodic training on workplace sexual violence, harassment, disability discrimination, information security, and safety Report key indicators to management, including lost work hours and training hours per employee Establish specific procedures for handling hazardous chemicals and dangerous materials
Fair Business	Sustainable Purchasing
<ul style="list-style-type: none"> Enforce official policies against corruption, bribery, conflicts of interest, and unfair practices Provide awareness education to prevent corruption and bribery Implement internal reporting procedures for whistleblowers to report corruption and bribery Establish specific approval procedures for sensitive transactions (e.g., gifts, travel) 	<ul style="list-style-type: none"> Conducting formal assessments of collaborating companies to verify compliance with RSPQ requirements and REACH regulations Including clauses in supplier contracts that address social and environmental requirements
Transportation Security	Access Control
<ul style="list-style-type: none"> Draft and manage contracts with transportation companies delivering raw materials to COSMAX Implement pre-loading inspection procedures for transportation trucks before loading raw materials Enforce post-loading inspection procedures for transportation trucks to ensure security Designate specific drivers for transportation trucks delivering to COSMAX and conducting training before job execution 	<ul style="list-style-type: none"> Implement procedures for external visitor access control to factory facilities Manage access to key factory facilities restricted to authorized employees only Operate product theft prevention security systems Conduct periodic training on transportation truck access control and information security systems

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Supplier Status

COSMAX categorizes our suppliers into primary and secondary suppliers, who provide raw materials, subsidiary materials, containers, and packaging materials necessary for cosmetics manufacturing. These suppliers play a critical role in our value chain, and COSMAX strives to maintain trusted and collaborative relationships with them to build a sustainable supply chain. Among our primary and secondary suppliers, we identify and manage key suppliers with greater focus. We also strengthen supply chain sustainability by conducting evaluations and providing support to these suppliers. Additionally, to promote the spread of ESG management across our supply chain, we obtain annual sign-offs on the code of conduct from our key suppliers.

2024 Supplier Status

Category	No. of Suppliers	Percentage of purchase amount
Total suppliers	473	100%
- Significant suppliers	66	59.5%

2024 Supplier Code of Conduct Signing Status



Supplier Evaluation

COSMAX evaluates and manages suppliers in a systematic manner by categorizing them into groups to enhance customer trust and strengthen quality management. Evaluation criteria include both quantitative indicators such as on-time delivery rate, order fulfillment rate, inbound reservation compliance rate, defect occurrence rate, and source defect rate, and qualitative indicators such as purchasing, quality, and design. COSMAX also conducts on-site audits to assess actual workplace conditions and operational status. Based on the evaluation results, suppliers are classified into four groups: Strategic, Excellence, General, and Nurture, enabling efficient supply chain operations. COSMAX's supplier evaluation serves as a comprehensive framework that includes ESG evaluations, forming the foundation for identifying and managing suppliers' sustainability performance from multiple perspectives.

Supplier Classification Criteria and Strategy

	Strategic Group	Excellence Group	General Group	Nurture Group
<u>Definition</u>	Suppliers that pursue the most advanced strategic partnerships	Suppliers recognized for excellent quality and stability, contributing to productivity and efficiency	Suppliers that provide key resources and pursue mutual benefits	Suppliers evaluated for their potential and growth capacity, whose competitiveness is enhanced and may be subject to review for continued transactions depending on circumstances
<u>Strategy</u>	Pursue mutual growth	Select as future strategic partners through continuous management	Identify key issues and incrementally improve performance	Prepare alternative suppliers and review the continuity of transactions

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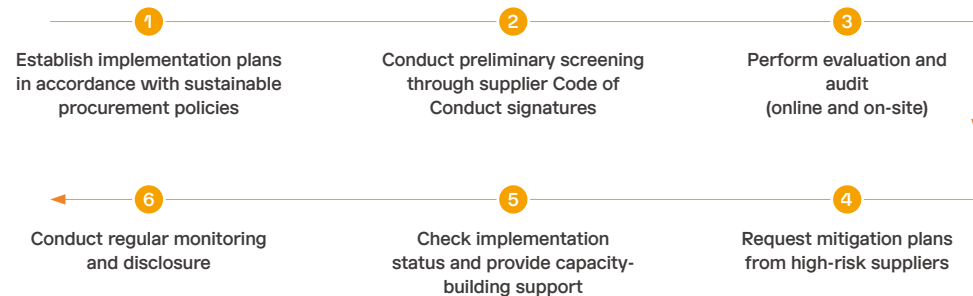
Supplier ESG Evaluation

COSMAX conducts annual ESG evaluations of its suppliers, assessing their performance in areas including human rights, labor, environment, safety, ethics, and business relationships. We operate a systematic process to identify and manage sustainability risks. In 2024, evaluations were carried out through a self-assessment approach, and we plan to conduct on-site audits for high-risk suppliers in the future. In addition, based on the performance of mitigation measures, COSMAX provides monetary and non-monetary incentives in accordance with our internal compensation standards, thereby supporting the spread of a sustainable culture among suppliers.

Supplier ESG Evaluation Criteria



Supplier ESG Evaluation Process



Supplier ESG Evaluation Results

Category	Unit	Results	
ESG Evaluation	No. of suppliers evaluated for ESG (documentary/on-site)	No. of suppliers	209
	Percentage of significant suppliers evaluated for ESG	%	100
	No. of suppliers with actual/potential risks identified	No. of suppliers	30
Corrective Actions	Percentage of suppliers with actual/potential risks identified that established corrective action plans	%	100
	Percentage of suppliers with corrective actions participating in capacity-building programs	%	100

Supplier ESG Performance Indicators

COSMAX has included supply chain ESG-related indicators in the performance management metrics (OKRs) of the dedicated purchasing department to ensure sustainability throughout the procurement process. The OKRs of the purchasing department include implementing ESG evaluations and corrective actions for suppliers, adding ESG-related clauses to supplier contracts, and conducting ESG training for suppliers. To establish an ESG culture within the supply chain, COSMAX has set a mid- to long-term goal of achieving a 50%¹⁾ sustainability site inspection rate by 2030 and plans to actively implement supplier management efforts.

¹⁾ Targeted at suppliers requiring improvement.

Supplier ESG Reinforcement

COSMAX provides ESG training for suppliers to promote the spread of ESG culture throughout the supply chain. The training covers a broad range of environmental and social issues, with a particular focus on the protection of the rights of people with disabilities and women, respect for diversity, and assurance of equity at supplier worksites. In 2024, COSMAX distributed ESG guidelines and a code of conduct to suppliers of raw and subsidiary materials. All targeted suppliers signed the code of conduct, achieving a 100% completion rate. Through these efforts, COSMAX continues to support suppliers in embedding ESG values and contributing to the establishment of a responsible supply chain. Going forward, if revisions are made to the supplier code of conduct, COSMAX will explain the updates and obtain consent.

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Supply Chain Environmental Assessment

As public attention on environmental issues within corporate supply chains continues to grow, there is an increasing demand for companies to manage risks responsibly. In response, COSMAX has established EHS (Environment, Health, and Safety) assessment criteria for suppliers to systematically manage environmental impacts not only within its own operations but also across the entire supply chain. COSMAX quantifies the assessment results to identify and manage potential risks and has built a supply chain evaluation and management system to support suppliers' continued ESG efforts. The supply chain environmental assessment is conducted for major suppliers and includes evaluation items such as identifying greenhouse gas emissions, diagnosing the implementation of carbon management, and assessing EHS management systems. Based on the results, COSMAX classifies suppliers and monitors risks systematically. Looking ahead, COSMAX plans to gradually expand the scope of assessed suppliers to strengthen its ability to respond to EHS risks and to establish a sustainable supply chain.

Suppliers Subject to Supply Chain Environmental Assessment

Category	Unit	2022	2023	2024
No. of suppliers subject to supply chain environmental assessment	Companies	35	46	209

Supplier Grievance Channel

COSMAX operates a grievance channel to listen to work-related concerns raised by supplier employees. In the first half of 2024, we introduced the Red Whistle system, a direct reporting system for supplier employees. Additionally, a dedicated hotline has been established and is currently in operation to directly collect feedback from suppliers.

2024 Supplier Grievance Handling Status



Supplier Meetings

COSMAX holds supplier meetings at least once a year to identify and improve various issues that may arise during the manufacturing process, while also collecting grievances from suppliers. In July 2024, a “Shared Growth Meeting” was held with key suppliers to share key initiatives in procurement, design (packaging solutions), and quality. A total of seven suggestions and inquiries were received, including requests to extend system reservation hours and increase the number of reservation slots. All items are currently under active review and response.

CASE

2024 Shared Growth Meeting

COSMAX held the 2024 Shared Growth Meeting to strengthen strategic partnerships with suppliers. The meeting was attended by CEO Kyung Choi, key executives, and representatives from around 30 major suppliers, who gathered to share visions and action plans for reinforcing a sustainable supply chain.



During the meeting, COSMAX discussed key initiatives in procurement, design (packaging solutions), and quality, as well as the transition to a strategic company-wide procurement framework, the introduction of a Supplier Relationship Management (SRM) system, and plans to strengthen compliance throughout the global import and export process. In the design area, COSMAX introduced eco-friendly and functional packaging strategies to build a sustainable beauty ecosystem and shared response measures to changes in material standards aligned with global clean beauty trends. The meeting also covered the selection of strategic suppliers through evaluations and the direction for building infrastructure to support mid- to long-term shared growth, including ESG management support and incentive programs based on supplier ratings.

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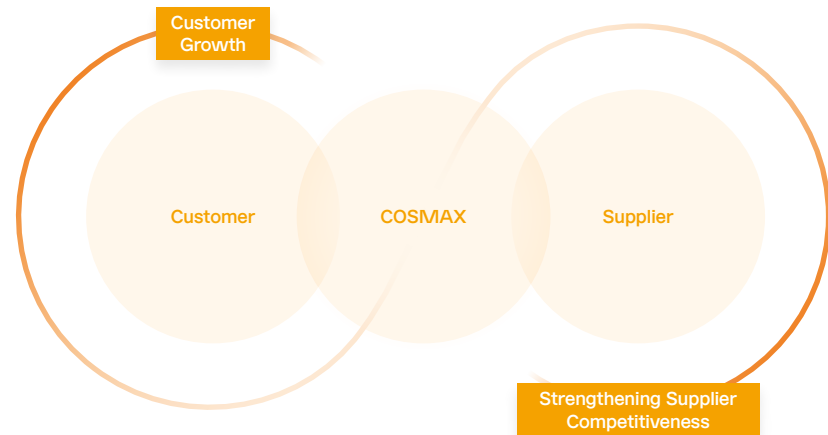
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Supply Chain ESG Management

Strengthening Shared Growth Support

Based on its core values of “Trust” and “Love,” COSMAX is committed to delivering the highest value to customers by fostering mutual growth with its suppliers. COSMAX aims to build a sustainable industrial ecosystem through a growth structure shared among customers, COSMAX, and suppliers. To this end, we operate various support programs to promote shared growth, which include establishing a foundation for fair trade, strengthening supplier capabilities, and expanding ESG management practices.

Shared Growth Support System



<u>Vision</u>	Building a Sustainable Ecosystem for the Global Expansion of K-Beauty		
<u>Strategic Pillars</u>	Spreading a culture of shared growth	Strengthening fundamental capabilities	Supporting sustainable growth
<u>Key Initiatives</u>	<ul style="list-style-type: none"> Enhancing continuous communication Promoting mutual cooperation and fair distribution Establishing a fair trade system 	<ul style="list-style-type: none"> Supporting joint technology development Supporting talent recruitment and training Expanding global market reach 	<ul style="list-style-type: none"> Supporting suppliers' ESG management Providing financial support for shared growth Supporting supplier welfare and benefits

Joint Development of Raw Materials and Containers

COSMAX secures business stability through shared growth with suppliers. By jointly developing cosmetic formulations and containers with raw material and container manufacturers, COSMAX supports the enhancement of suppliers' market competitiveness through differentiated product development. As of the end of December 2024, COSMAX has jointly developed and applied 398 proprietary ingredients¹⁾ with its suppliers.

¹⁾ Based on data as of December 2024

COSMAX PKG

COSMAX operates an online platform for cosmetic packaging materials, COSMAX PKG, to support the overseas sales expansion of its suppliers. The platform simplifies the sample request process, reduces the minimum order quantity to fewer than 3,000 units, and supports Korean, English, and Chinese to enable domestic and global clients to use the platform more efficiently. Through this initiative, COSMAX aims to provide client companies with a convenient one-stop solution, while supporting suppliers with opportunities for business expansion and mutual growth—enhancing supply chain competitiveness and realizing the value of shared growth.



Welfare Programs for Suppliers

COSMAX supports welfare programs for supplier employees to build a sustainable growth ecosystem together with its suppliers. In 2024, a total of 597 supplier employees were granted access to in-house product purchase benefits under the same conditions as COSMAX employees. We are reviewing the expansion of welfare programs in 2025.

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Supplier Training and Technology Protection Support

COSMAX provides training support to supplier employees through an entrusted training agreement with the Korea Productivity Center. We offer access to the HRD Archive, a digital remote training platform designed to strengthen the job competencies of employees in small and medium-sized enterprises (SMEs). The HRD Archive delivers practical, trend-based training content, and includes hybrid in-depth courses combining face-to-face and live online sessions for core job functions such as planning, HR, finance, accounting, production, quality, procurement, and logistics. COSMAX systematically manages training effectiveness through satisfaction surveys, performance analysis, and post-training follow-up. In addition, to protect the technologies of small and medium-sized enterprises, we provided training on the prevention of technology theft for Purchasing Division employees and suppliers. We also support a technology escrow system to securely store suppliers' proprietary technical documents.

Shared Growth with Indie Brands

Starting as a professional ODM enterprise for cosmetics, COSMAX is now evolving into an OBM service company. OBM is a business model that collaborates closely with clients from brand development to product manufacturing. To support this transition, COSMAX has established specialized teams that provide a range of customized services. A dedicated team conducts in-depth analyses of consumer needs, identifies market trends, and delivers a one-stop service covering everything from brand planning and product manufacturing to marketing. COSMAX anticipates continued growth of indie brands as consumers increasingly prioritize emotional connection and personalized choices over brand value, a trend accelerated by the rise of e-commerce and social media after COVID-19. In response, COSMAX is effectively addressing the needs of diverse indie brands and providing differentiated capabilities as a leading manufacturer in the K-beauty industry.

COSMAX Indie Brand Response Strategy

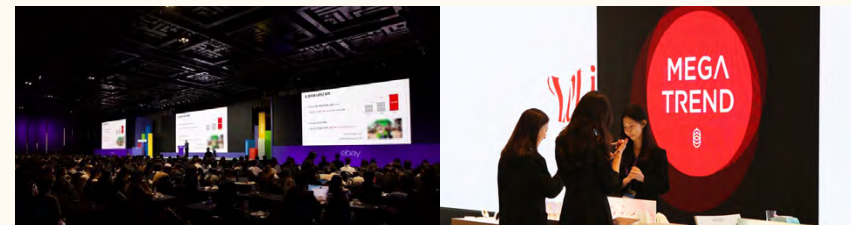
<p>Enhancing Brand Value Based on Trends</p>	<ul style="list-style-type: none"> • Support brand development through social media influencers • Provide global trend analysis guides
<p>Supporting Global Market Expansion</p>	<ul style="list-style-type: none"> • Deliver differentiated value to customers through joint operations with global subsidiaries • Provide export guides based on expertise in country-specific regulations and export systems
<p>Identifying Strategic Partners in Advance</p>	<ul style="list-style-type: none"> • Proactively engage with high-potential indie brands • Offer brand planning and strategic guidance for rapidly growing customers

CASE

Supporting Global Expansion of Indie Brands

To ensure the sustainable growth of K-beauty, COSMAX actively promotes mutual growth with promising indie brands. In Korea, COSMAX collaborates with SSG.com to establish a tripartite mutual growth model involving ODM, platform, and brand. COSMAX supports early market entry of indie brands by providing professional expertise across the entire research and production process. Additionally, COSMAX shares its core capabilities to help brands grow into global players, including its know-how in selecting hit products targeting MZ consumers and implementing differentiated strategies through superior quality. Through an all-around support system—such as flexible minimum order quantity (MOQ), product proposals based on global trends, and shortened development timelines using AI technology—indie brands are able to reduce their burden and pursue stable growth.

In overseas markets, COSMAX leverages its global network to implement tailored entry strategies in partnership with its local Japanese subsidiary. By partnering with eBay Japan, COSMAX develops products tailored to Japanese consumer preferences and supports distribution strategies through Qoo10 Japan to facilitate market entry of K-indie brands. COSMAX also provides localized technical expertise by comprehensively analyzing the Japanese cosmetics market, including climate, demographics, consumer behavior, and regulatory conditions. Going forward, COSMAX plans to expand strategic alliances and strengthen tailored response capabilities to drive the sustainable growth of indie brands in global markets.



2025 Qoo10 Japan K-Beauty Mega Conference



2025 Shoppe Korea K-Beauty Summit



COSMAX-SSG.com MOU Signing Ceremony (Photo: SSG.com)

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Supply Chain ESG Management

Responsible Raw Material Procurement

Sustainable Procurement Policy

COSMAX recognizes the issues of tropical deforestation and labor rights violations that can arise in the raw material procurement process and is committed to fulfilling its social responsibilities. To this end, COSMAX has established a sustainable procurement policy addressing environmental and labor rights issues, setting fair and rational procurement principles. By formalizing corporate social responsibility in purchasing activities, we emphasize the importance of fair procurement practices to our executives and employees. In February 2024, COSMAX revised its procedures and guidelines for using sustainable ingredients in accordance with strengthened global regulatory standards. Moving forward, we will continue to support the protection of labor rights in overseas sourcing and reinforce our sustainable raw material procurement system.

Sustainable Procurement Training

COSMAX provides annual training¹⁾ for its purchasing team to enhance understanding of sustainable procurement, focusing on ESG management, subcontracting, and fair trade. In 2024, COSMAX also conducted online training for all employees on supply chain ESG response. The training covered topics such as carbon neutrality, human rights-based approaches, and ethical management, with a particular emphasis on the labor indicators of the RBA Code of Conduct, including the prevention of forced labor, child labor, and discrimination. Through these initiatives, COSMAX raises employee awareness of social and environmental issues across the supply chain and strengthens internal capabilities for responsible procurement.

¹⁾ Percentage of participation in sustainable procurement training: 100%

Responsible Mineral Sourcing

To prevent human rights and environmental risks across the supply chain, COSMAX manages its mineral procurement procedures responsibly. For mica, which is commonly used in color cosmetics and other products, COSMAX strictly restricts sourcing from regions with known social issues such as child labor. During supplier selection, it is mandatory to verify a declaration prohibiting child labor or the acquisition of international certifications (e.g., RMI). For gold, COSMAX acknowledges the risk of unethical mining practices and human rights violations in conflict-affected areas and procures only from smelters certified under international schemes such as RMAP. If minerals from uncertified smelters are identified, transactions are immediately suspended as part of a proactive risk prevention measure. COSMAX will continue to enhance its responsible mineral management system in line with global standards to strengthen ethical responsibility and sustainability throughout the supply chain.

Sustainable Procurement Certification

To strengthen responsible raw material procurement, COSMAX is expanding the use of eco-friendly ingredients and actively participating in sustainable certifications and initiatives. Since obtaining certification from EVE VEGAN, a French vegan certification body, in 2018, COSMAX has continued to renew the certification. We have also acquired COSMOS certification, which verifies eco-friendly cosmetics that use organic or natural ingredients produced without chemical pesticides during the raw material manufacturing process.

Sustainable Use of Palm Oil

COSMAX has obtained RSPO (Roundtable on Sustainable Palm Oil) certification to address environmental destruction and labor exploitation associated with palm oil production. Certified palm oil-derived ingredients are managed separately, and COSMAX is expanding the registration of new RSPO-certified ingredients. We have set a target to increase the proportion of RSPO-certified palm oil to 80% by 2030. To achieve this, COSMAX is expanding the use of certified ingredients while phasing out or replacing non-certified ones. In 2024, COSMAX used a total of 4,796 tons of palm oil, of which 3,108 tons were RSPO-certified, accounting for 64.8% of the total.

Sustainable Use of Mica

COSMAX supports the prohibition of child labor in the mica procurement process and actively participates in responsible sourcing practices. To this end, we have established a policy prohibiting the use of mica that has not been verified as free from child labor, and we use only materials confirmed to be free from child labor. In 2024, COSMAX replaced all existing mica with materials that meet formulation standards. The total volume of mica used by COSMAX was 202 types, totaling 95.44 tons, all of which were accompanied by child labor prohibition verification documents.

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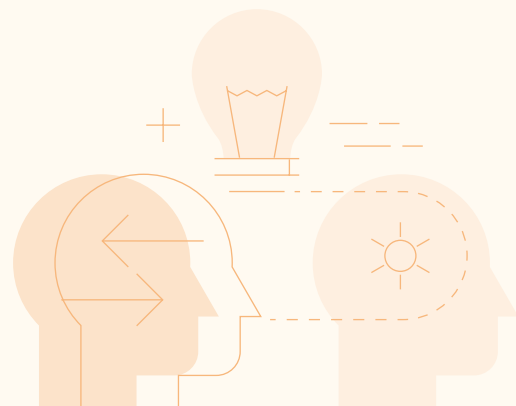
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Customer Value Management

COSMAX has established a customer-centric decision-making framework across all business activities to deliver the highest level of satisfaction and value to customers. The company actively listens to feedback from client companies and end consumers, and reflects these insights into its R&D, product quality, and customer service operations. COSMAX also strengthens consulting services to support clients in gaining consumer trust by delivering safe and high-quality products. Furthermore, COSMAX strives to provide universally safe product quality and enhance systems for protecting customer information, thereby delivering differentiated value.

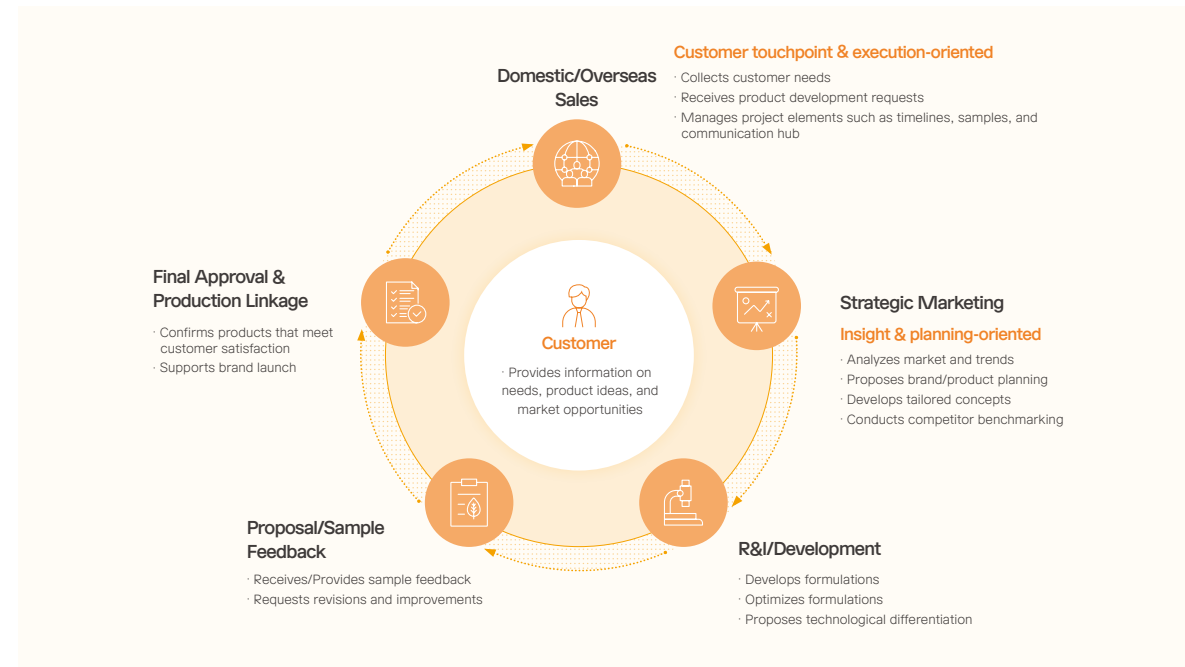


Customer Communication System

Establishment and Operation of Customer-Centric Communication Strategy

COSMAX has established and operates a structured, customer-centric communication strategy to support client companies in developing successful products and building strong brands, in line with the nature of the ODM business. We accurately identify customer needs throughout the sales process and offer tailored solutions, while also providing strategic insights based on market trend analysis and innovative product planning. To ensure ongoing dialogue, we hold regular meetings and workshops to share market insights and explore product development directions that align with the brand visions of our clients. In addition, a real-time feedback system has been implemented to respond swiftly to changing customer requirements, and transparent communication is maintained regarding product quality and project timelines to strengthen trust. Through this integrated communication system, COSMAX serves not just as a manufacturer but as a strategic partner in client growth, supporting them in securing a competitive edge in the market. Moving forward, we will continue to evolve our differentiated communication strategy by combining technical expertise with market intelligence.

Customer Communication Framework



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Enhancing Customer Communication

Operation of Customer Service Channels

COSMAX operates various customer service channels to ensure smooth communication with customers and has established a Voice of Customer (VOC) system to respond promptly to customer feedback. Inquiries received through the customer service channels are systematically managed by the relevant departments, and customer opinions are actively reflected in product and service improvements to continuously enhance the customer experience. Additionally, to improve the accuracy and speed of customer responses, COSMAX is introducing AI technology into its customer service system. This aims to advance inquiry analysis and automated response functions, further strengthening customer satisfaction.

Expanding Digital Communication Channels

COSMAX is expanding its global customer touchpoints through digital channels and building an efficient and responsive communication environment. We support real-time communication and provide in-depth information from the early stages of product planning through online product presentations (PT). We also regularly host live seminars using webinar platforms. In addition, COSMAX publishes a web-based newsletter that shares product information and core technologies, and strengthens real-time engagement through digital events and online advertising. By doing so, we continue to advance the level of digital-based customer communication.

Realizing Responsible Customer Value

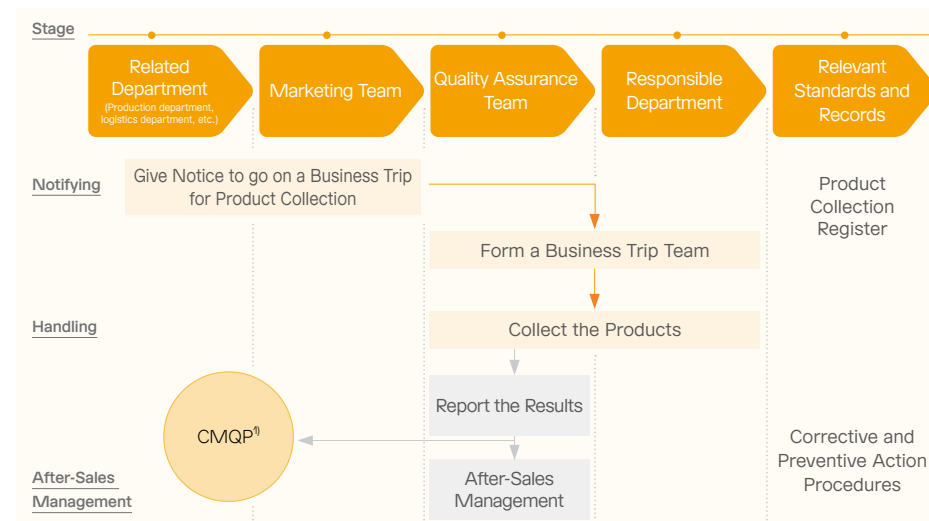
Ethical Marketing Practices

COSMAX prioritizes trust from customers and end consumers as its highest value and actively engages in ethical marketing to promote sustainable growth in the market. To this end, we strictly comply with the latest labeling and advertising laws and guidelines issued by the Ministry of Food and Drug Safety and the Korea Cosmetic Association. We thoroughly review ingredient labeling prior to product launches and continuously monitor regulatory changes to enhance transparency and compliance in advertising and labeling management. In response to the tightening of industry regulations on false, exaggerated, and misleading advertising, COSMAX has established a comprehensive advertising and labeling management system. Going forward, we will continue to contribute to building a fair market environment and protecting consumer rights by conducting ethical and responsible marketing activities based on the trust of our global customers and end consumers.

Product Recall Process

COSMAX has established a product recall process to enable swift responses in the event of product-related issues. To realize responsible customer value, we operate a systematic recall procedure that allows us to promptly identify affected products and formulate response measures through close communication with customers. When a recall is triggered, we implement a step-by-step process involving interdepartmental collaboration for product retrieval, root cause analysis, and corrective actions. We maintain transparency by sharing accurate information with clients and offering active support to uphold trust. In addition, we document and track every stage of the recall process to identify fundamental improvements that prevent recurrence. COSMAX continues to enhance its quality management system to improve customer satisfaction and product quality.

Product Recall Workflow



1) COSMAX Quality Procedure

Product Recall Status

Category	Unit	2022	2023	2024
No. of major product-related recalls	Cases	0	0	0

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Customer Value Management

Customized Product Development Based on Consumer Experience

Personalized Cosmetics System

COSMAX proposes personalized beauty formulas that combine ingredients optimized for each individual’s skin condition—by region, ethnicity, and skin type—to maximize efficacy while minimizing irritation. COSMAX has also built a production system capable of real-time manufacturing even a single unit, enabling prompt responses to customer needs.

CASE

Creating Customer Value Through Customized Product Planning

COSMAX actively supports its client companies in product development and manufacturing by offering customized product planning that reflects racial and regional characteristics. Our achievement of surpassing 800 million cumulative sales and securing the global No.1 position in the cushion category is attributed to a marketing strategy that leverages a robust customer database and quickly adapts to changing trends.

Last year, COSMAX produced cushion foundations in 30 different shades targeting multiethnic consumers. In the second half of the year, the product line expanded to 40 shades. The product received widespread acclaim on social media for its perfect match with Black skin tones, as endorsed by prominent influencers. It went on to rank No.1 in Amazon’s U.S. beauty category and also topped the makeup category on Shopee Singapore, a leading Southeast Asian e-commerce platform.

This success was driven by the integration of AI-based skin tone analysis and trend monitoring, enabling rapid response to customer needs while promoting inclusivity and accessibility for global consumers. COSMAX will continue to expand such best practices in customer value creation, strengthen customized product development tailored to each client’s brand strategy and market characteristics, and enhance customer satisfaction and trust to support sustainable growth for partners.



AI-Based Ultra-Personalized Cosmetics Development

COSMAX is developing ultra-personalized cosmetics using AI technology to meet the diverse needs of individual customers. We have established an innovative system in which AI generates 1:1 personalized prescriptions based on a simple customer questionnaire and produces customized products through automated facilities. For essence products, a total of 3,556 combinations are currently possible, with plans to expand the range of personalized solutions by adding functional ingredients. In addition, COSMAX utilizes texture standardization technology and a smart color matching system developed by the COSMAX Research Division to analyze customers’ sensory preferences using objective data and apply them to product development. By leveraging AI, COSMAX identifies each customer’s unique characteristics and preferences to deliver optimized beauty solutions, thereby enhancing customer satisfaction.

CASE

Opening of the “Innovation Library” to Enhance Customer Experience

To improve the efficiency and quality of customer-tailored product proposals, COSMAX opened the “Innovation Library,” a formulation inventory space at the Pangyo R&I Center. The Innovation Library is an offline space that houses approximately 1,000 innovative inventory products and operates as a digital-based formulation inventory rental and management system linked with an online platform. The library features monthly new formulations, representative formulations by category, trending textures, and a color book. By scanning a QR code, users can access COSMAX’s internal database for more information. This system shortens repetitive sample development processes, accelerates customer-tailored proposals, and enhances both convenience and operational efficiency for customers. Additionally, the library incorporates digital technologies such as texture standardization and a smart color-matching AI system to more swiftly respond to increasingly segmented customer demands. COSMAX will continue to strengthen customer value management through digital-based innovations in customer experience.



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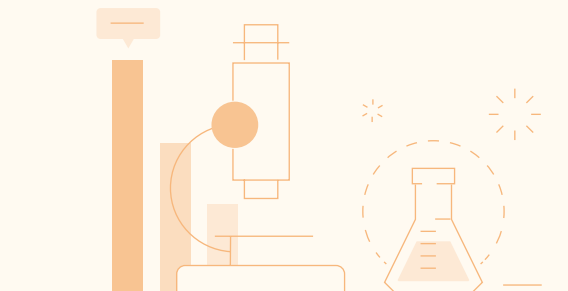
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Product Responsibility and Quality Enhancement

COSMAX is committed to ensuring customer safety and trust by implementing strict quality management policies and operating a quality risk management system to deliver products with the highest standards of quality and safety. We respond swiftly to product-related issues through a structured recall process and comply with ethical marketing principles to provide accurate information to consumers. In addition, we pursue sustainable product development through ethical research and innovation, fulfilling our responsibilities as a company that prioritizes both consumers and the environment.

UN SDGs



Quality Management Policy

COSMAX has implemented and adhered to strict quality management policies to ensure product stability, efficiency, and continuous improvement. We conduct quality inspections from raw and subsidiary materials to finished products in accordance with CGMP¹⁾ regulations. Product safety is ensured through hazardous substance analysis using advanced testing equipment such as ICP-OES²⁾, mercury analyzers, ICP-MS³⁾, GC⁴⁾, and GC-MS⁵⁾, as well as verified testing personnel. We also proactively identify and manage potential quality-related risks, and produce safe, reliable products through a rigorous raw material selection process. By adopting robots and other automated equipment, we strive to reduce non-conforming products and improve process efficiency. KPIs such as the non-conformance rate in material receipt and customer claims are systematically managed to strengthen quality management activities through process improvements. Furthermore, we encourage employee engagement and interest in quality enhancement by operating a company-wide suggestion and reward system for work efficiency, and by recognizing excellent workplaces through 'Zero Defect' initiatives.

- 1) Cosmetic Good Manufacturing Practice
- 2) Inductively Coupled Plasma - Optical Emission Spectrometry
- 3) Inductively Coupled Plasma - Mass Spectrometer
- 4) Gas Chromatography
- 5) Gas Chromatography - Mass Spectrometer

Quality Management Policy

Quality Management Policy

1. All executives and employees working at the manufacturing site shall always comply with GMP¹⁾ and carry out their duties with responsibility.
2. All executives and employees shall strictly adhere to relevant laws and regulations declared in compliance with cosmetics manufacturing and related activities, contributing to consumer protection and improving public health.
3. We aim to achieve 'Zero Defect' through continuous quality improvement activities, thereby preventing claims in advance.
4. Quality-related training is conducted regularly and continuously for all employees.
5. All standard operations, facilities, equipment, and devices related to quality and production are guaranteed for qualification to maintain the reproducibility of quality.

1) Guidance on Good Manufacturing Practices

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Product Responsibility and Quality Enhancement

ISO 9001 and ISO 22716 Certification

COSMAX has enhanced our site-specific quality management systems by acquiring the Quality Management System (ISO 9001) certification. In particular, by obtaining the Cosmetic Guidelines on Good Manufacturing Practice (ISO 22716), COSMAX thoroughly adheres to quality management standards that reflect the unique characteristics of the cosmetic manufacturing industry. Based on the certification criteria, we conduct regular internal audits and implement systematic improvement activities. As of 2024, 100% of COSMAX's production sites hold both the ISO 9001 and ISO 22716 certifications.

ISO 9001 and ISO 22716 Certification Status

Category		Certified Sites
ISO 9001	Domestic	Hwaseong Plant 1, Hwaseong Plant 2, Pyeongtaek Plant 1, Pyeongtaek Plant 2, Pangyo R&I Center
	Overseas	COSMAX Guangzhou, COSMAX Thailand, COSMAX Indonesia
ISO 22716	Domestic	Hwaseong Plant 1, Hwaseong Plant 2, Pyeongtaek Plant 1, Pyeongtaek Plant 2
	Overseas	COSMAX China, COSMAX Guangzhou, COSMAX Thailand, COSMAX Indonesia, COSMAX USA

Supplier Quality Management

COSMAX has established and operates a systematic supplier quality management system to minimize quality risks across the supply chain. We conduct annual quality audits for all suppliers and perform biennial audits specifically for raw material suppliers to prevent potential quality risks. To strengthen the quality capabilities of our suppliers, we regularly provide quality management training and hold monthly meetings with outsourcing managers to share quality-related issues and explore improvement measures. Through these supplier quality management activities, COSMAX enhances quality competitiveness across the supply chain and establishes a strong foundation for delivering the highest-quality products to customers.

Product Development Based on Respect for Life

Operation of Alternative Testing Laboratory

In accordance with Korea's prohibition on animal testing for cosmetics and to minimize animal use, COSMAX has established alternative testing methods that comply with OECD guidelines. We have signed a 'Memorandum of Understanding (MOU) on the Collaborative Research on Human Skin Explant Model' with the Regenerative Medicine Center of Seoul National University and the Korean Skin Research Center (KSRC) to conduct research using tissue discarded after surgery. Through this initiative, COSMAX is developing a skin explant platform to replace human skin and performing comprehensive efficacy evaluations in conditions similar to human skin environments. In 2024, we actively applied alternative testing methods to internal systems and will continue advancing these techniques to further reduce reliance on animal testing.

Product Development Based on Respect for Life

COSMAX strictly adheres to bioethical standards throughout the product development process and fosters an ethical research environment. We operate an Institutional Review Board (IRB) to prevent potential ethical issues during clinical trials and to protect the rights and interests of test subjects and researchers. COSMAX's IRB convenes for product use evaluations and skin irritation tests and holds quarterly meetings on a regular basis. Additionally, we signed a Memorandum of Understanding (MOU) with Organoid Sciences to conduct joint research using organoids (stem cell-based human tissue analogs) and have completed the development of an evaluation method for male pattern hair loss. We are currently expanding research into various evaluation methods using the organoid platform technology.

CASE

Organoid Research as an Alternative to Animal Testing

COSMAX became the first company in Korea to evaluate the efficacy of hair loss-relieving ingredients using stem cell-based hair and hair follicle organoids. Organoids are tissue analogs cultivated or recombined from stem cells, capable of reproducing cellular composition, structure, and functional characteristics similar to those of the human body. While the cosmetics industry has long employed various skin organoids to replace animal testing, COSMAX developed a scalp-mimicking organoid by injecting growth factors into embryonic stem cells and induced pluripotent stem cells (iPSCs). By applying male hormones, COSMAX successfully replicated symptoms of androgenic alopecia and established a male pattern hair loss evaluation model. Using this model, COSMAX verified the efficacy of its proprietary ingredient, SOYACT, in suppressing hair loss. SOYACT, which contains isoflavones extracted from soybean embryos, was found to directly stimulate hair follicle cells and promote hair growth. As a result, SOYACT received non-notified functional ingredient certification for hair loss relief from the Ministry of Food and Drug Safety (MFDS). Moving forward, COSMAX plans to narrow the gap between in vitro and clinical outcomes by leveraging this organoid-based evaluation model.

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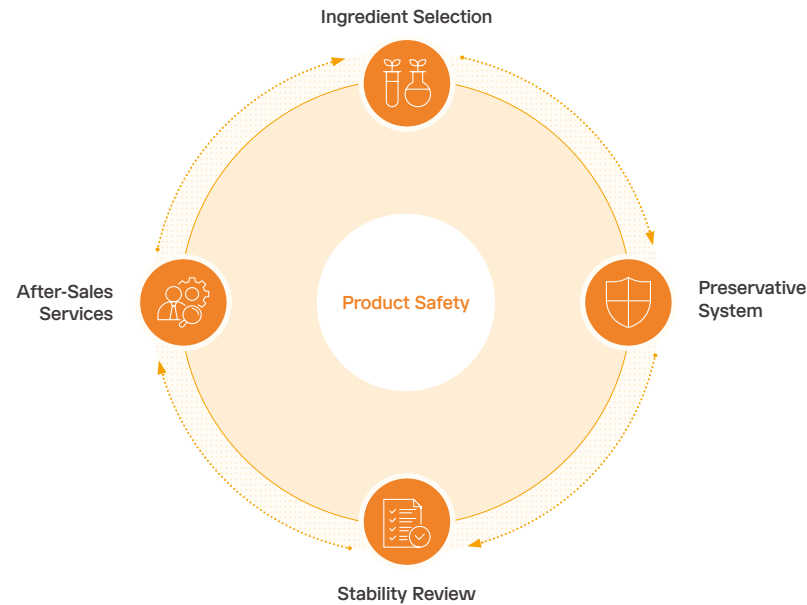
Product Responsibility and Quality Enhancement

Enhanced Product Safety

Product Safety System

COSMAX has established a procedure that meticulously checks global and country-specific regulations and eliminates hazardous elements from raw material selection to after-sales management. The R&I organization oversees overall product safety and is structured in detail according to specific job roles. From the stage of selecting ingredients and products, the organization ensures compliance with global regulations and certification requirements. Specialized personnel systematically conduct safety assessments, analysis, microbiological studies, efficacy verification, and packaging research to ensure overall product safety. In addition, ingredient and product-related information is digitized and managed through COSMAX’s proprietary platform, which is continuously updated.

COSMAX Product Safety System



SRE (Safety/Regulatory/Efficacy) Research

Category	Description
Safety Lab.	<ul style="list-style-type: none"> Hazardous substance analysis and safety evaluation research of ingredients, raw materials, and products. Alternative animal testing. In silico methods. Impurity and allergen analysis. Heavy metal analysis. Hazardous substance analysis. Preservative efficacy testing. Microbial usability testing. Total viable count testing.
Regulatory Lab.	<ul style="list-style-type: none"> Compliance review of ingredients and products based on international standards. Policy direction and export support based on regulatory analysis. Institutional management using the Green Light system to verify country- and client-specific regulations prior to formulation. Classification into Green (compliant), Red (non-compliant), Purple (conditionally confirmed), or Black (unconfirmed), with assessment of export eligibility.
Efficacy Lab.	<ul style="list-style-type: none"> Human application testing to verify the safety and efficacy of cosmetics and ingredients. Usability testing based on observation of adverse reactions and irritation of the skin and eye areas. Efficacy evaluation through skin change measurement. Development of new evaluation methods for product claims. Compatibility testing between containers and contents. Stability testing of containers and finished products.

Product Safety Enhancement Activities

COSMAX systematically identifies potential impacts on human health throughout the entire product development process to protect end-consumer health and ensure product safety. Responsibilities are clearly defined by function to manage each stage accordingly. Safety is pre-verified at every step—from ingredients and raw materials to finished products—by evaluating key impact factors in advance.

The results of this preliminary risk assessment are reflected in product design, raw material selection, and manufacturing process management, thereby providing consumers with reliable and trustworthy safety information. In addition, COSMAX identifies risks related to customer health across the entire supply chain and conducts enhanced due diligence on high-risk suppliers, including hazardous chemical substance control, quality management standards, and skin toxicity testing, to ensure end-to-end product safety.

Expansion of OTC Manufacturing and Strengthening Global Regulatory Compliance

Since receiving its first OTC manufacturing license in 2016, COSMAX has successfully maintained recertification through three renewal cycles. In response to the classification of certain cosmetics—such as sunscreens—as over-the-counter (OTC) drugs in the U.S., both the Hwaseong plant in Korea and the New Jersey plant in the U.S. have been upgraded to meet global standards for OTC product manufacturing. Both sites have been officially recognized by the U.S. FDA as pharmaceutical manufacturing facilities. In 2023, COSMAX established an OTC lab to enhance its capabilities in the growing U.S. sunscreen market and to support Korean clients expanding into the U.S. market. The company now manages the entire OTC product development and production process in parallel across Korea and the U.S. In addition, COSMAX is proactively responding to the latest regulatory framework, MoCRA (Modernization of Cosmetics Regulation Act), by expanding testing procedures such as heavy metal analysis and preservative efficacy testing. Through these initiatives, COSMAX ensures full compliance with global cosmetic regulations and maintains the highest standards of product safety.

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Establishment of a Hazardous Substance Management System Across the Entire Product Lifecycle

COSMAX places the highest priority on product safety and systematically manages hazardous substances throughout the entire process—from raw material registration to manufacturing. At the raw material registration stage, COSMAX thoroughly reviews ingredient information based on the lists of banned and restricted substances issued by major global regulatory authorities and strictly manages them through its internal ingredient management system. During the raw material safety review, potential hazards are assessed in advance based on safety data, with particular focus on analyzing the potential impact on human health and applying the findings to product development. In the manufacturing stage, strict quality management standards are maintained to prevent the inclusion of hazardous substances, and regular on-site inspections and hazardous substance tests are conducted to ensure product quality and reliability.

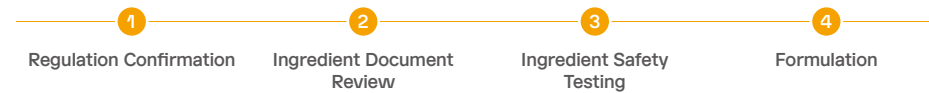
Hazardous Substance Management Process

Management Stage	Key Management Activities and Actions
<p>Ingredient Registration</p>	<ul style="list-style-type: none"> Pre-registration of new or modified ingredients according to domestic and international regulations Management of global regulatory compliance database
<p>Ingredient Safety Review</p>	<ul style="list-style-type: none"> Multi-faceted evaluation of hazards, toxicity, and allergenicity Application of assessment procedures based on international standards
<p>Manufacturing</p>	<ul style="list-style-type: none"> Prevention of hazardous substance contamination during all stages from raw material receipt to product shipment Company-wide control system for handling, storage, and disposal
<p>Finished Product Inspection</p>	<ul style="list-style-type: none"> Regular inspection for hazardous substance content Suspension of use and product recall in case of regulatory exceedance

Strict Ingredient Selection

COSMAX strictly manages the selection process of ingredients and suppliers to ensure the stability of its products. Based on a systematic ingredient selection process, COSMAX thoroughly reviews the composition and impurity management data of ingredients to ensure their safety and compliance with relevant national regulations. In addition, COSMAX has established five key criteria for ingredient selection—regulatory compliance, safety, consumer preference, distinctiveness, and supply continuity—to comprehensively evaluate and apply the optimal ingredients in formulations.

Ingredient Selection Process



Five Criteria for Ingredient Selection

<p>Regulation Review</p>	Use of ingredients that comply with national, customer, and international standards	<ul style="list-style-type: none"> Compliance with national regulations, customer specifications, and IFRA (International Fragrance Association) standards Real-time monitoring and internal sharing to prevent delays due to regulatory changes
<p>Safety</p>	Verification of qualifications as cosmetic ingredients	<ul style="list-style-type: none"> Risk assessment of systemic and localized toxicity or irritation Confirmation of prohibited or restricted ingredients based on country regulations and customer standards
<p>Consumer Preference</p>	Selection of ingredients based on consumer preferences	<ul style="list-style-type: none"> Monitoring of consumer feedback following product release Use of emotional factors such as consumer reactions as indicators in product safety assessments
<p>Differentiation through In-House Development</p>	Use of unique materials developed exclusively by COSMAX	<ul style="list-style-type: none"> Manufacturing based on COSMAX's proprietary material technologies
<p>Continuous Supply</p>	Selection of suppliers and ingredients to ensure continuous product supply	<ul style="list-style-type: none"> Operation of a stable supply chain to minimize supply risks

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Proactive Response to Global Regulations

COSMAX has established an internal system to thoroughly review the safety of cosmetic ingredients and products, effectively responding to increasingly stringent global cosmetic regulations and the expanding halal market. Global certifications are renewed annually as necessary, and the entire R&I organization works in close collaboration to respond preemptively to changing international regulations. Furthermore, by establishing the 'Product Stability Evaluation Review System,' COSMAX verifies the toxicity of ingredients used in formulations and meticulously analyzes the potential impact of each ingredient to ensure safer product development.

Safety-Related Regulatory Violation Status

Category	Unit	2022	2023	2024
Violations of regulations related to product safety	cases	0	0	0

Safety-Related Key Certification Status

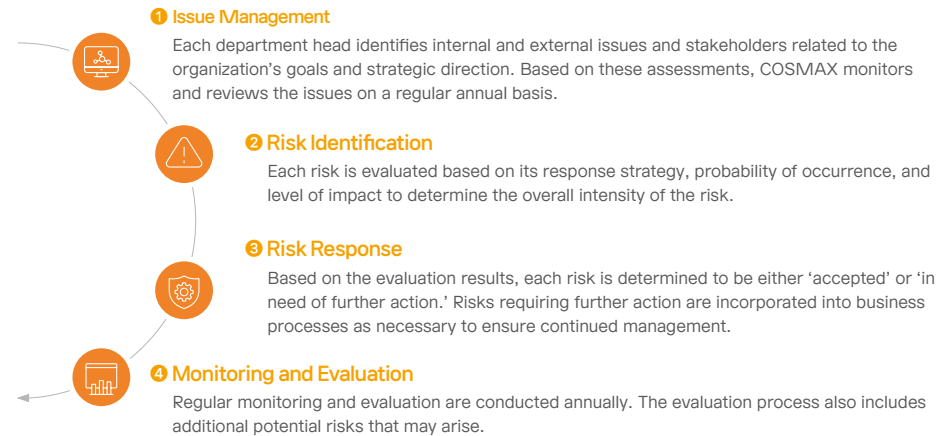
Certification	Institution	Description	Certified Entities
CGMP	KFDA	Cosmetic Good Manufacturing and Quality Control Practices	Korea
ISO 9001	KMR	Quality Management System	Korea, China, Indonesia, Thailand
ISO 22716	KMR	Cosmetic Guidelines on Good Manufacturing Practice	Korea, China, USA, Indonesia, Thailand
FDA OTC	U.S. FDA	Cosmetics and OTC drug manufacturing certification	Korea, USA
Health Canada OTC	Health Canada	Cosmetics and OTC drug manufacturing certification	Korea
MUI Halal Certification	MUI	Global halal certification	Indonesia, Thailand
CICOT Halal Certification	CICOT	Thailand halal certification	Thailand
COSMOS	ECOCERT	Natural and organic cosmetics certification	Korea, Indonesia
EVE VEGAN	EVE	Vegan cosmetics production certification	Korea, Indonesia

Strengthening Quality Improvement Activities

Quality Risk Assessment and Management

Systematic identification and management of potential quality risks to ensure rigorous quality control. Annual selection of external and internal issues led by department heads to identify and review relevant stakeholders. Evaluation of identified risks based on response strategies, likelihood of occurrence, and potential impact to assess the intensity and severity of each risk. Determination of risks as either 'accepted' or 'in need of further action' depending on the results of assessment. Integration of risks requiring additional action into business processes followed by regular annual monitoring.

Potential Quality Risk Management



Activities for Quality Improvement

Category	Details
Equipment Automation	Introduction of robots to reduce defects and improve process efficiency
Process Improvement	Enhanced KPI management and monitoring of material defect rates and customer complaints
Zero Defect Activities	Awards for outstanding quality workplaces
Suggestion System	Collection and reward of efficiency improvement ideas from all employees

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Compliance System for National and Client Regulations

COSMAX ensures compliance with both national and client-specific regulations by operating its proprietary formulation review program, the Green Light system, which secures product safety and regulatory compliance. This system is designed to reflect not only legal standards but also the value standards required by each client, allowing COSMAX to proactively manage potential risks that may arise during the formulation process. The system is integrated with mandatory formulation fields and is structured to prevent review if information related to product type or area of application is missing. Based on the review, results are clearly categorized into Green (Compliant), Red (Non-compliant), Purple (Conditionally Compliant), and Black (Not Verified).

Through ingredient verification procedures, COSMAX also checks for the inclusion of endangered species, EWG grades, and potential impurities, identifying ingredients that require further safety validation. We determine ingredient usability through our safety review protocol and systematically manage raw material data in advance to support the use of sustainable ingredients such as RSPO-certified palm oil and Indian mica. Based on this system, COSMAX supplies only ingredients and raw materials that are verified for safety and compliance, thereby continuously strengthening its ability to meet global regulatory requirements and build customer trust.

Safety Checks During Product Development

COSMAX implements rigorous Full Safety Checks during the product development stage to ensure customer health and safety. We conduct comprehensive and strict testing, including safety assessments of ingredients, raw materials, and products; alternative animal testing methods; in silico methods; impurity and allergen analysis; heavy metals analysis; hazardous substances analysis; preservative efficacy testing; microbial usability testing; and viable bacterial count testing. Through these processes, we thoroughly eliminate the use of ingredients and raw materials that may pose harmful effects to human health. This comprehensive safety management system enables systematic control of potential risks during the development stage.

Safety Check Factors

Regulation Review	Stability Testing	Safety Assessment of Ingredients and Raw Materials	Alternative Animal Testing
In Silico Method	Impurity/Hazardous Substances Analysis	Heavy Metals/Allergen Analysis	Human Application Testing
Preservative Efficacy Testing	Viable Bacterial Count/Microbial Usability Testing	Content/Container Usability Testing	Packaging Conformity Evaluation

Improving the Work Environment through Robotic Automation

COSMAX has adopted various types of robots for high-risk tasks to enhance product quality and increase precision in manufacturing processes. In particular, in 2024, COSMAX expanded the adoption of horizontal articulated robots (SCARA robots), known for their speed and precision, to improve process consistency and operational accuracy, thereby further strengthening the stability and reliability of product quality.

Robot Ownership Status

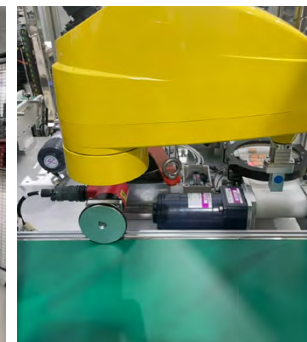
Category	Unit	2022	2023	2024
No. of robots owned	ea	29	60	77

Types of Robots

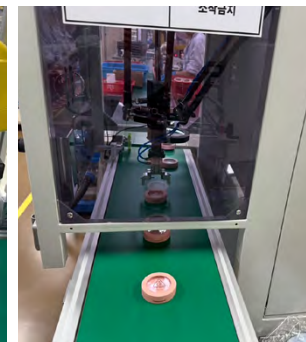
Type	Description
Collaborative Robots	• Suitable for simple repetitive tasks. These robots can safely collaborate with humans, are easy to repair due to modular parts, and can be installed in various locations.
Vertical Articulated Robots	• Applied in various industries requiring precision work. These robots utilize multiple joints and can move in desired angles and directions.
Parallel Robots (Delta Robots)	• Suitable for transferring lightweight items over short distances. These robots offer high precision and excellent acceleration and deceleration characteristics.
Horizontal Articulated Robots (SCARA Robots)	• Applied in mass production processes requiring speed and precision. These robots have a wide operating range and fast movement speed.



Delta Robots



SCARA Robots



Collaborative Robots

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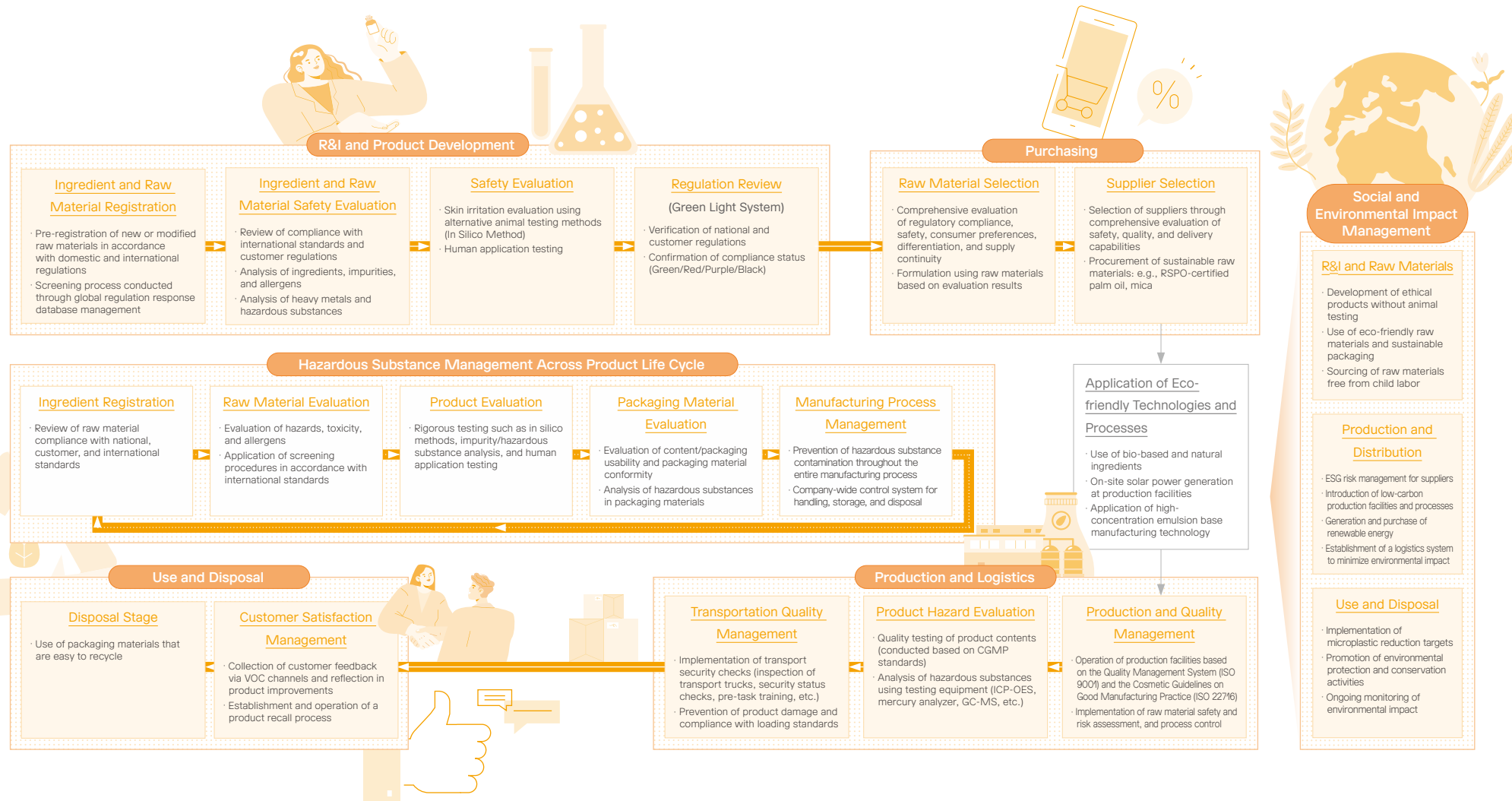
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Product Life Cycle Management System

COSMAX has established and operates a systematic life cycle management system to fulfill its social and environmental responsibilities throughout the entire process from product development to disposal. At the R&I and product development stages, ingredient and raw material registration and safety assessments are conducted. COSMAX also proactively manages risks that may arise across the full life cycle—from procurement, production, and distribution to use and disposal—by implementing a structured management system. In addition, we strive to minimize the social and environmental impact of our products through environmental impact reduction in manufacturing processes, product hazard assessments, and ESG management of the supply chain.



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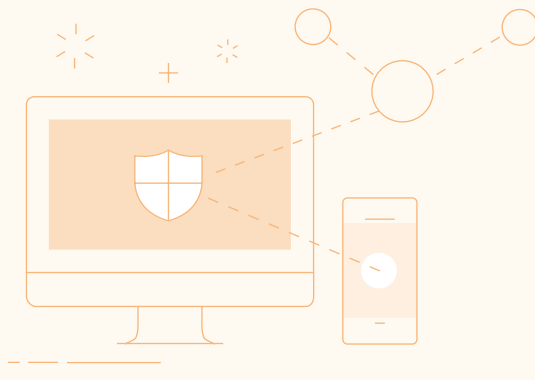
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Information Security

In response to the growing importance of information security, COSMAX complies with an integrated group-wide information security policy and operates a systematic governance structure. We have established a framework to respond to potential information security risks and incidents and regularly conduct training and campaigns to raise security awareness among employees. COSMAX will continue to strengthen its information security systems to enhance corporate trust and provide a safe service environment.

Key Policy

COSMAX Group Information Security Policy



Information Security and Personal Data Protection Policy

COSMAX has established and operates a systematic Information Security Management System (ISMS) to effectively respond to potential information security risks that may arise from rapidly changing internal and external environments and to strengthen business continuity. Through an information security declaration, COSMAX shares its commitment and action plans with executives and employees. All employees strictly adhere to information security and non-disclosure agreements to prevent risks such as data leakage, tampering, and misuse.

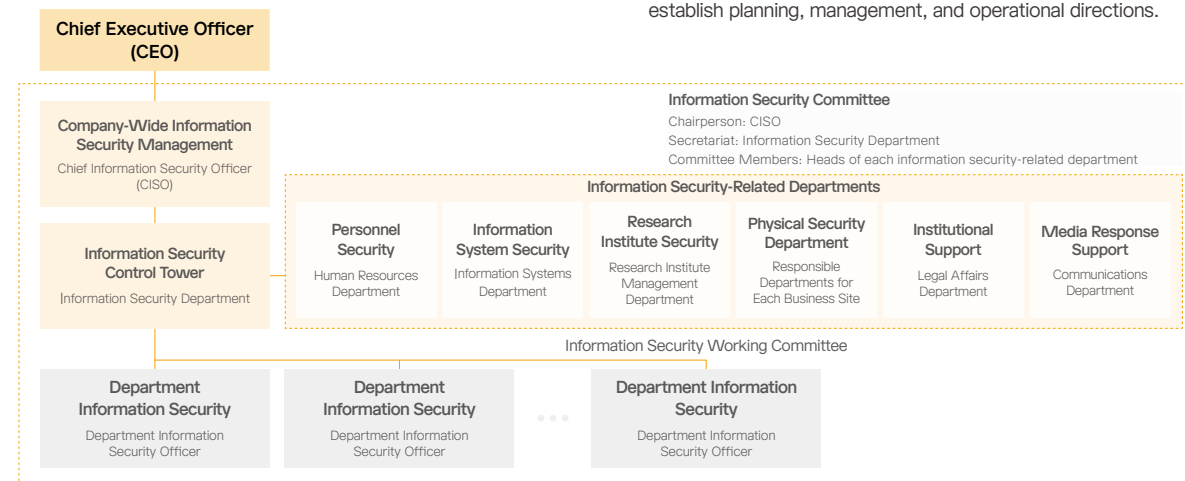
In addition, COSMAX regularly monitors laws related to information security to ensure the safe protection of corporate information assets and maintain stakeholder trust. In the event of legal revisions, we promptly implement necessary actions to strengthen legal compliance. We also continuously revise and update internal regulations and guidelines to strictly meet legal requirements. Based on the international standard ISO 27001 framework, COSMAX is committed to continuously improving its information security management system and proactively managing security risks to ensure the safe protection of information for both the company and its customers.

Information Security Governance

To ensure systematic information security management, COSMAX has delegated overall information security responsibilities to its holding company, COSMAX BTI, and designated information security officers in each department to encourage proactive and autonomous participation in the information security management system among all executives and employees. COSMAX BTI has appointed the Head of the IT Headquarters under the CEO as the Chief Information Security Officer (CISO), who serves as the control tower for company-wide information security. An information security organization, composed of the information security department and related departments, is also operated.

Under the leadership of the CISO, COSMAX operates the Information Security Committee, which is responsible for deciding on the implementation of major information security policies, and for discussing, coordinating, and establishing measures for information security issues. The committee meets at least once a year to deliberate on major topics such as risk analysis and response, internal and external information security activities, and actions based on audit and review results. In addition, COSMAX operates the Information Security Working Committee, composed of the information security department and information security officers from each department, to discuss practical matters related to information security and to establish planning, management, and operational directions.

Information Security Committee Organizational Chart



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Information Security Risk Management

Information Security Risk Response

COSMAX conducts a security review whenever a new information system is launched or an existing one is modified to ensure that information security requirements are properly reflected. If the review identifies unmet requirements, the system launch is postponed, and corrective actions are taken to address the non-conformities and secure the system. During the operational phase, COSMAX performs annual vulnerability assessments based on the criticality of each system and implements immediate responses and remedial measures for any vulnerabilities found. However, if immediate actions are not feasible due to business continuity needs or other factors, COSMAX conducts risk analysis and evaluation of the identified vulnerabilities to establish appropriate security measures, or refers the issue to the Information Security Committee to determine the optimal course of action. To prevent recurrence, COSMAX continues to carry out follow-up management and preventive activities, thereby effectively mitigating information security risks.

Information Security Audit Results

Category	Unit	2022	2023	2024
Internal Information Security Audit Implementation Rate	%	100	100	100



Information Security Management System

ISO 27001 Certification

COSMAX establishes specific annual goals for its information security activities to ensure a structured approach to enhancing information protection. As the first company in the cosmetics ODM industry to obtain the Information Security Management System (ISO 27001) certification, the international standard for Information Security Management System (ISMS), COSMAX has maintained its certification status through continuous monitoring and improvement. In 2024, COSMAX successfully transitioned to the ISO 27001:2022 version to reflect the latest information security requirements.

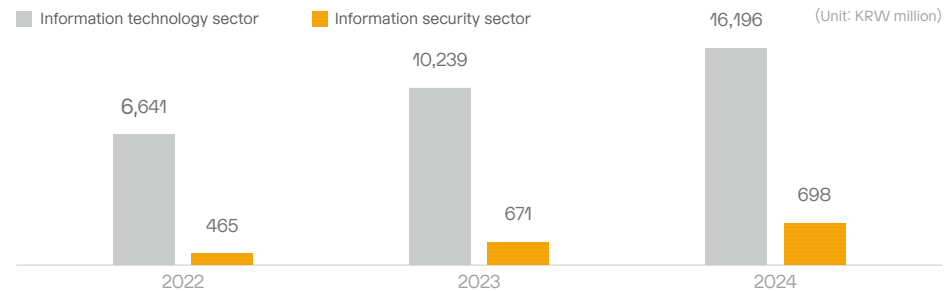
Target Goals for Information Security Enhancement

- Transition to ISO 27001:2022 version
- Strengthen secure coding practices in system development
- Expand simulated training for malicious email response to all domestic COSMAX group entities
- Reinforce physical security at plants (mobile security)
- Require information security pledges from employees in high-risk roles
- Introduce an internal reward system for information security efforts

Information Security Investment

As a global cosmetics manufacturer, COSMAX utilizes a wide range of digital information across all processes, including product research and development, production, and collaboration with clients. Recognizing the importance of information protection in securing corporate trust and maintaining external competitiveness, COSMAX has strategically expanded investment in strengthening its information security framework. In addition, as a subject entity under Article 13 of the Act on the Promotion of the Information Security Industry, COSMAX transparently discloses our information security investment status each year. In 2024, more than 00% of our total IT investment was allocated to the information security sector, reflecting our commitment to enhancing information security maturity through practical and proactive measures.

Information Security Investment Status



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Information Security Management System

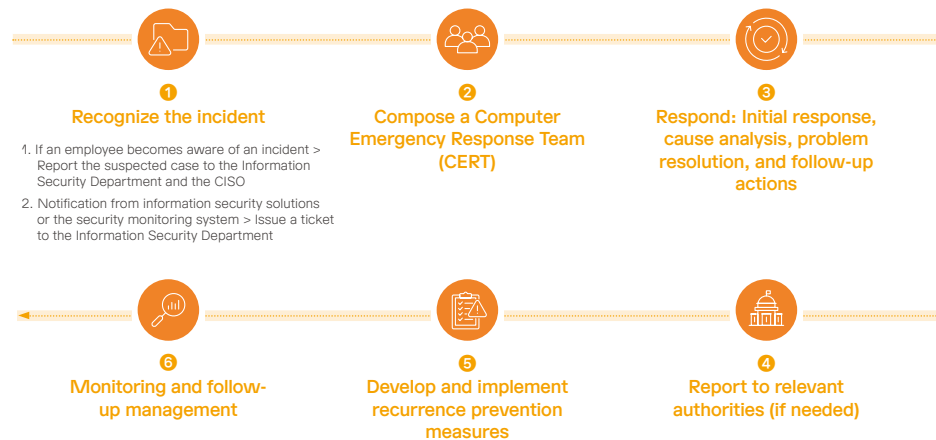
Incident Response System

COSMAX has established an integrated monitoring system that enables real-time detection and response to information security breaches, including hacking and advanced persistent threats (APT), through 24x365 monitoring centered around our information security organization. In addition, regular simulated drills are conducted to internalize the incident response process, and continuous improvements to the system are made to strengthen our security response capabilities.

Defining Incident Severity

Category	Criteria	Response
Attention	<ul style="list-style-type: none"> Confirmation or reporting of spam email reception Reporting of suspected security incidents 	<ul style="list-style-type: none"> Review by the I&S Team ※ Upgraded to 'Caution' if needed
Caution	<ul style="list-style-type: none"> Detection of malware infection Detection of external intrusion attempts 	<ul style="list-style-type: none"> Preemptive response by the Security Operations Center (SOC) Remote wired action by the I&S Team ※ On-site inspection and department-level preventive checks if needed
Alert	<ul style="list-style-type: none"> Work systems halted for more than 4 hours Manufacturing facilities halted for more than 2 hours Minor personal data breach Incident involving personal information theft 	<ul style="list-style-type: none"> Activation of the comprehensive situation room Convening of the Emergency Information Security Working Committee Dispatch of the I&S Team

Information Security Incident Response Process



Enhancement of Information Security System

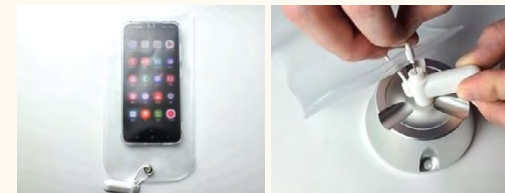
COSMAX continuously advances its information security system to effectively respond to rapidly evolving cybersecurity threats and to build a safe and trustworthy business environment. In 2024, to elevate the level of information security management, COSMAX successfully transitioned to the latest version (2022) of the ISO/IEC 27001 international standard. We also improved our risk management process and expanded our security control items. To strengthen application security, a secure coding solution was introduced, and the system development process was improved to block security vulnerabilities from the early stages of development. In addition, secure coding training was provided for developers to promote consistent compliance with secure source code guidelines and to continuously enhance information security capabilities.

In terms of system access control, role-based access control (RBAC) is applied to comply with the principle of least privilege by job function, and unauthorized access is blocked through access control solutions. In particular, for administrator accounts, multi-factor authentication (MFA) and mandatory periodic password changes are enforced to enhance account security. Furthermore, the generative AI tool "COS-Chat" is operated only within a dedicated network environment, establishing a foundation for utilizing generative AI in business operations without the risk of external exposure of sensitive information. As a result of these continuous efforts to strengthen the information security system, there have been no cybersecurity incidents or legal sanctions as of the reporting date, and we provide enterprise-wide support to ensure stable business operations from an information security perspective. COSMAX will continue to comprehensively manage information security risks, including not only cybersecurity but also physical security, to solidify the foundation for sustainable management.

CASE

Enhancing Physical Security to Prevent Information Leakage

To strengthen the physical security of key business sites, COSMAX has introduced a security solution that restricts mobile phone camera usage for employees handling critical information within its plants. In addition, all external visitors to factory sites are provided with security pouches that physically disable camera functionality on mobile devices, effectively preventing unauthorized photography and potential information leakage in advance. Going forward, COSMAX plans to expand this measure to its research centers to ensure a consistent level of security company-wide.



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Supplier Information Security

To prevent incidents of personal and critical information leakage, COSMAX annually collects information security pledges from suppliers that operate and manage information systems. We also conduct information security training for suppliers to raise their awareness and clearly communicate their responsibilities in protecting information. Access to our information systems is controlled by differentiating user privileges to restrict access to sensitive information, and upon contract termination, suppliers are required to submit data destruction confirmation forms to ensure COSMAX data is deleted. To strengthen customer information protection, COSMAX also selects certain personal information processing contractors, performs vulnerability diagnostics based on checklists, and verifies whether these contractors have obtained relevant information security certifications. Through these efforts, we identify potential blind spots in information protection and swiftly implement effective corrective actions for the risks found.

Protection of Stakeholders' Personal Information

COSMAX recognizes the importance of protecting personal information and operates a robust security management system to safeguard the personal data of all stakeholders involved in our business. External stakeholders can access information about COSMAX's personal data processing practices—including collection, storage, use, provision, and destruction—through our privacy policy. Data subjects may exercise their rights at any time to access, correct, delete, or request the suspension of personal data processing. In addition, complaints or suggestions regarding personal information can be submitted through various channels such as email, phone, or written communication. Upon receipt, we verify the identity of the individual and process the request according to internal procedures before providing the final outcome. Employees who handle personal data are required to sign a personal information protection pledge, which emphasizes their responsibility to manage data with particular care and clearly outlines their obligations in handling personal information.

Information Security Whistleblowing

COSMAX operates a system that allows anonymous reporting of information and security-related violations through internal whistleblowing channels such as the Sinmungo system and Red Whistle. When violations of the information security policy are identified, the Information Security Committee is promptly convened to thoroughly review the incident. Appropriate actions are taken in accordance with the information security policies and guidelines. If the violation is deemed serious, the case is referred to the Disciplinary Committee in line with the personnel regulations, and disciplinary measures are taken if necessary. Through this system, COSMAX strengthens compliance with information security and ensures the systematic maintenance of an internal culture of security.

Information Security Whistleblowing Status

Category	Unit	2022	2023	2024
No. of internal whistleblowing reports related to information security	Cases	0	0	0

Raising Information Security Awareness

In accordance with the Personal Information Protection Act and internal information security policies, COSMAX provides annual personal information protection training to all employees and consistently emphasizes the importance of information security. We regularly share updates on the latest security issues and trends, post security awareness posters, and actively conduct security campaigns—including various events held in recognition of Korea's designated "Information Security Day"—to raise employees' awareness. To prevent cyberattacks using malicious emails, COSMAX also conducts group-wide simulated training exercises based on real attack cases. These simulations are followed by targeted education to help strengthen employees' practical response capabilities against actual security threats.

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Contribution to Local Communities

COSMAX promotes a wide range of support initiatives based on a systematic social contribution framework and puts the value of sharing into practice through employee-led volunteer activities. Guided by the belief that a company must fulfill its responsibilities and duties as a member of society beyond profit generation, COSMAX will continue to expand its support initiatives and build a virtuous cycle of shared growth between the company and society.



Social Contribution Framework

COSMAX promotes systematic social contribution activities to fulfill its corporate social responsibility and pursue sustainable growth. With the goal of inclusive growth and sustainable development, we establish strategies to support regional development and environmental protection, and carry out a variety of volunteer and support initiatives. COSMAX also seeks to create tangible social value by expanding communication channels with local stakeholders and developing customized programs that reflect regional needs.

Social Contribution Strategy

Social Contribution Framework

Vision
COSMAX aims to expand the social values of trust and love through creative and sustainable sharing.

Mission
 To realize a future where humanity's dreams of health and beauty come true, we will fulfill our social responsibility.

Realize a distinctive "COSMAX Way" that earns trust and love through social contribution

Pursue a balanced approach between business value and social outcomes (CSV)

Fulfill sustainable social responsibility through support for women, youth, and local communities

Indicators for Social Contribution Areas

Social Problem-Solving Aspect (50%)	Capability Utilization Aspect (50%)
Selection of five key focus areas	Indicators highlighting strengths by area

Linked to the UN SDGs

Four Key Areas of Social Contribution

Sustainable environmental management	Support for the growth and self-reliance of women and youth
Promotion and preservation of global culture	Community engagement and sharing management

Roadmap

Short-term (2025)	Cumulative number of beneficiaries of social contribution programs	2,500
Mid-term (2027)	Cumulative number of beneficiaries of social contribution programs	3,500
Long-term (2030)	Cumulative number of beneficiaries of social contribution programs	5,000

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Enhancing Community Support

As a global corporation, COSMAX is committed to fostering future talent both domestically and internationally, and to creating sustainable foundations through coexistence with local communities. Recognizing the importance of academia as a hub of knowledge and innovation, COSMAX carries out research support programs such as funding and scholarships.

Community Support Status

Category	Unit	2022	2023	2024
Cumulative number of beneficiaries of social contribution programs	Persons	1,184	1,290	1,474
Total amount of community donations	KRW million	202	316	604

Songhwa Foundation Scholarship Support

Based on the firm belief in regional development held by COSMAX's founder, Kyung-soo Lee, and his spouse, COSMAX established the Songhwa Foundation to operate scholarship programs aimed at fostering self-reliance and discovering outstanding talent among youth. The foundation primarily selects beneficiaries from Gyeonggi-do, where COSMAX's main facilities are located, and provides substantial scholarship support to students and researchers who demonstrate strong passion and commitment to academics and research despite financial difficulties, thereby helping lay a foundation for their growth.

Scholarship Distribution

Category	Unit	2022	2023	2024	
Scholarships (including research support)	KRW million	53	85	113	
Scholars	College students	Persons	13	22	30
	Middle and high school students	Persons	24	38	50
Research grants	Persons	6	6	5	

Women Scientist Empowerment and Local Community Engagement Expansion

COSMAX provides various forms of support to schools and academic societies to improve educational and research environments, and continues to make donations in the cultural and arts sector to preserve traditional cosmetics and cultural heritage. In particular, by sponsoring the "Woman Scientist of the Year Award" organized by the Association of Korean Woman Scientists and Engineers, COSMAX supports the discovery of talented women and expansion of their roles, contributing to the research activities and development of female scientists and engineers. In addition, in April 2025, COSMAX donated 3,000 basic skincare sets worth KRW 48 million to Yeongdeok-gun to actively support daily life recovery for residents affected by disasters.

Global Promotion and Preservation of Culture

COSMAX is promoting the discovery of traditional cosmetics and joint research with national institutions through the Hwahyup Princess Project, which reinterprets royal court cosmetics from the Joseon Dynasty as modern K-beauty. In September 2020, COSMAX signed an MOU with the Korea National University of Cultural Heritage and the National Palace Museum of Korea to lay the foundation for research, development, and cultural content dissemination related to traditional cosmetics. In April 2024, the agreement was renewed and the scope of collaboration was expanded to strengthen the preservation and advancement of traditional cosmetic culture, along with educational, research, and promotional exchanges.

In addition to empirical research activities such as analyzing ingredients used in traditional cosmetics and conducting academic and reproduction studies, COSMAX also collaborated with traditional craft experts to develop packaging and design, leading to the launch of the Hwahyup Princess Brand, inspired by royal blue-and-white porcelain from the Joseon Dynasty. Furthermore, COSMAX has been working to promote the historical and cultural value of traditional cosmetics through cultural exhibitions and hands-on experience programs. In 2025, COSMAX hosted traditional lip balm making classes and cultural craft exhibitions in collaboration with the National Palace Museum of Korea, the Korean Cultural Center in Italy, and the Korean Cultural Center in the UAE. COSMAX will continue to enhance the identity of the K-Heritage Beauty brand and promote the aesthetic value and authenticity of the Joseon royal court through active participation in cultural events at home and abroad, exhibition zone planning, and K-beauty experience classes.



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Talent Development through Industry-Academia Collaboration

To contribute to the growth of the cosmetics industry and the nurturing of future talent, COSMAX is expanding its industry-academia partnerships with domestic and international universities. These efforts include establishing joint research centers, cultivating R&D personnel, supporting the development and commercialization of new materials and technologies, and more. In April 2024, COSMAX established the DKU-COSMAX Innobeauty Center (DCIC), a joint research institute with Dankook University, to conduct collaborative research in the cosmeceutical (cosmetics + pharmaceuticals) sector. To support the research environment of the Department of Cosmedical Materials, COSMAX awarded a scholarship of KRW 30 million. Over the next five years, COSMAX plans to invest KRW 1 billion in research funding to drive the development of bio-medicine technologies—from identifying key functional microbiome ingredients and substances that improve hair loss to conducting clinical validation and commercialization. In July 2024, COSMAX also signed an agreement with the University of Seoul to strengthen practical cooperation through the sharing of equipment, field training programs, and the exchange of the latest technology and industry trends. Additionally, COSMAX is actively pursuing partnerships with global universities, including Seoul National University, Sungkyunkwan University, Pohang University of Science and Technology, Harvard University, the National University of Singapore, and Beijing Technology and Business University. COSMAX will continue to enhance its R&D capabilities and talent development efforts through stronger collaboration with academic institutions and contribute to the sustainable advancement of the cosmetics industry.

CASE

Strengthening global collaboration through joint research with Seoul National University and Harvard University

COSMAX has entered into the second-phase joint research agreement for the "SNU-COSMAX Technology Incubation Center (TIC)" with Seoul National University. The collaboration focuses on integrated CT (Culture Technology) research that analyzes and interprets Korea's unique beauty through AI and big data. During the first phase, led by the Soft Foundry Research Center under the College of Engineering, the project involved 10 colleges and achieved notable results, including 21 patent applications, 9 registrations, 6 academic papers, and 57 commercialized products. In the second phase, COSMAX plans to invest KRW 6 billion over the next five years to develop core technologies that can address key challenges in the cosmetics industry.

Additionally, COSMAX has launched a joint study with Massachusetts General Hospital, affiliated with Harvard Medical School, to develop customized skincare solutions that reflect racial, regional, and environmental characteristics based on the skin microbiome. Since last year, COSMAX and Harvard have been working together on the development of cosmeceutical technologies using medically validated functional ingredients. In September 2024, the two parties signed a new agreement on "Microbiome-Medical Translational Research" to advance studies analyzing the effects of personal lifestyle and environmental factors on major skin conditions such as atopic dermatitis, acne, and psoriasis.



Fostering Joint Research and Community Collaboration

COSMAX has established an industry-government-academia cooperation network with the city of Pohang and POSTECH (Pohang University of Science and Technology), aiming to strengthen technological competitiveness and foster regional partnerships through joint research and the discovery of promising companies. COSMAX and POSTECH jointly established the Pohang UIC (UV Innovation Center), a specialized research institute for UV protection products, and drew up a five-year roadmap for regional development in collaboration with the city of Pohang. Based on the joint research outcomes of the Pohang UIC, we plan to build a sustainable co-prosperity model by identifying and nurturing promising cosmetics-related companies in the Pohang region, supporting startups through technology transfer in UV protection research, and fostering key talent. Going forward, COSMAX will continue to expand a regional coexistence model that links technological innovation and talent development through close cooperation with local communities.

Partnerships with Social Economy Organizations for Disability Accessibility Enhancement

COSMAX is collaborating with the Gyeonggi Social Economy Center to help social economy organizations with innovative technologies and ideas enhance their products and services by leveraging large corporations' infrastructure, marketing, and R&D capabilities. Key initiatives include the development of cosmetic packaging for resource circulation and universal design for the visually impaired. Through an in-person evaluation process, two participating organizations were selected.

COSMAX provides social economy organizations with information on product ingredients and regulatory requirements, and supports the entire development cycle—from physical property testing to product development, validation, and final design verification. In particular, by applying universal design, we aim to improve accessibility to cosmetics and enhance both inclusivity and practical benefits for people with disabilities. Additionally, COSMAX promotes the realization of a circular economy by using recycled materials and improving recyclability, thereby creating sustainable value, raising consumer awareness of environmental issues, and strengthening eco-friendly competitiveness in the global market.



Commemorative photo of the COSMAX-POSTECH-Pohang City tripartite MOU signing ceremony (Photo: POSTECH)



Commemorative photo of the COSMAX-Gyeonggi Social Economy

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Expanding Support for Promising SMEs and Startups

COSMAX is actively supporting small and venture-sized enterprises to strengthen the global competitiveness of the K-beauty industry. Through the “K-Beauty Creator Challenge,” we identify promising new K-beauty brands and provide selected companies with manufacturing and consulting support. In collaboration with the Ministry of SMEs and Startups and the Ministry of Food and Drug Safety, we also offer integrated support in areas such as certification, marketing, and research and development (R&D), thereby helping to establish a solid foundation for growth among small businesses.

Furthermore, COSMAX has jointly established a “Global K-Beauty Fund” with the Korea Fund of Funds to make focused investments in cosmetics manufacturers seeking to expand overseas. Beyond financial support, we provide manufacturing expertise and consulting services, contributing to enhanced competitiveness across the entire K-beauty ecosystem. Going forward, COSMAX will continue to expand its SME support initiatives and investment programs to ensure the sustainable growth of the K-beauty industry, while taking the lead in creating social value through shared growth with small and venture businesses.

Employee-led Volunteer Activities

COSMAX is advancing social contribution initiatives at global business sites, with a particular focus on overseas subsidiaries. Global social contribution activities, driven by the voluntary participation of employees, have become an important means of fulfilling corporate social responsibility and strengthening mutually beneficial relationships with local communities.

COSMAX China

COSMAX China carried out a blood donation volunteer activity with the participation of local employees and was recognized as an outstanding enterprise in blood donation services by the Fengxian District Blood Administration Office, in acknowledgment of its contributions to the community, corporations, and institutions. In April, COSMAX China collaborated with the Shanghai social welfare organization ‘Shanghai Roots & Shoots’ to donate a total of 2,500 trees and CNY 62,500 in cash, and also participated in a tree planting activity. In addition, COSMAX China has been actively engaged in various volunteer programs, including the 2024 “Love Donation Campaign” and “Love Donation Under the Blue Sky” initiative.



COSMAX Indonesia

In March 2024, COSMAX Indonesia supported the Industrial Safety and Health Month event in collaboration with the Jakarta Ministry of Manpower. In June, COSMAX Indonesia participated in a national holiday celebration in East Jakarta, contributing to community engagement and local development. COSMAX Indonesia has also continued to donate and provide support for improving public hygiene and sanitation in the local community. In addition, COSMAX Indonesia actively engages in social contribution activities for vulnerable groups by offering financial support to orphanages, the Red Cross, and other organizations.



COSMAX Thailand

In February 2024, COSMAX Thailand donated leftover calendars, notebooks, and other paper materials to the Bang Na district office to support the production of braille books for the visually impaired. In May, COSMAX Thailand held a plastic waste collection and donation event, gathering plastic materials produced or consumed at the plant. The donated plastic waste was then used to produce monk robes as part of a regularly operated resource circulation project.



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GOVERNANCE

COSMAX is reinforcing corporate trust and sustainability by establishing a transparent and responsible governance structure. The company continues to enhance the independence, expertise, and diversity of the BOD, while expanding the Board's role and responsibility in ESG management. In addition, COSMAX is strengthening its risk management practices in areas such as ethics and anti-corruption across all business operations. Going forward, COSMAX will continue to advance company-wide governance innovation to build a stronger foundation for sustainable growth.



Key Activities and Achievements



Average BOD attendance rate

100%



Anti-Bribery Management System and Compliance Management System

Obtaining Certification



Number of Code of Conduct violations

0

Board of Directors

108

Ethical and Compliance Management

114

Risk Management

117

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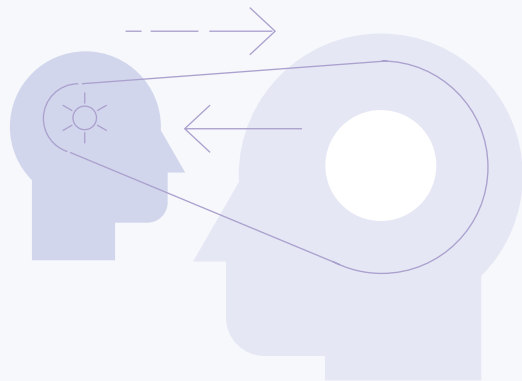
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Board of Directors

COSMAX is committed to fostering the company's growth and creating stakeholder value through the transparent and lawful operation of the Board of Directors (BOD). The BOD plays a key role in management decision-making and oversight, and the company ensures transparency by disclosing its operational status in the governance report and the business report. In addition, COSMAX continues its efforts to enhance shareholder value by strengthening shareholder-friendly policies and is dedicated to building a responsible Board of Directors.



BOD Composition and Operation

COSMAX enhances the expertise and efficiency of the BOD by appointing professionals from various fields and strengthens the Board's supervisory and checks-and-balances functions through the appointment of independent directors. The Board regularly convenes to deliberate and resolve key management issues, ensuring transparent decision-making processes.

BOD Composition

The COSMAX BOD consists of five members: three executive directors and two independent directors. Independent directors are appointed to ensure independence from executive management and controlling shareholders. To enhance the Board's expertise and diversity, candidates with professional backgrounds in areas such as management, accounting, and research are recommended and nominated for appointment. In accordance with the Articles of Incorporation, the term of office for both independent and executive directors is set at three years, with independent directors limited to a maximum of six consecutive years to ensure transparency in governance.

BOD Operation

COSMAX holds regular BOD meetings four times a year, in principle, in accordance with Article 40 of the Articles of Incorporation. BOD meetings may also be convened as needed and are called and notified in advance by the chairman of the BOD, as stipulated in the same article. Resolutions of the BOD are made with the attendance of more than half of the directors and a majority vote of the attending directors, as stated in Article 41 of the Articles of Incorporation. The BOD deliberates and resolves key management issues and disclosure obligations and, when necessary, reviews and makes decisions on matters related to capital investment, borrowing, and the provision of collateral. In 2024, a total of 25 BOD meetings were held, with 30 items reviewed and resolved. The average attendance rate of the BOD was 100%.

BOD Composition Status

Category	Name	Gender	Position	Career Highlights	Specialties	Tenure
Executive Director	Kyung-Soo Lee	Male	Chairman	<ul style="list-style-type: none"> Department of Pharmacy, Seoul National University Former) Sales Manager at Dong-A Pharmaceutical, AE at Oricom Former) Executive Director at Daewoong Pharmaceutical Current) Chairman of COSMAX 	Group General Management	Mar. 2014 – Mar. 2026 (Three consecutive terms)
Executive Director	Byung-Man Lee	Male	CEO, President	<ul style="list-style-type: none"> E-MBA, Shanghai Jiao Tong University Former) Head of Strategic Planning, COSMAX BTI Former) President, COSMAX Management Division Current) CEO, COSMAX 	General Management	Mar. 2025 – Mar. 2028
Executive Director	Kyung Choi (Chairman)	Male	Vice Chairman, CEO	<ul style="list-style-type: none"> Business Administration, Keimyung University Former) Daewoong Pharmaceutical Former) General Manager, COSMAX China Current) Vice Chairman and CEO, COSMAX 	General Management	Mar. 2024 – Mar. 2027
Independent Director	Geon-Joo Lee	Male	Independent Director	<ul style="list-style-type: none"> Law, Seoul National University Former) Chief Prosecutor, Daejeon District Prosecutors' Office Former) Deputy Director, Judicial Research and Training Institute Current) Partner Attorney, Sejong Law Firm Current) Independent Director, COSMAX 	Law (Attorney)	Mar. 2020 – Mar. 2026 (One consecutive term)
Independent Director	Yoon-Hee Lee	Female	Independent Director	<ul style="list-style-type: none"> School of Medicine, Wayne State University Former) Assistant Professor, College of Pharmacy, Yonsei University Former) Associate Professor, College of Pharmacy, Seoul National University Current) Professor and Head of Department, College of Pharmacy, Seoul National University 	Pharmacy	Mar. 2025 – Mar. 2028

* As of March 2025

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BOD Independence, Expertise, and Diversity

COSMAX fully complies with the ratio of independent directors required by the Commercial Act and related regulations to ensure the independence of the BOD. The eligibility of independent director candidates is carefully reviewed, and although concurrent positions at other companies are permitted, directors may serve on the board or as auditors of only one additional company in accordance with the Commercial Act. Going forward, COSMAX plans to gradually increase the ratio of independent directors to further strengthen the Board’s independence and ensure effective oversight and supervisory functions over management.

To enhance the Board’s expertise and diversity, candidates with professional backgrounds in areas such as management, accounting, and research are recommended. Directors are appointed regardless of gender, race, nationality, region, or religion, ensuring diversity in background. Each member of the Board brings extensive experience and expertise in their respective fields, enabling objective oversight of corporate operations. By contributing diverse perspectives based on their areas of expertise, the directors promote well-reasoned and balanced decision-making. In March 2025, COSMAX appointed a female independent director, further advancing the diversity of the Board.

Board Member Skill Matrix

Director	Industry	Leadership	R&D	Legal	Risk	ESG
Kyung-Soo Lee	●	●	●			
Byung-Man Lee	●	●			●	
Kyung Choi	●	●			●	●
Geon-Joo Lee		●		●	●	●
Yoon-Hee Lee	●	●	●		●	

Enhancing the Competency of Independent Directors

COSMAX conducts in-house training to strengthen the efficiency and expertise of the BOD. In particular, various training programs are provided to independent directors, who may be less familiar with internal management environments, and dedicated departments are assigned to support their capacity-building. To improve their industry expertise, COSMAX also offers quarterly business status-related training for independent directors. In 2024, a total of four training sessions were conducted. Additionally, necessary information is provided in advance to support independent directors in fulfilling their management and oversight responsibilities during the deliberation and decision-making processes of the Board.

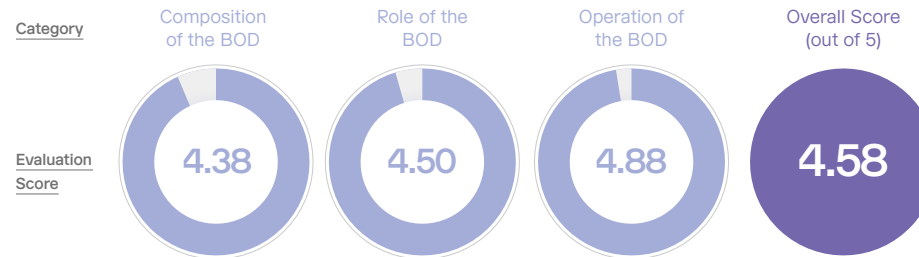
Independent Director Training Status

Category	Unit	2022	2023	2024
Independent director training participation rate	%	100	100	100

BOD Evaluation and Remuneration

COSMAX conducts a quantitative evaluation of the Board’s composition and operations, referencing the board evaluation guidelines provided by the Korea Institute of Corporate Governance and Sustainability. These evaluations help identify specific areas for improvement in Board operations. When setting directors’ remuneration, COSMAX takes into account factors such as rank, nature of delegated duties, and length of service, within the payment limits resolved by the general shareholders’ meeting. For independent directors, remuneration is not linked to performance evaluations to prevent any decline in independence. Instead, remuneration and reappointment decisions are based on activity levels, such as attendance rate and duration of service. In 2024, the CEO’s remuneration amounted to KRW 542 million, while the average remuneration of employees was KRW 90 million—resulting in a CEO-to-employee pay ratio of approximately 6:1.

2024 Board Evaluation Results



2024 Board Remuneration Payment

Category	No. of Persons	Total Remuneration	Average Remuneration per Person
Registered directors	3	KRW 2,598 million	KRW 649 million
Independent director	1	KRW 36 million	KRW 36 million
Auditor	1	KRW 379 million	KRW 379 million

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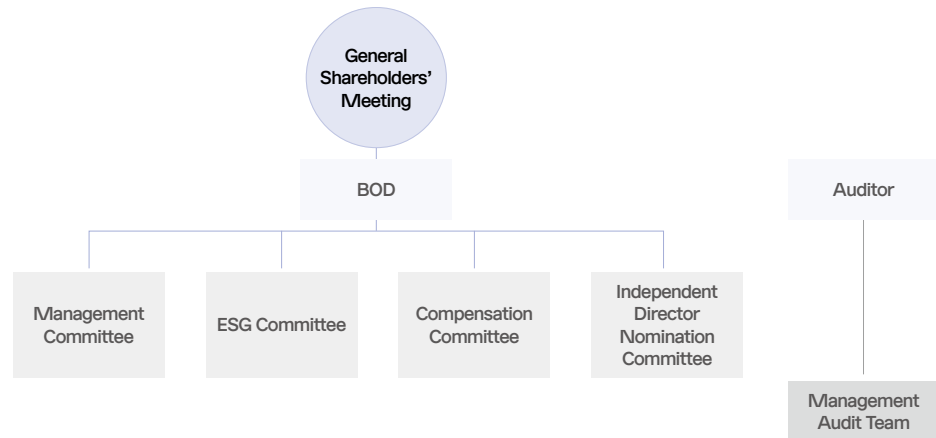
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Board of Directors

BOD Committees

COSMAX operates the BOD in accordance with the Articles of Incorporation and BOD regulations. To enhance the expertise of management decision-making and strengthen the oversight function, four committees have been established under the Board: the Management Committee, ESG Committee, Compensation Committee, and Independent Director Nomination Committee. COSMAX actively supports the smooth operation and execution of tasks for each committee.

BOD Organizational Structure



BOD Committee Status

Category	Role	Composition	
		Executive Director	Independent Director
Management Committee	• Reviews the necessity and feasibility of management agenda items to maximize investment efficiency	Kyung-Soo Lee, Byung-Man Lee, Kyung Choi	-
ESG Committee	• Establishes ESG management strategies and mid- to long-term goals; responds to ESG risks	Kyung Choi	Geon-Joo Lee
Compensation Committee	• Reviews and approves director compensation limits in advance; evaluates appropriateness of compensation for independent directors	Kyung Choi	Geon-Joo Lee, Yoon-Hee Lee
Independent Director Nomination Committee	• Recommends independent director candidates through verification of independence, diversity, and other factors	Kyung Choi	Geon-Joo Lee, Yoon-Hee Lee

Management Committee

COSMAX operates the Management Committee, composed of three executive directors, to maximize the investment effectiveness of major management issues such as credit extensions, factory construction, and investment decisions. The committee carefully reviews the necessity and feasibility of key agenda items and has documented Management Committee regulations to ensure professional and systematic operations. In accordance with these regulations, meetings are convened as needed when agenda items arise, allowing for in-depth discussions. For significant matters requiring BOD approval, the committee first deliberates and passes resolutions, which are then submitted to the BOD for final review and approval. In 2024, the Management Committee held a total of 14 meetings and deliberated 18 resolutions¹⁾. The average attendance rate of the Management Committee was 95%.

¹⁾ No objections or revision requests raised.

ESG Committee

The COSMAX ESG Committee, established in 2023, is composed of one Executive Director and one Independent Director. The ESG Committee manages and oversees ESG management strategies and mid- to long-term goals to implement sustainable management practices and makes decisions in response to ESG risks. In 2024, the ESG Committee held two meetings and deliberated on 4 reporting items and 4 resolutions¹⁾. The average attendance rate of the ESG Committee was 100%.

¹⁾ No objections or revision requests raised.

Key Reporting Items of the ESG Committee

Category	Reporting Items
2024	<ul style="list-style-type: none"> • Approval of new and revised ESG-related policies • Approval of company-wide ESG management strategy framework • Approval of carbon neutrality roadmap development plan • Report on enhanced supply chain management and carbon management support plans for suppliers • Report on human rights impact assessment progress and human rights report publication plan • Report on 2024 materiality assessment results and 2025 plan • Report on anti-corruption and compliance management system review
2025	<ul style="list-style-type: none"> • Approval of climate risk management plan and carbon neutrality roadmap • Report on sustainability report publication plan and materiality assessment results • Report on human rights management status • Report on biodiversity expansion plan • Report on strengthened supply chain risk management and expanded Scope 3 carbon management activities

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Board of Directors

Compensation Committee

COSMAX established the Compensation Committee in March 2025 to ensure fair evaluation and a reasonable compensation system. The committee is composed of one Executive Director and two Independent Directors, with a majority of Independent Directors in accordance with relevant laws, thereby strengthening independence and objectivity. The Compensation Committee systematically evaluates the performance of the management team and deliberates and determines compensation standards and levels to ensure appropriate and reasonable remuneration. In addition, the committee promotes transparent communication through the BOD to enhance transparency in executive compensation and increase shareholder value, while actively reflecting shareholder feedback and expectations.

Independent Director Nomination Committee

To enhance transparency and fairness in the appointment of Independent Directors, COSMAX established the Independent Director Nomination Committee in March 2025. The committee is composed of one Executive Director and two Independent Directors, with a majority of Independent Directors in accordance with relevant regulations, thereby strengthening its independence and objectivity. Based on established operational criteria, the committee thoroughly reviews the qualifications and background required of Independent Directors and recommends candidates who can meaningfully contribute to the company's management.

External Auditor Appointment Committee

COSMAX has established and implemented a transparent and fair process for appointing external auditors. The External Auditor Appointment Committee is composed of major shareholders, institutional investors, creditors, the company's auditor, and independent directors, thereby reflecting the views of various stakeholders. By strengthening the role of the auditor, COSMAX enhances the independence and expertise of external audits. Each quarter, the auditor thoroughly reviews the results of external audit activities. This process includes comprehensive assessments of audit methodology adequacy, compliance with government policies, and the potential for independence impairment. Auditors and external auditors also engage in in-depth discussions on key items in the financial statements and critical audit issues. In 2024, a total of five in-person and written meetings were held to strengthen communication. The external auditor submits an annual audit plan to the auditor and provides reports and consultations on internal control over financial reporting and management risks during each audit, thereby enabling a systematic and effective external audit framework.

Audit

COSMAX is not subject to the mandatory establishment of an audit committee under the Commercial Act and instead operates a full-time auditor system to ensure transparency in management. The full-time auditor is responsible for the prevention and response to corporate risks and represents the company in legal proceedings involving directors and the company. The auditor holds key authorities, including the right to consent to the Board's approval of financial statements, the right to approve amendments to the Internal Controls over Financial Reporting, and the authority to approve the Audit Selection Committee and appoint external auditors. To ensure timely responses to potential risks, the auditor is also granted the right to request the convening of an extraordinary general shareholders' meeting. COSMAX guarantees the auditor's independence by providing access to all relevant books, records, business operations, and management information. Where necessary, the auditor is supported in obtaining expert opinions at the company's expense. Directors are obligated to notify the auditor if they become aware of any misconduct or violations of laws or the Articles of Incorporation in the course of performing their duties. In 2024, the auditor conducted a total of 30 deliberative activities.

2024 Auditor Training Status

Category	No. of Trainings	Key Training Topics	Participating Auditor	Attendance Rate
Internal Training	5 sessions	• Overview of business operations, updates to the Internal Control over Financial Reporting system, etc.	Yong-Won Bang	100%
External Training	13 sessions	• Briefings on revised tax laws, understanding and responding to the Stewardship Code, etc.	Yong-Won Bang	100%



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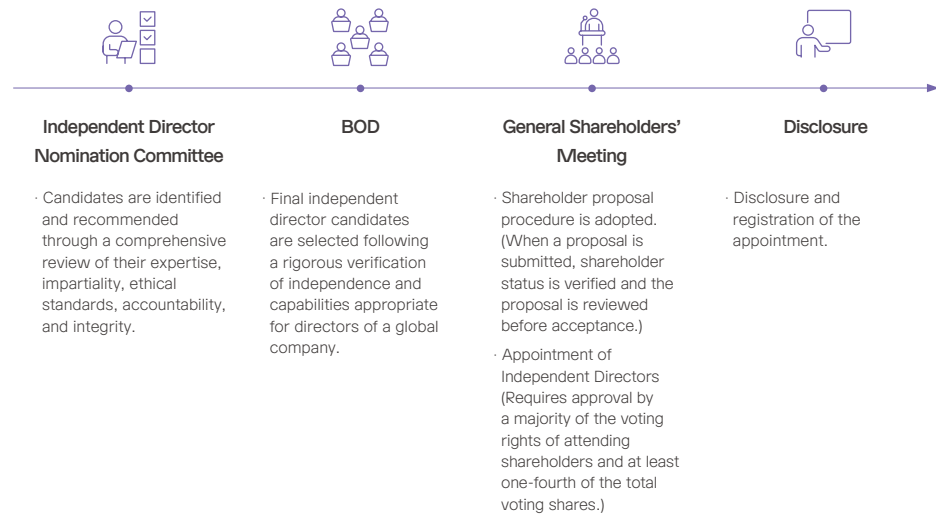
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Board of Directors

Director Appointment Process

COSMAX appoints directors through a thorough review by the BOD and the approval of the General Shareholders' Meeting in accordance with Article 35 of the Articles of Incorporation. The Independent Director Nomination Committee conducts a comprehensive review of candidates' expertise, impartiality, ethical responsibility, and integrity. To verify independence, the candidate's background and transaction history with the company are rigorously reviewed. To enhance the transparency and reliability of the appointment process, the BOD conducts an additional review of the candidates' qualifications and suitability before finalizing nominations. The appointment of directors requires the approval of a majority of voting rights held by shareholders present and at least one-fourth of the total number of shares with voting rights. In cases where two or more directors are appointed, the cumulative voting system does not apply. COSMAX strives to ensure independence, expertise, and diversity throughout the director nomination and appointment process, eliminating discrimination based on race, nationality, gender, place of origin, religion, or other factors.

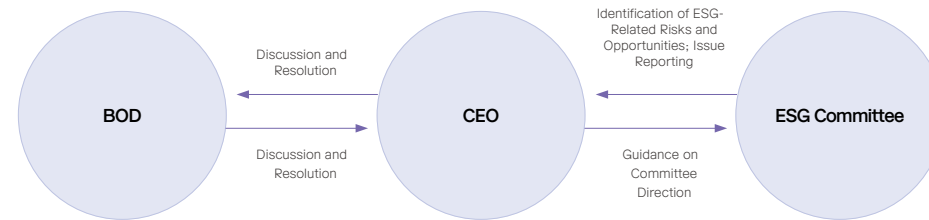
Independent Director Appointment Process



ESG Responsibilities and Activities of the BOD

COSMAX has established a Board-level ESG management and oversight framework to enhance the execution of ESG management and strengthen the company-wide ESG governance system. The BOD receives reports on key ESG issues and risks through the CEO and reviews and approves major decisions such as the ESG management strategy and mid- to long-term goals set by the ESG Committee. In particular, the Board reinforces its oversight of key ESG risks, including climate change and health and safety, and engages in strategic decision-making to advance ESG management. Through these efforts, COSMAX aims to enhance the transparency of ESG practices and grow as a sustainable company.

ESG Decision-Making Structure



Matters Reported to and Deliberated by the ESG Committee

1. Establishment and implementation of the company's ESG management strategy and mid- to long-term goals
2. Planning of detailed ESG action items
3. Response measures to ESG risks including external regulations
4. Action plans for ESG-related improvements
5. Formulation and management of key ESG-related policies
6. Enactment and revision of ESG-related regulations
7. Other ESG-related matters deemed necessary by the committee

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Board of Directors

Shareholder Return Policy

COSMAX has established and implemented a structured shareholder return policy to strengthen business competitiveness and enhance shareholder value. As part of this policy, when profits are generated, dividends are distributed at a level equivalent to approximately 30% of the separate net profit. The size of the dividend is determined by taking into account overall business performance, investment scale, and financial condition. To ensure shareholders' right to know, dividend-related decisions are promptly disclosed upon resolution by the BOD and are transparently shared through the company website and the Data Analysis, Retrieval and Transfer System (DART). COSMAX will continue to pursue sustainable shareholder return activities to promote shared growth with its shareholders.

Exercise of Shareholder Proposal Rights

To enhance shareholder voting convenience, COSMAX introduced the electronic voting system in 2016 and expanded its application to all shareholders' meetings starting in 2020. In addition, voting rights may be exercised through various methods such as direct distribution and mail, minimizing time and location constraints on shareholders' participation. To strengthen shareholder rights, COSMAX grants the right to propose agenda items to shareholders who hold at least 3% of the total issued shares, excluding non-voting shares. Although no shareholder proposals have been submitted over the past three years, any future proposals will be reviewed and handled appropriately in accordance with applicable laws and internal regulations.

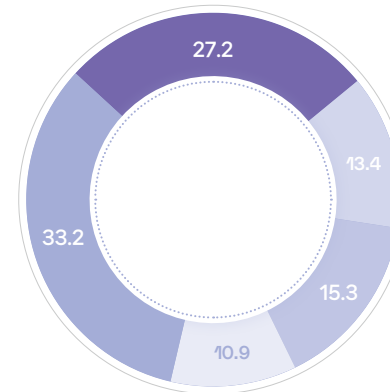
Strengthening Shareholder Communication

COSMAX is committed to enhancing corporate value through transparent information disclosure and active communication with shareholders. We disclose our management status each year through annual business reports and corporate governance reports. It also actively engages with investors by participating in conferences hosted by securities firms and domestic and international Non-Deal Roadshows (NDRs) to gather investor feedback. In addition, the IR department operates direct communication channels with individual shareholders to address their opinions and requests. IR materials are also made available through the company's website to improve shareholders' understanding of and trust in corporate management. To further enhance information accessibility for foreign investors, COSMAX operates an English website. Going forward, COSMAX will continue to strengthen transparency in corporate management and enhance shareholder value by maintaining open and effective communication with shareholders and investors.

Shareholder Composition and Status

As of December 31, 2024, COSMAX had a total of 11,349,509 issued shares, all of which are common shares. The shareholder composition consists of: COSMAX BTI, the largest shareholder, holding 27.2%, National Pension Service, 13.4%, Domestic institutional investors, 15.3%, Domestic individual investors and others, 10.9%, Foreign investors, 33.2%. COSMAX guarantees the fundamental rights of shareholders in accordance with the Commercial Act and related laws to enhance shareholder value. Through the Corporate Governance Charter, we have established an institutional foundation for protecting shareholder rights. In addition, COSMAX strives to enhance long-term shareholder value by providing fair and timely information to all shareholders, supporting the exercise of voting rights, and implementing a sound dividend policy.

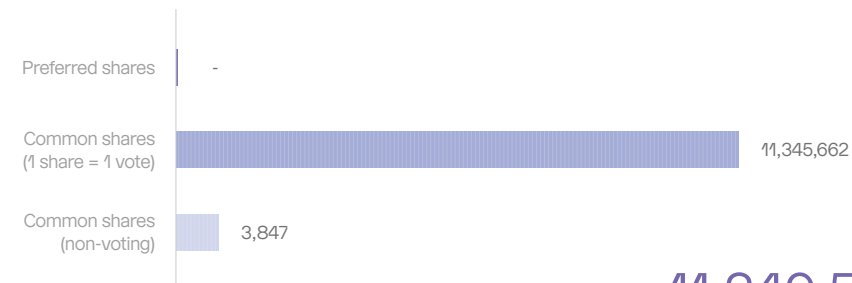
Shareholder Composition



COSMAX BTI	27.2%
National Pension Service	13.4%
Domestic institutional investors	15.3%
Domestic individual and others	10.9%
Foreign investors	33.2%

* As of End-December 2024

Stock Issuance Status



* As of End-December 2024

Total number of issued shares

11,349,509

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Ethical and Compliance Management

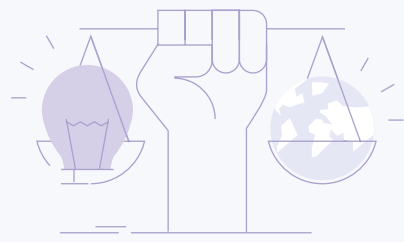
COSMAX operates a dedicated organization to implement ethical and compliance management and has established a system that enables the early identification and correction of violations through regular monitoring and reporting channels. In addition, all employees are required to complete ethics and compliance training and sign a pledge to internalize an ethical corporate culture. COSMAX will continue to strengthen its ethical and compliance management in alignment with global standards and grow into a trusted company.

Key Policy

[COSMAX Ethics Charter and Code of Conduct](#)



UN SDGs



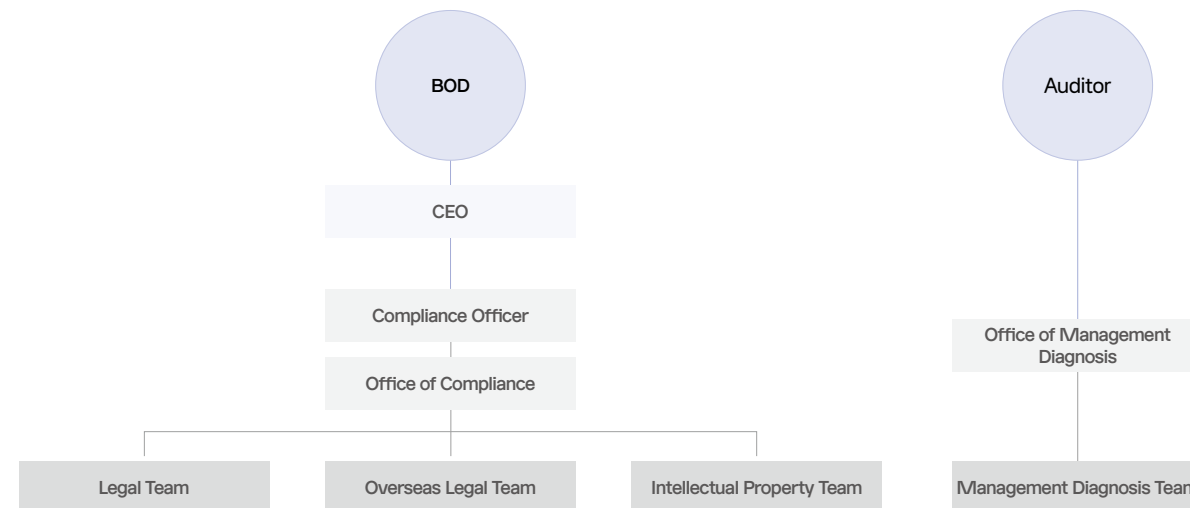
Ethics and Anti-Corruption Policy

As a global ODM company, COSMAX is committed to adopting 'BARUM (Ethical Business Practices)' as our management philosophy, adhering to laws and ethics in all business activities, and fostering a clean corporate culture to earn the trust of all stakeholders. To achieve this, COSMAX has established an ethics policy that includes a code of ethics for all employees and built a structured ethical management system to promote the practical implementation of ethical management. In addition, compliance with ethical and legal standards is mandatory for all employees, and COSMAX continuously manages the ethical and compliance management system to become an honest and transparent company.

Compliance and Ethical Management System

COSMAX has established a compliance and ethical management system to foster a clean corporate culture and has defined compliance control standards to manage ethical risks. A compliance officer, appointed under the CEO, provides guidance on the Anti-Graft Act and subcontracting legal issues and conducts related training on a regular basis. The compliance officer also participates in the Management Committee within the BOD to oversee compliance matters in management and works with a support organization, composed of the legal and overseas legal teams, to prevent and monitor compliance and ethical management risks.

Ethical and Compliance Management Organizational Chart



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Ethical and Compliance Management

Compliance Officer

Name	Position	Career
Yong-Seok Jeon	Director	<ul style="list-style-type: none"> • Korea University Law School, Intellectual Property Major • Samsung Electronics • KT Corporation • Legal Director and Lawyer of COSMAX

Key Activities of the Compliance Officer

Category	Target	Content
Internal instructions, notifications	Related department posting	• Provide a guide to anti-graft laws and a legal guide to subcontracting
Internal instructions, notifications	Related department posting	• Provide guidance on fair trade laws
Training	Executives and employees	<ul style="list-style-type: none"> • Anti-graft law compliance training (new employee training) • Compliance officer system-related training
Company operations inspection	Executives and employees	• Participation in the Management Committee (compliance check on company operations)

Compliance Support Organization

Department (Team)	No. of Staff	Position(s)	Key Activities
Legal Team	2	Including General Manager	• Preventive activities and compliance checks related to compliance control standards
Overseas Legal Team	4	Including Manager	• Compliance control and legal review for overseas business operations and preventive measures

Ethics and Anti-Corruption Risk Management

Ethical Management Risk Assessment

In 2024, COSMAX conducted an ethics management risk assessment across all business sites. To conduct an internal audit of the management process and current status of research and laboratory equipment, we reviewed the equipment inspection process, cross-checked records, and conducted on-site inspections to assess any asset loss. No irregularities were found in the assessment results.

Ethics and Compliance Sanction Status

Category	Unit	2022	2023	2024
Ethics and compliance sanctions ¹⁾	Cases	0	0	0

¹⁾ Includes monetary and non-monetary sanctions related to anti-corruption, bribery and entertainment, general unfair trade practices, unfair collaborative actions, facilities, quality and safety, unfair support and inside trading, subcontracting, intellectual property rights, etc.

Operation of Legal Management System

COSMAX supports swift legal responses through our legal team and in-house attorneys to manage legal risks. For efficient legal management, we operate the Legal Management System (LMS), which supports contract-related tasks of the working departments and monitors compliance and ethical management. We have also expanded the number of contracts that can be registered to enhance the convenience of the responsible personnel. Before contracts are finalized, we review the contract contents and applicable laws, provide legal advice, and include standardized contract elements to minimize legal risks associated with internal contracts.

Operation of Intellectual Property Infringement Prevention System

COSMAX has built and operated an intellectual property infringement prevention system to avoid infringing on the patents of others and to enhance our own technological capabilities and research foundation. We analyze domestic and overseas cosmetic-related patents and share the findings with internal staff. If a self-developed cosmetic product contains ingredients that fall within the scope of another company's patent rights, the system issues an automatic notification to prevent potential infringement. Additionally, we obtain a Free-To-Operate (FTO) report from external agents prior to product launch to ensure legal safety.

ISO 37001 and ISO 37301 Certification

COSMAX adopted and obtained certifications for the Anti-Bribery Management System (ISO 37001) and the Compliance Management System (ISO 37301) in 2024 to establish a transparent and fair corporate culture and to strengthen ethical management. Through the implementation of these two management systems, we conduct annual company-wide assessments of anti-bribery and compliance risks, and establishes risk mitigation plans to address high-risk areas as well as prevent unfair trade and anti-competitive practices. In addition, both internal audits and external certification processes are used to verify the effectiveness of these measures. We aim to expand ISO 37001 certification to all business sites by 2030 and will continue to reinforce anti-bribery and compliance framework. As of 2024, 100% of COSMAX's production sites hold both the ISO 37001 and ISO 37301 certifications.

ISO 37001 and ISO 37301 Certification Status

Category	Certified Sites
ISO 37001 Korea	Hwaseong Plant 1, Hwaseong Plant 2, Pyeongtaek Plant 1, Pyeongtaek Plant 2, Pangyo R&I Center
ISO 37301 Korea	Hwaseong Plant 1, Hwaseong Plant 2, Pyeongtaek Plant 1, Pyeongtaek Plant 2, Pangyo R&I Center

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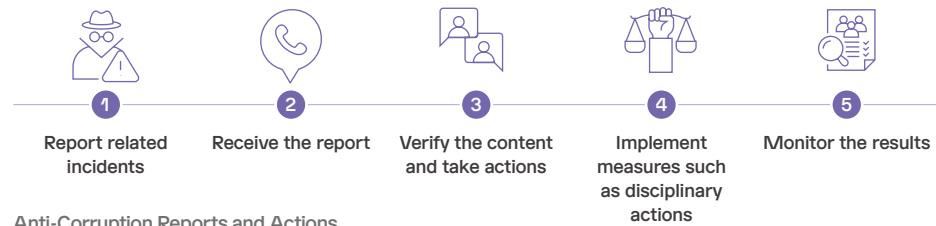
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Ethical and Compliance Management

Operation of the Ethics and Compliance Reporting System

COSMAX has operated internal grievance channels including a suggestion box and 'Sinmungo', and in 2024, introduced an external reporting platform, 'Red Whistle', to expand accessibility for both internal and external stakeholders such as employees and suppliers. To fulfill our obligation to protect whistleblowers, we strictly safeguard their anonymity and ensure all reports are responded to and followed up with appropriate measures. To verify the authenticity of each report, supporting evidence and on-site inspections are conducted, and interviews with relevant individuals are arranged when necessary. In cases where violations of the code of ethics or corrupt practices are clearly identified, the matter is referred to the personnel committee to determine disciplinary actions. A total of 12 reports were submitted through Sinmungo and Red Whistle in 2024, all of which were processed in full accordance with internal procedures under strict confidentiality.

Anti-Corruption Reporting Process



Anti-Corruption Reports and Actions

Category		Unit	2022	2023	2024
Reports and consultation (per stakeholder)	Total	Cases	5	2	12
	Member	Cases	5	2	11
	Suppliers	Cases	0	0	1
	Customer	Cases	0	0	0
Reports and consultation (per report type)	Total	Cases	5	2	12
	Human rights	Cases	0	0	0
	Ethical consultation / reports	Cases	3	1	10
	Customer complaints	Cases	0	0	0
Actions ¹⁾	Simple and current issues	Cases	2	1	2
	Analysis (audit)	Cases	5	2	11
	Transferred to related departments	Cases	3	1	1

1) Investigations are conducted for all reports received.

Embedding an Ethical and Compliance Culture

Approval Required for Sensitive Transactions

COSMAX ensures that all members strictly adhere to the ethics charter and code of conduct to prevent sensitive transactions such as gifts and entertainment, and to uphold the principle of not accepting any money or valuables. If it is unavoidable to receive gifts or other valuables, the member must politely refuse and return them. In cases where sensitive transactions occur, they must be approved and processed according to the procedures set forth in the ethics charter.

Code of Conduct Violations and Actions

Category	Unit	2022	2023	2024
No. of code of conduct violations ¹⁾	Cases	2 ³⁾	0	0
Actions for violations ²⁾	Cases	4 ⁴⁾	0	0

1) Types of code of conduct violations: Embezzlement, corruption and bribery, non-compliance with ethical standards, violation of safety, health and environmental regulations, sexual harassment, negligence in duty, discrimination and harassment, conflict of interest, breach of customer privacy, money laundering or insider trading, reporting and disclosure of violations.

2) Types of disciplinary actions: dismissal, suspension, reduction in salary, reprimand, warning, caution

3) Non-compliance with ethical standards: 1 case, Negligence in duty: 1 case

4) Four individuals are involved receiving different actions although there are only two reported violations, hence there are difference between the number of violations and actions taken.

Ethics and Anti-Corruption Training

All COSMAX members have signed the code of ethics to actively participate in the practice of ethical management. Through regular ethics and compliance training, we cultivate a sense of responsibility and prevent unethical behavior and legal violations. The compliance officer provides training on the Anti-Graft Act and the three Fair Trade Acts for all employees, along with legal guides related to these acts. The compliance officer also trains employees on the concept of corruption, the anti-corruption code of conduct, types of corruption, the importance of reporting, and methods for reporting corrupt practices. As of 2024, 100% of the training targets completed the training.

Legal Capability Enhancement Training

COSMAX regularly supports external professional training for the legal team to enhance its legal capabilities. The legal team shares the training content and relevant issues with internal working departments to provide practical legal advice. Furthermore, systematic basic legal training is offered to new employees to improve their legal understanding and establish a culture of compliance.

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Risk Management

In a rapidly changing global business environment, proactive risk management is a core competency for creating sustainable corporate value. As internal and external uncertainties continue to grow, the ability to preemptively identify and respond to risks has become a critical factor for business survival. COSMAX has established an enterprise-wide integrated risk management system and implements tailored response strategies by risk type.

Key Policy

COSMAX Tax Policy



Risk Management System

COSMAX has established a system to systematically identify internal and external risks that may arise in business activities, and develop risk mitigation measures, taking into account the relevance to key stakeholders. Through a company-wide risk management process, we identify and review risks, including those related to subsidiaries, and conduct regular monitoring and effectiveness evaluations. The risk management system operates under the review and approval of the Chief Risk Officer (CRO) and is reflected in decision-making across business operations.

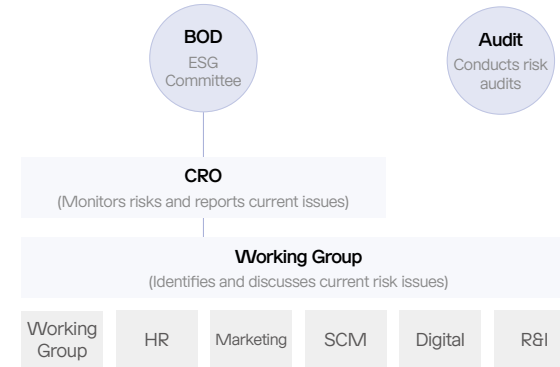
Key Issues and Stakeholder Groups

Category	Key Issues	Stakeholder Type
Internal Issues	• Human resources, materials, capital, information, time, quality, brand image	• Shareholders, BOD, employees
External Issues	• Customers, competitors, economy, politics & society, technology, information, environment, safety & health	• Customers, suppliers, government agencies, associations, neighboring companies, local communities

Risk Management Governance

COSMAX has established and operates a risk management governance system centered on the BOD and the CRO to ensure systematic risk management. The BOD provides final oversight and strategic direction for risk management, deliberating and making decisions on key risk issues. The CRO oversees the company-wide risk monitoring system, regularly checks on current issues, and is responsible for managing the overall risk management framework. The audit organization independently assesses the adequacy and effectiveness of the risk management system, while the working group identifies and discusses risk issues occurring at each business site to support prompt response. Through this multi-layered risk management governance system, COSMAX secures management stability, strengthens stakeholder trust, and contributes to building a sustainable business environment.

Risk Management Governance



Risk Management Process

COSMAX operates a systematic risk management process. We review business conditions, identify risks, and understand the needs and expectations of stakeholders to uncover potential risk factors. These are then analyzed and evaluated to establish specific response measures for each risk. Risk issues identified through monthly task force committee meetings are analyzed, and preventive actions are discussed. Once improvements are completed, the measures are reflected in business processes, and their effectiveness is assessed through active monitoring. In addition, we conduct quarterly risk assessments four times a year to identify new risks and minimize management risks. All risk management processes are carried out under the review and approval of the Chief Risk Officer (CRO).

Risk Management Process

Risk Identification	Risk Analysis and Assessment	Decision on the Actions	Monitoring	Regular Review
<ul style="list-style-type: none"> Internal and external issues Understand stakeholders' needs and expectations 	<ul style="list-style-type: none"> Consider the desirable and undesirable impacts of risks Possibility of improving risks 	<ul style="list-style-type: none"> Continuously reflect additional measures in the work process, if necessary 	<ul style="list-style-type: none"> Conduct monthly monitoring Evaluate the effectiveness of actions taken 	<ul style="list-style-type: none"> Review risk assessments quarterly (4 times per year) Identify new risks

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Risk Management

Integrated Risk Management System

COSMAX systematically identifies and defines financial and non-financial risks based on internal conditions and changes in internal and external environments. We prioritize risks through quarterly evaluations, using criteria such as impact and tolerance levels. Risk management governance is centered around the ESG Committee, CRO, and working-level groups, and is used to drive activities related to core and potential risks. COSMAX will continue to proactively respond to the evolving business environment and maximize stakeholder trust and corporate value.

Integrated Risk Management System



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Risk Definition and Mitigation Measures

Financial and Non-Financial Risks

COSMAX identifies a wide range of risks that may affect business operations in advance and operates a risk management system to respond systematically. We categorize risks into financial and non-financial elements and conduct sensitivity analysis and stress tests for each risk at least once a year. In addition, we continuously monitor the status of risk management to prevent potential issues and ensure a stable business environment.

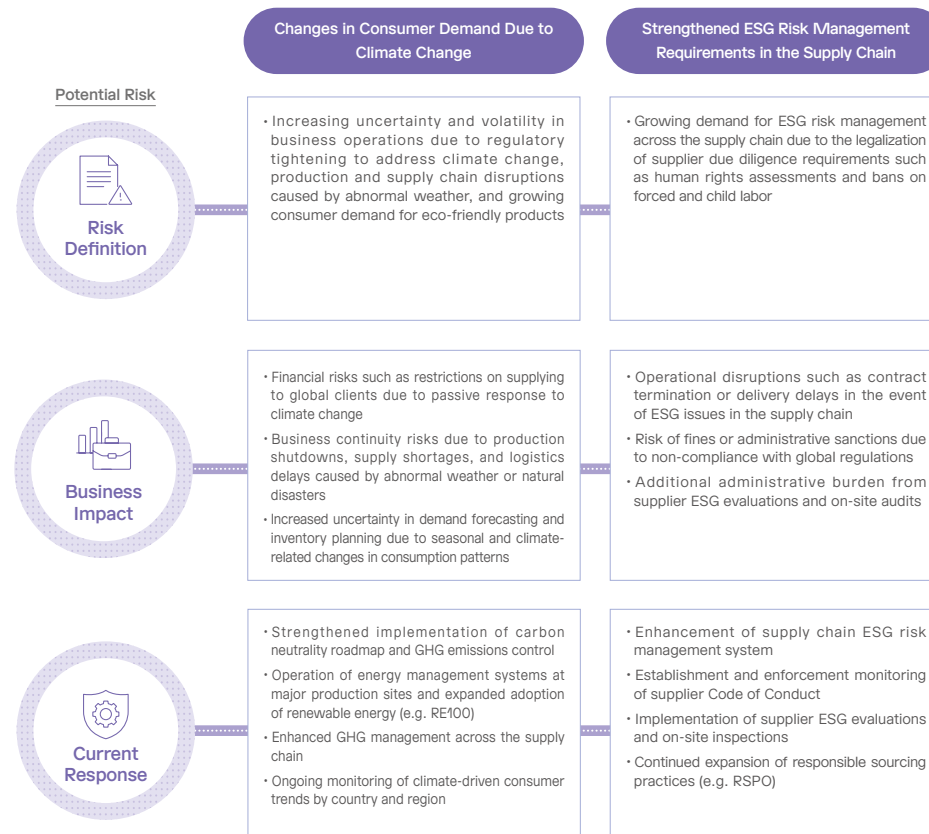
Identification and Response to Financial and Non-Financial Risks

Risk Type	Business Impact	Response Measures
Financial Risks	Economic and financial risk	<ul style="list-style-type: none"> Decreased profitability due to exchange rate and interest rate fluctuations Minimize foreign exchange exposure by conducting business and financial transactions primarily in local currencies Maintain a balance between fixed-rate and floating-rate borrowings
	Liquidity risk	<ul style="list-style-type: none"> Risk of cash shortfall due to difficulties in short-term funding Establish short- and mid-to-long-term funding plans and continuously monitor financial markets
Non-Financial Risks	Environmental risk	<ul style="list-style-type: none"> Natural disasters such as abnormal climate events caused by climate change Increased compliance costs due to stricter environmental regulations and rising demand for eco-friendly products Establish a 2050 carbon neutrality strategy Continuously monitor regulatory trends in operating sites and client countries
	Human rights risk	<ul style="list-style-type: none"> Reputational risk due to failure to meet international ethical standards amid increasing demands for improved labor conditions Identify and address risks through human rights impact assessments Strengthen human rights training for employees
	Safety risk	<ul style="list-style-type: none"> Production disruptions due to physical and chemical accidents at business sites Enhance safety investments and expand safety training for employees Conduct simulation drills assuming emergency situations
	Compliance and ethical risk	<ul style="list-style-type: none"> Legal liabilities related to violations of key laws such as fair trade and product safety Mitigate risks through compliance activities
	Supply chain risk	<ul style="list-style-type: none"> Increased need for management due to supply chain sustainability regulations Delays in raw material procurement and production disruptions due to global supply chain instability Strengthen monitoring of supply chain sustainability Expand registration of raw materials through diversification
	Product risk	<ul style="list-style-type: none"> Brand trust damage and customer attrition due to product safety issues Establish a risk assessment system for potential product quality issues Conduct safety reviews at the product development stage

Potential Risks

In addition to key risks managed from both financial and non-financial perspectives, COSMAX identifies and addresses potential risks. To this end, we regularly define potential risk factors arising from changes in the business environment and ESG trends, and establish response measures accordingly.

Identification and Response to Potential Risks



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Risk Management

Financial and Tax Risk Management

COSMAX operates a dedicated organization to ensure systematic financial and tax risk management. We regularly monitor potential risks arising from changes in domestic and international tax laws. In addition, we identify financial risk factors in advance and establish response plans to maintain financial soundness. By adhering to transparent tax policies and fulfilling our tax obligations in good faith, we strive to build trust with shareholders and stakeholders.

Internal Accounting Control System

COSMAX enforces transparent financial execution by setting standards for each fund execution and tax item, including investment spending, general costs, and regular expenses. We review financial operations, including the management costs of the business year, through the internal audit organization and report any issues identified to the BOD. In addition, we conduct an annual audit of the internal accounting control system through external auditors to assess the adequacy of our internal control systems. To prevent violations of internal accounting control regulations, we operate an internal accounting reporting system and strictly protect the identity of reporters to prevent any disadvantage upon reporting.

Internal Accounting Management Process



Tax Management

COSMAX complies with tax laws and policies at all domestic and overseas business sites. We strictly prohibit income transfers between countries that exploit differences in tax structures and forbid all actions related to tax evasion and undue tax reduction. In doing so, we fulfill our social responsibilities and obligations as a diligent taxpayer.

Tax Strategy

- Process all transactions transparently in accordance with K-IFRS
- Pay corporate and other taxes based on the tax laws and accounting standards of each country
- Identify national tax laws proactively to minimize tax risks
- Review the accounting of tax adjustments, current corporate taxes, and deferred corporate taxes thoroughly

Tax Status

(Unit: KRW million)

Country	Korea	China	USA	Indonesia	Thailand	Malaysia	Philippines	Japan	Total
Amount	34,968	5,780	-	3,173	-	-	1	10	43,932

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Financial Performance

Consolidated Financial Statement

Category	Unit	2022	2023	2024
Total Assets	KRW thousand	1,396,450,505	1,557,077,275	1,933,713,489
[Current Assets]	KRW thousand	722,703,796	821,629,082	940,910,911
Cash and Cash Equivalents	KRW thousand	169,115,967	256,890,169	256,411,938
Accounts Receivable	KRW thousand	302,757,293	271,522,376	349,166,438
Current Financial Assets	KRW thousand	31,114,424	51,650,345	46,246,113
Current Inventories	KRW thousand	202,277,825	218,401,261	257,029,474
Current Income Tax Assets	KRW thousand	668,290	102,234	1,236,583
Other Current Assets	KRW thousand	16,769,997	23,062,697	30,820,365
[Assets Held for Sale]	KRW thousand	14,448,921	-	1,591,990
[Non-Current Assets]	KRW thousand	659,297,788	735,448,193	991,210,588
Non-Current Trade Receivables	KRW thousand	-	3,696,941	9,173,096
Non-Current Financial Assets	KRW thousand	31,445,663	45,480,326	54,904,793
Investments in Subsidiaries, Joint Ventures, and Associates	KRW thousand	38,225,225	36,192,549	974,927
Tangible Assets	KRW thousand	490,557,497	546,758,373	778,436,715
Intangible Assets and Goodwill	KRW thousand	49,587,207	54,324,586	62,983,450
Investment Property	KRW thousand	8,646,768	8,513,182	8,380,031
Deferred Income Tax Assets	KRW thousand	38,548,579	38,041,116	64,250,968
Other Non-Current Assets	KRW thousand	2,286,849	2,441,120	12,106,608
Total Liabilities	KRW thousand	952,203,952	1,198,515,835	1,424,903,003
[Current Liabilities]	KRW thousand	811,975,090	989,364,240	1,114,158,040
[Non-Current Liabilities]	KRW thousand	140,228,862	209,151,595	310,744,963

Category	Unit	2022	2023	2024
Total Equity	KRW thousand	444,246,553	358,561,439	508,810,486
[Controlling Interest]	KRW thousand	581,125,288	362,516,946	473,397,932
Capital Stock	KRW thousand	5,674,755	5,674,755	5,674,755
Capital Surplus	KRW thousand	286,766,779	28,524,663	28,463,414
Other Components of Equity	KRW thousand	(300,167)	(300,167)	(300,167)
Accumulated Other Comprehensive Income	KRW thousand	21,439,989	15,550,821	55,984,447
Retained Earnings	KRW thousand	267,543,932	313,066,874	383,575,483
[Non-Controlling Interest]	KRW thousand	(136,878,735)	(3,955,507)	35,412,554

Consolidated Statement of Comprehensive Income

Category	Unit	2022	2023	2024
Sales Revenue	KRW thousand	1,600,125,770	1,777,494,448	2,166,089,637
Operating Profit	KRW thousand	53,100,854	115,685,780	175,395,279
Net Profit (Loss)	KRW thousand	(16,446,827)	37,799,983	88,417,412
Controlling Interest	KRW thousand	20,847,691	57,137,183	85,796,823
Non-Controlling Interest	KRW thousand	(37,294,518)	(19,337,200)	2,620,588
Basic Earnings per Share (Loss)	KRW thousand	1,838	5,036	7,562
Number of Companies Under Consolidation	Numbers	26	26	31

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Non-Financial Performance

Environmental Indicators

Greenhouse Gas

Emissions (Scope 1,2)¹⁾

Category		Unit	2022	2023	2024
Total GHG emissions (Scope 1, 2) ²⁾		tCO ₂ eq	37,938	42,495	47,426
Direct GHG emissions (Scope 1) ²⁾		tCO ₂ eq	4,948	5,486	5,577
Domestic	Total	tCO ₂ eq	2,303	2,571	2,967
	COSMAX				
	Hwaseong Plant ³⁾	tCO ₂ eq	1,696	1,886	1,874
	Pyeongtaek Plant ⁴⁾	tCO ₂ eq	427	514	931
	Pangyo R&I Center ⁵⁾	tCO ₂ eq	180	170	162
	COSMAX Hyangyakwon	tCO ₂ eq	2	5	4
	CM Tech	tCO ₂ eq	4	1	23
	COSMAX NEO	tCO ₂ eq	82	63	76
	COSMAX China	tCO ₂ eq	1,405	1,449	1,032
	COSMAX Guangzhou	tCO ₂ eq	127	100	66
Overseas	COSMAX Thailand	tCO ₂ eq	47	71	79
	COSMAX Indonesia	tCO ₂ eq	211	253	251
	COSMAX USA	tCO ₂ eq	767	865	699
	YATSEN Biotechnology	tCO ₂ eq	-	-	179
	PELEY Cosmetics ⁶⁾		-	107	200
	Indirect GHG emissions (Scope 2) ²⁾	tCO ₂ eq	32,991	37,009	41,850
Domestic	Total	tCO ₂ eq	8,746	9,450	13,345
	COSMAX				
	Hwaseong Plant ³⁾	tCO ₂ eq	6,350	6,901	6,781
	Pyeongtaek Plant ⁴⁾	tCO ₂ eq	1,399	1,716	5,452
	Pangyo R&I Center ⁵⁾	tCO ₂ eq	998	833	1,111
	COSMAX Hyangyakwon	tCO ₂ eq	76	83	93
	CM Tech	tCO ₂ eq	140	170	221
	COSMAX NEO	tCO ₂ eq	1,542	1,706	1,824

Category		Unit	2022	2023	2024
Overseas	COSMAX China	tCO ₂ eq	13,515	14,017	12,149
	COSMAX Guangzhou	tCO ₂ eq	5,599	6,625	5,686
	COSMAX Thailand	tCO ₂ eq	739	798	1,032
	COSMAX Indonesia	tCO ₂ eq	2,187	1,940	2,253
	COSMAX USA	tCO ₂ eq	447	763	953
	YATSEN Biotechnology	tCO ₂ eq	-	-	1,906
PELEY Cosmetics ⁶⁾	tCO ₂ eq	-	1,456	2,389	
Intensity of GHG emissions (Scope 1, 2) ⁷⁾	tCO ₂ eq / sales in KRW 100 million	2.18	2.18	2.01	
GHG emissions (Scope 1, 2) target	tCO ₂ eq / sales in KRW 100 million			2.12	

1) Rounding up to the whole number for reporting purposes may result in differences of less than 1 tCO₂ in the total value

2) Increase in emissions is due to expansion of the calculation boundary.

3) Including data from Hwaseong Plant 1, Hwaseong Plant 2, Finished Product Warehouse, and COSMAX ICURE (January 2022 to June 2024)

4) Including data from Pyeongtaek Plant 1, Pyeongtaek Plant 2, Sub-Material Warehouse, CM Tech, and COSMAX ICURE (July to December 2024)

5) Including data from Pangyo R&I Center E-dong and Pangyo R&I Center F-dong

6) Including CM Tech China

7) Increase in emissions is due to expansion of the calculation boundary. Including domestic subsidiaries and overseas corporations; based on the financial statements of each entity

Other Emissions (Scope 3)¹⁾

Category		Unit	2022	2023	2024
Other indirect GHG emissions (Scope 3) ²⁾		tCO ₂ eq	6,977	10,935	39,888
(C1) Purchased goods and services	tCO ₂ eq	4,174	4,592	5,253	
(C2) Capital goods	tCO ₂ eq	1,224	2,428	25,265	
(C3) Fuel- and energy-related activities	tCO ₂ eq	196	894	2,294	
(C5) Waste generated in operations	tCO ₂ eq	696	656	573	
(C6) Business travel	tCO ₂ eq	493	697	793	
(C7) Employee commuting	tCO ₂ eq	194	213	1,540	
(C9) Downstream transportation and distribution	tCO ₂ eq	-	1,455	4,170	

1) Based on COSMAX operations

2) Increase in emissions is due to expansion of the calculation boundary.

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Non-Financial Performance

Energy¹⁾

Consumption

Category	Unit	2022	2023	2024
Total energy consumption	TJ	665.3	743.4	869.6
- Non-renewable energy consumption	TJ	657.6	735.3	847.2
- Renewable energy consumption	TJ	7.8	8.1	22.4
Intensity of energy consumption ²⁾	TJ / sales in KRW 100 million	0.04	0.04	0.04
Energy consumption target	TJ / sales in KRW 100 million			0.04

1) Increase in consumption is due to expansion of the calculation boundary.

2) Including domestic subsidiaries and overseas corporations; based on the financial statements of each entity

Non-Renewable Energy Consumption

Category	Unit	2022	2023	2024	
Total direct energy consumption	TJ	88.1	95.9	99.1	
Domestic	Total	TJ	41.0	42.0	52.8
	COSMAX				
	Hwaseong Plant ¹⁾	TJ	31.1	31.5	34.7
	Pyeongtaek Plant ²⁾	TJ	7.3	8.1	15.8
	Pangyo R&I Center ³⁾	TJ	2.7	2.3	2.4
	COSMAX Hyangyakwon	TJ	0.02	0.1	0.1
	CM Tech ⁴⁾	TJ	0.1	0.3	0.3
	COSMAX NEO	TJ	1.6	1.3	1.4
	Overseas				
	COSMAX China	TJ	23.6	26.0	17.0
COSMAX Guangzhou	TJ	2.7	2.2	1.3	
COSMAX Thailand	TJ	0.7	1.0	1.1	
COSMAX Indonesia	TJ	3.0	3.6	3.6	
COSMAX USA	TJ	15.2	17.2	13.9	
YATSEN Biotechnology	TJ	-	-	3.5	
PELEY Cosmetics ⁵⁾	TJ	-	2.3	3.9	

Category	Unit	2022	2023	2024	
Total indirect energy consumption ⁴⁾	TJ	569.5	639.4	748.1	
Domestic	Total	TJ	183.6	197.9	280.9
	COSMAX				
	Hwaseong Plant ¹⁾	TJ	132.7	144.2	141.7
	Pyeongtaek Plant ²⁾	TJ	29.2	35.8	113.9
	Pangyo R&I Center ³⁾	TJ	21.7	17.8	25.2
	COSMAX Hyangyakwon	TJ	1.6	1.7	1.9
	CM Tech	TJ	2.9	3.1	4.6
	COSMAX NEO	TJ	32.2	35.3	38.1
	Overseas				
	COSMAX China	TJ	210.0	217.9	196.9
COSMAX Guangzhou	TJ	83.1	96.4	83.5	
COSMAX Thailand	TJ	14.9	16.1	20.4	
COSMAX Indonesia	TJ	27.1	24.0	27.3	
COSMAX USA	TJ	14.0	24.5	25.0	
YATSEN Biotechnology	TJ	-	-	30.8	
PELEY Cosmetics ⁵⁾	TJ	-	22.6	38.7	

1) Including data from Hwaseong Plant 1, Hwaseong Plant 2, Finished Product Warehouse, and COSMAX ICURE (January 2022 to June 2024)

2) Including data from Pyeongtaek Plant 1, Pyeongtaek Plant 2, Sub-Material Warehouse, CM Tech, and COSMAX ICURE (July to December 2024)

3) Including data from Pangyo R&I Center E-dong and Pangyo R&I Center F-dong

4) Recalculation of data due to changes in the calculation criteria disclosed in the 2023 report

5) Including CM Tech China

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Energy

Renewable Energy Consumption

Category		Unit	2022	2023	2024
Total renewable energy consumption		TJ	7.8	8.1	22.4
Total		TJ	2.3	3.1	3.8
Domestic	COSMAX Hwaseong Plant ¹⁾	TJ	0.1	1.0	0.9
	Pyeongtaek Plant ²⁾	TJ	2.3	2.1	2.9
	COSMAX Hyangyakwon	TJ	0.2	0.2	0.2
	COSMAX NEO	TJ	0	0	0
Overseas	COSMAX China	TJ	-	-	6.5
	COSMAX Indonesia	TJ	1.9	1.9	1.9
	COSMAX USA	TJ	3.3	2.9	2.1
	YATSEN Biotechnology	TJ	-	-	8.0
Percentage of renewable energy consumption ³⁾		%	1.2	1.1	2.6

1) Including data from Hwaseong Plant 1 and Hwaseong Plant 2

2) Including data from Pyeongtaek Plant 1 and Pyeongtaek Plant 2

3) Renewable Energy Consumption / Total Energy Consumption (Non-Renewable Energy Consumption + Renewable Energy Consumption) X 100

Waste¹⁾

Discharge

Category		Unit	2022	2023	2024
Total waste discharge		ton	4,088	4,476	4,165
- General waste		ton	4,054	4,447	4,132
Total		ton	3,405	3,687	3,568
COSMAX	Hwaseong Plant ²⁾	ton	2,516	2,759	1,693
	Pyeongtaek Plant ³⁾	ton	888	929	1,875
	Pangyo R&I Center ⁴⁾	ton	0	0	0
COSMAX Hyangyakwon		ton	-	-	-
COSMAX NEO		ton	650	759	564
- Designated waste		ton	34	29	33
Total		ton	33	27	32
COSMAX	Hwaseong Plant ²⁾	ton	23	17	18
	Pyeongtaek Plant ³⁾	ton	3	2	5
	Pangyo R&I Center ⁴⁾	ton	7	8	9
COSMAX Hyangyakwon		ton	-	-	-
COSMAX NEO		ton	2	2	2
Intensity of waste discharge ⁵⁾		ton / sales in KRW 100 million	0.44	0.39	0.28
Waste discharge target		ton / sales in KRW 100 million	0.36		

1) Not subject to industrial waste discharger reporting: Finished Product Warehouse, Sub-Material Warehouse, R&I Center F-dong, COSMAX Hyangyakwon, CM Tech

2) Including data from Hwaseong Plant 1, Hwaseong Plant 2, Finished Product Warehouse, and COSMAX ICURE (January 2022 to June 2024)

3) Including data from Pyeongtaek Plant 1, Pyeongtaek Plant 2, Sub-Material Warehouse, CM Tech, and COSMAX ICURE (July to December 2024)

4) Including data from Pangyo R&I Center E-dong and Pangyo R&I Center F-dong

5) Including domestic subsidiaries; based on the financial statements of each entity

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Waste

Disposed¹⁾

Category	Unit	2022	2023	2024
Total waste disposed	ton	4,088	4,476	4,165
General waste	ton	4,054	4,447	4,132
- Incinerated	ton	482	444	326
	Total	482	444	326
COSMAX	Hwaseong Plant ²⁾	322	265	302
	Pyeongtaek Plant ³⁾	160	180	25
	Pangyo R&I Center ⁴⁾	0	0	0
COSMAX Hyangyakwon	ton	-	-	-
COSMAX NEO	ton	0	0	0
- Landfill	ton	120	120	213
	Total	120	120	213
COSMAX	Hwaseong Plant ²⁾	120	120	149
	Pyeongtaek Plant ³⁾	0	0	64
	Pangyo R&I Center ⁴⁾	0	0	0
COSMAX Hyangyakwon	ton	-	-	-
COSMAX NEO	ton	0	0	0
- Recycled	ton	3,453	3,882	3,592
	Total	2,803	3,123	3,028
COSMAX	Hwaseong Plant ²⁾	2,075	2,374	1,242
	Pyeongtaek Plant ³⁾	728	749	1,786
	Pangyo R&I Center ⁴⁾	0	0	0
COSMAX Hyangyakwon	ton	-	-	-
COSMAX NEO	ton	650	759	564

Category	Unit	2022	2023	2024
Designated waste ⁶⁾	ton	34	29	33
- Incinerated	ton	20	21	23
	Total	18	20	22
COSMAX	Hwaseong Plant ²⁾	11	12	12
	Pyeongtaek Plant ³⁾	0	0	1
	Pangyo R&I Center ⁴⁾	7	8	9
COSMAX Hyangyakwon	ton	-	-	-
COSMAX NEO	ton	2	2	2
- Recycled	ton	14	7	10
	Total	14	7	10
COSMAX	Hwaseong Plant ²⁾	12	5	5
	Pyeongtaek Plant ³⁾	3	2	5
	Pangyo R&I Center ⁴⁾	0	0	0
COSMAX Hyangyakwon	ton	-	-	-
COSMAX NEO	ton	0	0	0

1) All disposed by external consignment

2) Including data from Hwaseong Plant 1, Hwaseong Plant 2, Finished Product Warehouse, and COSMAX ICURE (January 2022 to June 2024)

3) Including data from Pyeongtaek Plant 1, Pyeongtaek Plant 2, Sub-Material Warehouse, CM Tech, and COSMAX ICURE (July to December 2024)

4) Including data from Pangyo R&I Center E-dong and Pangyo R&I Center F-dong

5) Recalculation of data due to changes in the calculation criteria disclosed in the 2023 report

6) No landfill disposal of designated waste

Recycling

Category	Unit	2022	2023	2024
Total recycled waste	ton	3,467	3,890	3,602
Total recycled waste rate ¹⁾	%	84.8	86.9	86.5

1) Including domestic subsidiaries; based on the financial statements of each entity

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Water

Consumption¹⁾

Category		Unit	2022	2023	2024
Total water consumption ²⁾		ton	480,208	528,624	610,283
- Tap water ²⁾		ton	480,208	528,231	609,397
Domestic	Total	ton	155,111	162,651	192,354
	COSMAX				
	Hwaseong Plant ³⁾	ton	99,817	99,629	98,160
	Pyeongtaek Plant ⁴⁾	ton	53,346	61,029	91,914
	Pangyo R&I Center ⁵⁾	ton	1,948	1,993	2,280
	COSMAX Hyangyakwon	ton	0	0	0
	COSMAX NEO	ton	13,646	16,750	13,982
	COSMAX China	ton	221,468	228,465	231,726
	COSMAX Guangzhou	ton	49,619	49,281	54,227
	COSMAX Thailand	ton	5,556	7,128	12,228
Overseas	COSMAX Indonesia	ton	31,754	33,500	34,724
	COSMAX USA	ton	3,054	6,606	3,054
	YATSEN Biotechnology	ton	-	-	31,562
	PELEY Cosmetics ⁶⁾	ton	-	23,850	35,540

Category		Unit	2022	2023	2024
- Groundwater		ton	0	393	886
Domestic	Total	ton	0	0	0
	COSMAX				
	Hwaseong Plant ³⁾	ton	0	0	0
	Pyeongtaek Plant ⁴⁾	ton	0	0	0
	Pangyo R&I Center ⁵⁾	ton	0	0	0
	COSMAX Hyangyakwon ⁷⁾	ton	0	393	886
	COSMAX NEO	ton	0	0	0
	COSMAX China	ton	0	0	0
	COSMAX Guangzhou	ton	0	0	0
	COSMAX Thailand	ton	0	0	0
Overseas	COSMAX Indonesia	ton	0	0	0
	COSMAX USA	ton	0	0	0
	YATSEN Biotechnology	ton	-	-	0
	PELEY Cosmetics ⁶⁾	ton	-	0	0
Intensity of water consumption ⁸⁾		ton / sales in KRW 100 million	27.65	27.17	25.92
Water consumption target		ton / sales in KRW 100 million			26.36

1) Managed based on the same criteria as water withdrawal

2) Increase in consumption is due to expansion of the calculation boundary.

3) Including data from Hwaseong Plant 1, Hwaseong Plant 2, Finished Product Warehouse, and COSMAX ICURE (January 2022 to June 2024)

4) Including data from Pyeongtaek Plant 1, Pyeongtaek Plant 2, Sub-Material Warehouse, CM Tech, and COSMAX ICURE (July to December 2024)

5) Including data from Pangyo R&I Center E-dong and Pangyo R&I Center F-dong

6) Including CM Tech China

7) Recalculation of data due to changes in the calculation criteria disclosed in the 2023 report

8) Including domestic subsidiaries and overseas corporations; based on the financial statements of each entity

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Water

Discharge

Category		Unit	2022	2023	2024
Total wastewater discharge ¹⁾		ton	386,093	421,025	491,913
- Wastewater discharge ¹⁾		ton	382,093	416,948	487,669
Domestic	Total	ton	102,733	103,844	123,427
	COSMAX				
	Hwaseong Plant ²⁾	ton	82,024	78,843	80,995
	Pyeongtaek Plant ³⁾	ton	20,709	25,001	42,432
	Pangyo R&I Center ⁴⁾	ton	0	0	0
	COSMAX Hyangyakwon	ton	-	-	-
	COSMAX NEO ⁵⁾	ton	0	0	0
	COSMAX China	ton	199,321	205,619	208,553
	COSMAX Guangzhou	ton	44,657	44,353	48,804
	COSMAX Thailand ⁵⁾	ton	4,054	5,572	10,065
Overseas					
COSMAX Indonesia	ton	28,579	30,150	31,252	
COSMAX USA	ton	2,749	5,945	2,749	
YATSEN Biotechnology	ton	-	-	30,833	
PELEY Cosmetics ⁶⁾	ton	-	21,465	31,986	

Category		Unit	2022	2023	2024
- Entrusted wastewater		ton	4,000	4,076	4,245
Domestic	Total	ton	1,531	1,802	1,899
	COSMAX				
	Hwaseong Plant ²⁾	ton	128	156	373
	Pyeongtaek Plant ³⁾	ton	379	453	166
	Pangyo R&I Center ⁴⁾	ton	1,025	1,194	1,360
	COSMAX Hyangyakwon	ton	-	-	-
	COSMAX NEO	ton	1,418	1,337	1,301
	COSMAX China	ton	0	0	0
	COSMAX Guangzhou	ton	0	0	0
	COSMAX Thailand ⁵⁾	ton	1,051	937	1,045
Overseas					
COSMAX Indonesia	ton	0	0	0	
COSMAX USA	ton	0	0	0	
YATSEN Biotechnology	ton	-	-	0	
PELEY Cosmetics ⁶⁾	ton	-	0	0	
Intensity of wastewater discharge ⁷⁾	ton / sales in KRW 100 million		22.23	21.64	20.90

1) Increase in discharge is due to expansion of the calculation boundary.

2) Including data from Hwaseong Plant 1, Hwaseong Plant 2, Finished Product Warehouse, and COSMAX ICURE (January 2022 to June 2024)

3) Including data from Pyeongtaek Plant 1, Pyeongtaek Plant 2, Sub-Material Warehouse, CM Tech, and COSMAX ICURE (July to December 2024)

4) Including data from Pangyo R&I Center E-dong and Pangyo R&I Center F-dong

5) Recalculation of data due to changes in the calculation criteria disclosed in the 2023 report

6) Including CM Tech China

7) Including domestic subsidiaries and overseas corporations; based on the financial statements of each entity

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Air / Water Quality

Air¹⁾

Category	Unit	2022	2023	2024
Total emissions	kg	1,060	633	1,196
NOx emissions	kg	626	376	949
Hwaseong Plant ²⁾	kg	626	320	457
Pyeongtaek Plant ³⁾	kg	-	56	492
Intensity of NOx emissions ⁴⁾	kg / sales in KRW 100 million	0.07	0.03	0.06
SOx Emissions	kg	138	59	23
Hwaseong Plant ²⁾	kg	138	59	14
Pyeongtaek Plant ³⁾	kg	-	0	9
Intensity of SOx emissions ⁴⁾	kg / sales in KRW 100 million	0.01	0.01	0.002
Dust emissions	kg	296	199	225
Hwaseong Plant ²⁾	kg	296	189	165
Pyeongtaek Plant ³⁾	kg	-	10	60
Intensity of dust emissions ⁴⁾	kg / sales in KRW 100 million	0.03	0.02	0.02

1) Calculated based on business sites subject to submission of confirmed air pollutant emissions statements under Article 35 of the Clean Air Conservation Act

2) Including data from Hwaseong Plant 1, Hwaseong Plant 2, Finished Product Warehouse, and COSMAX ICURE (January 2022 to June 2024)

3) Including data from Pyeongtaek Plant 1, Pyeongtaek Plant 2, Sub-Material Warehouse, CM Tech, and COSMAX ICURE (July to December 2024)

4) Recalculation of data due to changes in the calculation criteria disclosed in the 2023 report. Including domestic subsidiaries; based on the financial statements of each entity

Water Quality

Category	Unit	2022	2023	2024
Total emissions	ton	58.7	52.5	78.1
TOC emissions	ton	17.0	17.3	23.5
Hwaseong Plant ¹⁾	ton	16.8	16.9	21.1
Pyeongtaek Plant ²⁾	ton	0.2	0.4	2.4
Intensity of TOC emissions ³⁾	kg / sales in KRW 100 million	1.82	1.50	1.57
BOD emissions	ton	35.2	31.2	44.2
Hwaseong Plant ¹⁾	ton	35.2	31.0	40.6
Pyeongtaek Plant ²⁾	ton	0.1	0.2	3.6
Intensity of BOD emissions ³⁾	kg / sales in KRW 100 million	3.78	2.71	2.96
SS emissions	ton	6.5	4.0	10.4
Hwaseong Plant ¹⁾	ton	6.0	3.6	7.9
Pyeongtaek Plant ²⁾	ton	0.5	0.4	2.6
Intensity of SS emissions ³⁾	kg / sales in KRW 100 million	0.69	0.35	0.70

1) Including data from Hwaseong Plant 1, Hwaseong Plant 2, Finished Product Warehouse, and COSMAX ICURE (January 2022 to June 2024)

2) Including data from Pyeongtaek Plant 1, Pyeongtaek Plant 2, Sub-Material Warehouse, CM Tech, and COSMAX ICURE (July to December 2024)

3) Recalculation of data due to changes in the calculation criteria disclosed in the 2023 report. Including domestic subsidiaries; based on the financial statements of each entity

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Environmental Management

Environment Education¹⁾

Category	Unit	2022	2023	2024
Environmental education completion rate	%	100	100	100

¹⁾ Based on COSMAX operations

Environmental Regulation Violations¹⁾

Category	Unit	2022	2023	2024
No. of violations	Cases	0	0	0
Monetary sanctions	Cases	0	0	0
Non-monetary sanctions	Cases	0	0	0

¹⁾ Based on COSMAX operations

Environmental Investments and Costs¹⁾

Category	Unit	2022	2023	2024
Environmental Facility Investment	KRW million	54	3,127	732
Environmental Operation Cost	KRW million	1,713	1,849	2,314

¹⁾ Based on COSMAX operations

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Social Indicators

Total Employees¹⁾

Category	Unit	2022	2023	2024
Employment type				
Total employees	Persons	1,194	1,302	1,528
Full-time	Persons(%)	1,177(98.6)	1,242(95.4)	1,499(98.1)
Part-time	Persons(%)	17(1.4)	60(4.6)	29(1.9)
Age				
Under 30 years old	Persons(%)	390(32.7)	441(33.9)	499(32.7)
Between 30 and 50 years old	Persons(%)	733(61.4)	790(60.7)	942(61.6)
Over 50 years old	Persons(%)	71(5.9)	71(5.5)	87(5.7)
Gender				
Total male	Persons(%)	600(50.3)	665(51.1)	792(51.8)
Total female	Persons(%)	594(49.7)	637(48.9)	736(48.2)
Job position				
Executive	Persons(%)	41(3.4)	43(3.3)	42(2.7)
Manager	Persons(%)	241(20.2)	282(21.7)	339(22.2)
Non-managerial position	Persons(%)	912(76.4)	977(75.0)	1,147(75.1)

¹⁾ Excluding part-time workers. Recalculation of data due to changes in the calculation criteria disclosed in the 2023 report

Employee Diversity

Category	Unit	2022	2023	2024
Job position				
Male executive ¹⁾	Persons(%)	35(85.4)	36(83.7)	33(78.6)
Female executive	Persons(%)	6(14.6)	7(16.3)	9(21.4)
Male manager	Persons(%)	126(52.3)	139(49.3)	164(48.4)
Female manger	Persons(%)	115(47.7)	143(50.7)	175(51.6)
Employment type¹⁾				
Full-time male	Persons(%)	591(50.2)	627(50.5)	778(51.9)
Full-time female	Persons(%)	586(49.8)	615(49.5)	721(48.1)
Part-time male	Persons(%)	9(52.9)	38(63.3)	14(48.3)
Part-time female	Persons(%)	8(47.1)	22(36.7)	15(51.7)
Female				
Total female ¹⁾	Persons	594	637	736
- Executive	Persons	6	7	9
- Senior manager	Persons	6	7	9
- Middle manager	Persons	41	40	38
- Junior manager	Persons	74	103	137
- Revenue-generating department	Persons	56	56	66
- STEM department ¹⁾	Persons	314	331	360
Minority				
Disabilities	Persons	9	22	27
Veterans	Persons	5	5	5

¹⁾ Recalculation of data due to changes in the calculation criteria disclosed in the 2023 report

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New Employees¹⁾

Category	Unit	2022	2023	2024
Total				
Total new employees hired	Persons	198	380	485
Age				
Under 30 years old	Persons(%)	143(72.2)	230(60.5)	253(52.2)
Between 30 and 50 years old	Persons(%)	34(17.2)	147(38.7)	220(45.4)
Over 50 years old	Persons(%)	21(10.6)	3(0.8)	12(2.5)
Gender				
Male	Persons(%)	77(38.9)	166(43.7)	256(52.8)
Female	Persons(%)	121(61.1)	214(56.3)	229(47.2)

1) Excluding part-time workers

Employment Period

Category	Unit	2022	2023	2024
Average employment period	Years	6.6	6.4	6.2
- Male	Years	6.5	6.4	6.1
- Female	Years	6.4	6.3	6.3

Labor-Management Council

Category	Unit	2022	2023	2024
No. of labour-management council meetings held	Cases	4	4	4

Employee Turnover¹⁾

Category	Unit	2022	2023	2024
Total turnover	Persons	125	103	89
- Male	Persons	51	43	38
- Female	Persons	74	60	51

1) Based on full-time employees. The voluntary turnover rate of full-time employees in 2024 was 5.6%.

Employee Training

Category	Unit	2022	2023	2024
Training hours				
Total training hours	Hours	44,114	50,383	50,807
Training hours per employee ¹⁾	Hours	36.8	38.5	33.9
Training costs²⁾				
Total training costs	KRW 100 million	3.58	5.50	7.72
Training costs per employee	KRW million	0.30	0.42	0.51

1) Enhancement of management metrics in 2023 to expand disclosure

2) Recalculation of data due to changes in the calculation criteria disclosed in the 2023 report

Regular Performance Evaluation¹⁾

Category	Unit	2022	2023	2024
Coverage of regular performance evaluation	%	-	92.4	90.8
Coverage of 360-degree feedback	%	-	100	100

1) Enhancement of management metrics in 2023 to expand disclosure

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Industrial Disaster

Category	Unit	2022	2023	2024
Employee				
Lost Time Injury (LTI)	Cases	6	1	6
Lost Time Injury rate	Case / 200,000 working hours	0.6	0.1	0.3
No. of fatalities	Persons	0	0	0
No. of injuries	Persons	6	1	6
Occupational disease incidence	Cases	2	0	0
Occupational disease incidence rate	Case / 200,000 working hours	0.196	0	0
Suppliers				
Lost Time Injury (LTI)	Cases	2	3	5
Lost Time Injury rate	Case / 200,000 working hours	0.2	0.2	0.3

Employee Compensation

Category	Unit	2022	2023	2024	
Average compensation of employees	KRW thousand	62,553	60,742	90,105	
Percentage of average compensation (female to male)	%	84.2	86.5	88.3	
Gender	Male	KRW thousand	67,902	65,045	94,904
	Female	KRW thousand	57,149	56,250	83,759

Employee Benefits

Category	Unit	2022	2023	2024
Employee welfare expenses	KRW million	10,463	11,671	14,045
Welfare expenses per employee ¹⁾	KRW thousand	8,763	8,964	9,192

¹⁾ Recalculation of data due to changes in the calculation criteria disclosed in the 2023 report

Parental Leaves

Category	Unit	2022	2023	2024
Employees on parental leave				
No. of employees on parental leave	Persons	39	42	56
- Male	Persons	1	5	11
- Female	Persons	38	37	45
Return after parental leave¹⁾				
Total return rate	%	100	97.0	100
- Male	%	100	0	100
- Female	%	100	97.0	100
Retention 12 months after return from parental leave¹⁾				
Total retention rate after return	%	94.7	81.0	93.8
- Male	%	0	0	0
- Female	%	94.7	85.0	93.8

¹⁾ Recalculation of data due to changes in the calculation criteria disclosed in the 2023 report

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Accidents and Violations

Category	Unit	2022	2023	2024
Regulatory violations				
Violations	Cases	1 ¹⁾	0	0
Penalty	KRW million	4.8 ¹⁾	0	0
Fine	KRW million	0.5 ¹⁾	0	0
Monetary sanctions	KRW million	0	0	0
Non-monetary sanctions	Cases	0	0	0
Product violations				
Labeling and advertising regulation violations	Cases	0	0	0
No. of product and service recalls	Cases	0	0	0

1) Delay in submitting PSM for ethanol handling processes

Health and Safety Training

Category	Unit	2022	2023	2024
Dedicated employees				
Training hours per employee	Hours	16.3	8.2	8.1
Training participation rate	%	100	100	100
General employees				
Training hours per employee	Hours	24.9	23.8	25.2
Training participation rate	%	100	100	100
Suppliers				
Training hours per employee	Hours	19.5	25.4	18.6
Training participation rate	%	100	100	100

Human Rights Training¹⁾

Category	Unit	2022	2023	2024
Completion rate of sexual harassment prevention training	%	100	100	100
Completion rate of workplace harassment prevention training	%	100	100	100
Completion rate of disability awareness training in the workplace	%	100	100	100

1) Recalculation of data due to changes in the calculation criteria disclosed in the 2023 report

Sustainable Palm Oil Sourcing

Category	Unit	2022	2023	2024
Purchase amount of raw materials	KRW 100 million	1,700	2,150	2,597
Purchase amount of RSPO-certified palm oil	KRW 100 million	318	305	324
Percentage of RSPO-certified palm oil used	%	56.5	51.1	64.8

Information Security Investment

Category	Unit	2022	2023	2024
Information technology sector investment costs	KRW million	6,641	10,239	16,196
Information security sector investment costs	KRW million	465	671	698
Information security investment proportion	%	7.0	6.6	4.3

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Information Leakage and Violations

Category	Unit	2022	2023	2024
Leakage				
Total information leakage	Cases	0	0	0
Total information security violations	Cases	0	0	0
Regulatory violations				
Total information security violations	Cases	0	0	0
Customer information security violations	Cases	0	0	0
Fines and penalties	KRW million	0	0	0
Monetary sanctions	KRW million	0	0	0
Non-monetary sanctions	Cases	0	0	0

Information Security Training

Category	Unit	2022	2023	2024
Dedicated employees				
Training hours per employee	Hours	12.8	27.8	18.5
Training participation rate	%	100	100	100
General employees				
Training hours per employee	Hours	1.0	1.0	1.0
Training participation rate ¹⁾	%	100	100	100

1) Recalculation of data due to changes in the calculation criteria disclosed in the 2023 report

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Certification Status

Category	Certification	Description	Institution	Certified Entities
Cosmetics Manufacturing	CGMP	Regulations on Cosmetic Good Manufacturing and Quality Control Practices	KFDA	Korea
	ISO 22716	Cosmetic Guidelines on Good Manufacturing Practice	KMR	Korea, China, USA, Indonesia, Thailand
	FDA OTC	Certification for manufacturing cosmetics and over-the-counter (OTC) drugs registered with the US Food and Drug Administration (FDA)	USA FDA	Korea, USA
	Health Canada OTC	Certification for manufacturing cosmetics and over-the-counter (OTC) drugs that comply with Canadian Health Authority standards	Health Canada	Korea
	MUI Halal Certification	Top 3 global halal certification	MUI	Indonesia, Thailand
	CICOT Halal Certification	Thailand halal certification	CICOT	Thailand
	COSMOS	Natural and organic cosmetics certification	ECOCERT	Korea, Indonesia
	EVE VEGAN	Vegan cosmetics production certification	EVE	Korea, Indonesia
	RSPO Certification	Certification that complies with international standards for sustainable palm oil production and supply chain management	Control Union	Korea
	NET	National Certification for Technology that is the First of its Kind Developed Domestically or Significantly Improved Existing Technology in an Innovative Way	Ministry of Health and Welfare, Korea Health Industry Development Institute	Korea
Environment	ISO 14001	Environmental Management System	KMR	Korea, China, USA, Indonesia, Thailand
	CDP CLIMATE	Carbon Disclosure Project (CDP) Climate Change Response	CDP	Korea
	CDP WATER	Carbon Disclosure Project (CDP) Water Management	CDP	Korea
Management and Operations	ISO 9001	Quality Management System	KMR	Korea, China, Indonesia, Thailand
	ISO 45001	Health and Safety Management System	KMR	Korea, China, USA, Indonesia, Thailand
	ISO 27001	Information Security Management System	BSI	Korea
Anti-bribery and Compliance	ISO 37001	Anti-bribery Management System	KMR	Korea
	ISO 37301	Compliance Management System	KMR	Korea

Audit Status

Category	Audit	Description	Institution	Audited Entities
Supply Chain	SMETA(Sedex Members Ethical Trade Audit)	Global audit that assesses responsible corporate activities, including labor, health, safety, environment and corporate ethics	Bureau Veritas	Korea, USA, Indonesia, Thailand
	Fairtrade @ Work	In-house fair-trade initiative	International Fair Trade Organization (IFTO)	Korea

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Membership in Associations and Societies

Cosmetics and Biologicals		
Society of Cosmetic Scientists of Korea	The Microbiological Society of Korea	Asian Congress for Alternatives to Animal Experiment
The Korean Society for Microbiology and Biotechnology	The Korean Chemical Society	Chemical Materials Information Bank
The Korean Society of Industrial and Engineering Chemistry	Korea Cosmetic Association	The Polymer Society of Korea
The Cosmetic Industry Cooperative of Korea	The Korean Society for Biotechnology and Bioengineering	Korea Color Industry Specialist Association
International Federation of Societies of Cosmetic Chemists	The Cosmetic Industry Cooperative of Korea	Korean Dermatology Foundation
World Biomaterials Congress (WBC)		

Economic and Social Organization		
UN Global Compact (UNGC)	The Korean Society of Food, Drug and Cosmetics Regulatory Sciences (KFDC)	The Hwaseong Chamber of Commerce and Industry
Federation of Middle Market Enterprises of Korea (FOMEK)	Korea Enterprises Federation (KEF)	Korea World Class 300 Enterprise Association
Federation of Middle Market Enterprises of Korea	Korea Institute for Advancement of Technology	The Federation of Korean Information Industries (FKII)
Korea Responsible Care Council		

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GRI Index	TCFD	SASB	UNGC	UN SDGs	Independent Assurance Opinion Statement	Greenhouse Gas Verification Statement

GRI Index

Statement of Use	Reporting organization: COSMAX reports the information in accordance with the GRI standards when reporting the contents of sustainability management during the period from January 1, 2024 to December 31, 2024.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	As of June 2024, when COSMAX publishes the report, there are no applicable GRI Sector Standards.

GRI Standards	Disclosure	Page	Note
General disclosures			
	2-1 Organizational details	9	Business Report 53-55
	2-2 Entities included in the organization's sustainability reporting	2	
	2-3 Reporting period, frequency and contact point	2	
	2-4 Restatements of information	Changes are noted in footnotes	
	2-5 External assurance	146-147	
	2-6 Activities, value chain and other business relationships	12-14	
	2-7 Employees	131	
	2-8 Workers who are not employees	-	Business Report 312
	2-9 Governance structure and composition	108	
	2-10 Nomination and selection of the highest governance body	112	
	2-11 Chair of the highest governance body	108	Business Report 299-300
	2-12 Role of the highest governance body in overseeing the management of impacts	110, 112	
	2-13 Delegation of responsibility for managing impacts	110, 112	
	2-14 Role of the highest governance body in sustainability reporting	110, 112	
GRI 2: General Disclosures 2021	2-15 Conflicts of interest	112	
	2-16 Communication of critical concerns	110, 112	
	2-17 Collective knowledge of the highest governance body	109, 111	
	2-18 Evaluation of the performance of the highest governance body	109	
	2-19 Remuneration policies	109	
	2-20 Process to determine remuneration	109	
	2-21 Annual total compensation ratio	109	Business Report 312-314, Details of executive compensation are disclosed in the business report.
	2-22 Statement on sustainable development strategy	8	
	2-23 Policy commitments	71	
	2-24 Embedding policy commitments	71-73	
2-25 Processes to remediate negative impacts	73		
2-26 Mechanisms for seeking advice and raising concerns	73, 116		
2-27 Compliance with laws and regulations	134		
2-28 Membership associations	137		
2-29 Approach to stakeholder engagement	25		
2-30 Collective bargaining agreements	69		

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Material Topics				
GRI 3: Material Topics 2021	3-1 Process to determine material topics	22		
	3-2 List of material topics	23		
Material Issue 1. Energy reduction and climate change response				
GRI 3: Material Topics 2021	3-3 Management of material topics	41-49		
	GRI 302: Energy	302-1 Energy consumption within the organization	124	
		302-2 Energy consumption outside of the organization	123	
		302-3 Energy intensity	124	
		302-4 Reduction of energy consumption	48	
	GRI 305: Emissions	305-1 Direct (Scope 1) GHG emissions	123	
		305-2 Energy indirect (Scope 2) GHG emissions	123	
305-3 Other indirect (Scope 3) GHG emissions		123		
	305-4 GHG emissions intensity	123		
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	129		
Material Issue 2. R&D and product innovation				
GRI 3: Material Topics 2021	3-3 Management of material topics	15-20		
	416-1 Assessment of the health and safety impacts of product and service categories	94		
GRI 416: Customer Health and Safety	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	134	No violations of product-related regulations or product non-compliance were identified based on COSMAX standards.	
Material Issue 3. ESG management of suppliers				
GRI 3: Material Topics 2021	3-3 Management of material topics	82-88		
	GRI 308: Supplier Environmental Assessment	308-2 Negative environmental impacts in the supply chain and actions taken	84	
GRI 414: Supplier Social Assessment		414-2 Negative social impacts in the supply chain and actions taken	84	
	Material Issue 4. Development and management of eco-friendly products			
GRI 3: Material Topics 2021	3-3 Management of material topics	54-59		
	No relevant topic standard	-		

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Material Issue 5. Customer communication and satisfaction			
GRI 3: Material Topics 2021	3-3 Management of material topics	89-98	
	417-1 Requirements for product and service information and labeling	90	
GRI 417: Marketing and Labeling	417-2 Incidents of non-compliance concerning product and service information and labeling	134	No violations of product-related regulations or product non-compliance were identified based on COSMAX standards.
	417-3 Incidents of non-compliance concerning marketing communications	134	No violations of product-related regulations or product non-compliance were identified based on COSMAX standards.
Material Issue 6. Establishment of a favorable corporate culture			
GRI 3: Material Topics 2021	3-3 Management of material topics	64-70	
	401-1 New employee hires and employee turnover	132	
GRI 401: Employment	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	68	
	401-3 Parental leave	133	
Material Issue 7. Responsible board composition and operation			
GRI 3: Material Topics 2021	3-3 Management of material topics	108-111	
	No relevant topic standard	-	
Material Issue 8. Sustainable packaging			
GRI 3: Material Topics 2021	3-3 Management of material topics	55-57	
	GRI 301: Materials	301-1 Materials used by weight or volume	88, 134 Business Report 69-71
Material Issue 9. Respect for human rights and ensuring diversity			
GRI 3: Material Topics 2021	3-3 Management of material topics	71-73	
	GRI 405: Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	131
GRI 406: Non-discrimination	405-2 Ratio of basic salary and remuneration of women to men	133	
	406-1 Incidents of discrimination and corrective actions taken	73, 116	
Material Issue 10. Waste management			
GRI 3: Material Topics 2021	3-3 Management of material topics	51	
	306-1 Waste generation and significant waste-related impacts	51	
GRI 306: Waste	306-2 Management of significant waste-related impacts	51	
	306-3 Waste generated	125-126	
	306-4 Waste diverted from disposal	125-126	
	306-5 Waste directed to disposal	125-126	
Other GRI Index			

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GRI 201: Economic Performance	201-1 Direct economic value generated and distributed	122	
	201-2 Financial implications and other risks and opportunities due to climate change	43, 44	
	205-1 Operations assessed for risks related to corruption	115	
GRI 205: Anti-corruption	205-2 Communication and training about anti-corruption policies and procedures	116	
	205-3 Confirmed incidents of corruption and actions taken	116	
GRI 206: Anti-competitive Behavior	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	115	
	207-1 Approach to tax	120	
GRI 207: Tax	207-2 Tax governance, control, and risk management	120	
	207-3 Stakeholder engagement and management of concerns related to tax	120	
	207-4 Country-by-country reporting	120	
	303-1 Interactions with water as a shared resource	50	
GRI 303: Water and Effluents	303-2 Management of water discharge-related impacts	52	
	303-3 Water withdrawal	127	
	303-4 Water discharge	128	
GRI 304: Biodiversity	303-5 Water consumption	127	
	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	60	
	304-2 Significant impacts of activities, products and services on biodiversity	61	
	304-3 Habitats protected or restored	62	
	403-1 Occupational health and safety management system	75	
GRI 403: Occupational Health and Safety	403-2 Hazard identification, risk assessment, and incident investigation	76	
	403-3 Occupational health services	81	
	403-4 Worker participation, consultation, and communication on occupational health and safety	75, 78-79	
	403-5 Worker training on occupational health and safety	80	
	403-6 Promotion of worker health	81	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	79	
	403-8 Workers covered by an occupational health and safety management system	74-75	
	403-9 Work-related injuries	133	
	403-10 Work-related ill health	133	
	404-1 Average hours of training per year per employee	132	
GRI 404: Training and Education	404-2 Programs for upgrading employee skills and transition assistance programs	66-67	
	404-3 Percentage of employees receiving regular performance and career development reviews	132	
GRI 413: Local Communities	413-1 Operations with local community engagement, impact assessments, and development programs	61-62	
GRI 418: Customer Privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	135	

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TCFD Recommended Disclosure	CDP Index	Page	Response Activities
Governance			
1) Describe the board’s oversight of climate-related risks and opportunities.	C4.1.1, C4.1.2	41	• Climate Change Response Governance
2) Describe management’s role in assessing and managing climate-related risks and opportunities.	C4.3.1		
Strategy			
1) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	C3.1, C3.1.1, C3.6, C3.6.1	42-44	• Climate Change Response Strategy
2) Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning.	C5.3, C5.3.1, C5.3.2, C5.4		
3) Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	C5.3.1, C5.3.2		
Risk Management			
1) Describe the organization’s processes for identifying and assessing climate-related risks.	C2.1, C2.2, C2.2.1, C.2.2.2	44	• Climate Change-Related Risk Management
2) Describe the organization’s processes for managing climate-related risks.	C2.1, C2.2, C2.2.1, C.2.2.2		
3) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management.	C2.2.7		
Metrics and Targets			
1) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	C5.1, C5.1.1, C5.1.2, C5.2	45-49	• Greenhouse Gas Reduction Targets and Plans • Greenhouse Gas and Energy Management
2) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	c7.6, c7.7, c7.8, c7.8.1		
3) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	C7.53, C7.53.2, C7.54, C7.54.2		

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SASB

Category	SASB Code	Accounting Metric	Unit	Page	Response Activities
Sustainability Disclosure Topics & Metrics					
Water Management	CG-HP-140a.1	(1) Total water withdrawn, (2) total water consumed; percentage of each in regions with High or Extremely High Baseline Water Stress	Thousand cubic metres (m ³), Percentage (%)	50	• Not applicable
	CG-HP-140a.2	Description of water management risks and discussion of strategies and practices to mitigate those risks	N/A	50-52	• Establishment and implementation of response strategies adapted to regional characteristics based on monitoring of water risks across all business sites through Aqueduct assessments
Product Environmental, Health and Safety Performance	CG-HP-250a.1	Revenue from products that contain substances of high concern	Presentation currency	-	• To be disclosed
	CG-HP-250a.3	Discussion of process to identify and manage emerging materials and chemicals of concern	N/A	53	• Integrated management of chemicals by stage and operation of regulatory response system for hazardous chemicals based on the research management system
	CG-HP-250a.4	Revenue from products designed with green chemistry principles	Presentation currency	-	-
Packaging Lifecycle Management ¹⁾	CG-HP-410a.1	(1) Total weight of packaging, (2) percentage made from recycled or renewable materials, and (3) percentage that is recyclable, reusable or compostable	Metric tonnes (t), Percentage (%)	-	-
	CG-HP-410a.2	Discussion of strategies to reduce the environmental impact of packaging throughout its lifecycle	N/A	54-57	• Expansion of product packaging using eco-friendly and recyclable materials through the establishment of eco-friendly packaging standards and plastic initiatives. • Joint development and launch of eco-friendly packaging materials through collaboration with domestic and global material partners
Environmental & Social Impacts of Palm Oil Supply Chain	CG-HP-430a.1	Amount of palm oil sourced, percentage certified through the Roundtable on Sustainable Palm Oil (RSPO) supply chains as (a) Identity Preserved, (b) Segregated, (c) Mass Balance or (d) Book & Claim	Metric tonnes (t), Percentage (%)	88	• Total palm oil usage: 4,796 ton • Percentage of RSPO-certified palm oil used: 3,108 ton • Percentage of RSPO-certified palm oil: 64.8%
Activity Metrics					
CG-HP-000.A	Units of products sold, total weight of products sold	Number, Metric tonnes (t)		9	• Production capacity: 3.2 billion units
CG-HP-000.B	Number of manufacturing facilities	Number			• Number of production plants: 7

¹⁾ Due to the way of COSMAX's business of filling and shipping customer packages, there are security restrictions on disclosing package-related data.

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Category	Principles	Page	Key Activities
Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and Principle 2: make sure that they are not complicit in human rights abuses.	71-73	<ul style="list-style-type: none"> • Human Rights Policy • Human Rights Management Framework • Human Rights Risk Management • Operation of Human Rights Grievance System
Labour	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining Principle 4: the elimination of all forms of forced and compulsory labour; Principle 5: the effective abolition of child labour; and Principle 6: the elimination of discrimination in respect of employment and occupation.	69-71	<ul style="list-style-type: none"> • Composition and Operation of Labor-Management Council • Human Rights Policy • Prohibition of Discrimination and Equal Opportunity
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges; Principle 8: undertake initiatives to promote greater environmental responsibility; and Principle 9: encourage the development and diffusion of environmentally friendly technologies.	38-49	<ul style="list-style-type: none"> • Environmental Management Policy • Environmental Management Governance • ISO 14001 Certification Across All Sites • Environmental Operation Cost and Investment • Greenhouse Gas Reduction Targets and Plans
Anti-Corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	114-116	<ul style="list-style-type: none"> • Ethics and Anti-Corruption Policy • Compliance and Ethical Management System • Ethics and Anti-Corruption Risk Management • ISO 37001 and ISO 37301 Certification • Operation of the Ethics and Compliance Reporting System

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Category	Target	Page	Response Activities
1. No Poverty	1.3	104-106	<ul style="list-style-type: none"> • Enhancing Community Support • Employee-led Volunteer Activities
4. Quality Education	4.4	66-67	<ul style="list-style-type: none"> • Employee Capability Development Programs • Strengthening Employee Expertise
	4.5	104	<ul style="list-style-type: none"> • Songhwa Foundation Scholarship Support
5. Gender Equality	5.1	73	<ul style="list-style-type: none"> • DEI Enhancement
	5.4	68	<ul style="list-style-type: none"> • Work-Life Balance • Employee Welfare Programs
	5.5	71	<ul style="list-style-type: none"> • Prohibition of Discrimination and Equal Opportunity
6. Clean Water and Sanitation	6.3	51-52	<ul style="list-style-type: none"> • Water Reduction Activity • Water Pollutant Management
	6.6	60-62	<ul style="list-style-type: none"> • Management of Biodiversity Impact on Local Communities • Biodiversity Conservation Activities
7. Affordable and Clean Energy	7.1		<ul style="list-style-type: none"> • Renewable Energy Transition Roadmap
	7.2	48	<ul style="list-style-type: none"> • Expansion of Renewable Energy Use
	7.3		<ul style="list-style-type: none"> • Energy Conservation and Efficiency Improvement
8. Decent Work and Economic Growth	8.2	15-18, 47	<ul style="list-style-type: none"> • COSMAX R&I • Support for Establishing Greenhouse Gas Management Systems for Suppliers
	8.3	87, 106	<ul style="list-style-type: none"> • Shared Growth with Indie Brands • Expanding Support for Promising SMEs and Startups
	8.5	64	<ul style="list-style-type: none"> • Talent Recruitment Principles
	8.7	88	<ul style="list-style-type: none"> • Sustainable Procurement Policy • Sustainable Use of Mica
	8.8	76-79	<ul style="list-style-type: none"> • Strengthening Workplace Safety Management • Strengthening Supplier Safety Management

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Category	Target	Page	Response Activities
9. Industry, Innovation and Infrastructure 	9.5	15-16, 55	<ul style="list-style-type: none"> • COSMAX R&I • Joint Development of Eco-friendly Packaging
	9.b		
10. Reduced Inequalities 	10.2	71	<ul style="list-style-type: none"> • Human Rights Policy
	10.3		<ul style="list-style-type: none"> • Prohibition of Discrimination and Equal Opportunity
	10.4	64	<ul style="list-style-type: none"> • Talent Recruitment Principles
12. Responsible Consumption and Production 	12.2	58-59, 88	<ul style="list-style-type: none"> • Development of Eco-Friendly Ingredients and Materials • Responsible Raw Material Procurement
	12.5	49, 55-57	<ul style="list-style-type: none"> • Product Life Cycle Assessment System • Development of Eco-friendly Packaging • Development of Eco-friendly Products and Technologies
	12.6	2	<ul style="list-style-type: none"> • 2024 Sustainability Report Publication
13. Climate Action 	13.1	38-40, 50-53	<ul style="list-style-type: none"> • Environmental Management Policy • Environmental Management Governance • Climate Change-Related Risk Management
	13.2	41-45	<ul style="list-style-type: none"> • Climate Change Response Governance • Climate Change Response Strategy • Greenhouse Gas Reduction Targets and Plans
	13.3	40	<ul style="list-style-type: none"> • Enhancing Environmental Awareness
14. Life below Water 	14.1	55	<ul style="list-style-type: none"> • Plastic Initiative
	14.2	61-62	<ul style="list-style-type: none"> • Management of Biodiversity Impact on Local Communities • Biodiversity Conservation Activities
15. Life on Land 	15.3	88	<ul style="list-style-type: none"> • Sustainable Use of Palm Oil
16. Peace, Justice and Strong Institutions 	16.5	114-116	<ul style="list-style-type: none"> • Ethics and Anti-Corruption Policy • Ethics and Anti-Corruption Risk Management • Embedding an Ethical and Compliance Culture
17. Partnerships for the Goals 	17.17	139-145	<ul style="list-style-type: none"> • Declaration of Support for TCFD and Other Global Initiatives

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Independent Assurance Opinion Statement

To: The Stakeholders of COSMAX, INCORPORATED

Overview

BSI (British Standards Institution) Group Korea (hereinafter referred to as the "Assurer") was requested to verify the COSMAX Sustainability Report 2024 (hereinafter referred to as the "Report"). The Assurer is independent of the COSMAX and has no major operational financial interest other than the assurance. This assurance opinion statement is intended to provide information related to the assurance of the COSMAX report relating to the environment, social and governance (ESG) to the relevant stakeholders and may not be used for any purpose other than the purpose of publication. This assurance opinion statement was prepared based on the information presented by the COSMAX and the assurance was carried out under the assumption that presented the information and data were complete and accurate.

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

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

Scope

The scope of engagement agreed upon with COSMAX includes the following:

- Reporting contents during the period from January 1st to December 31st 2024 included in the report, some data included the first half of 2025.
- Major assertion included in the Report, such as sustainability management policies and strategies, goals, projects, and performance, and the Report contents related to key issues determined as a result of materiality assessment.
- Appropriateness and consistency of processes and systems for data collection, analysis and review.
- In Accordance with the four principles of AA1000 AccountAbility in the report, based on the type of Sustainability Assurance based on AA1000AS v3 and if applicable, the reliability of the sustainability performance information contained in the report.

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

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

Assurance Level and Type

The assurance levels and types are as follows;

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

Description and sources of disclosures covered

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

[Universal Standards]

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

[Topic Standards]

201-1~2, 205-1~3, 206-1, 207-1~4, 301-1, 302-1~4, 303-1~5, 304-1~3, 305-1~5, 305-7, 306-1~5, 308-2, 401-1~3, 403-1~10, 404-1~3, 405-1~2, 406-1, 413-1, 414-2, 416-1~2, 417-1~3, 418-1

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Methodology

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

The Assurer has performed the following activities;

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

Limitations and approach used to mitigate limitations

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

Competency and Independence

BSI (British Standards Institution) is a leading global standards and assessment body founded in 1901. BSI is an independent professional institution that specializes in quality, health, safety, social and environmental management with almost 120 years history in providing independent assurance services globally. No member of the assurance team has a business relationship with COSMAX. The Assurer has conducted this verification independently, and there has been no conflict of interest. All assurers who participated in the assurance have qualifications as an AA1000AS assurer, have a lot of assurance experience, and have in-depth understanding of the BSI Group's assurance standard methodology.

Opinion Statement

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

On the basis of our methodology and the activities described above, it is our opinion that the information and data included in the Report are accurate and reliable and the Assurer cannot point out any substantial aspects of material with mistake or misstatement. We believe that the economic, social and environment performance indicators are accurate and are supported by robust internal control processes.

Conclusions

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

Inclusivity: Stakeholder Engagement and Opinion

COSMAX defined customers, employees, suppliers, investors, joint research institutions and local communities/NGOs as a Key Stakeholder Groups. In order to collect opinions by each stakeholder groups in the context of sustainability, operated the stakeholder engagement process. COSMAX conducted a review of the stakeholder engagement process to reflect the major issues derived through the stakeholder engagement process in sustainability strategy and goals. COSMAX disclosed the results related to the process in the Report.

Materiality: Identification and reporting of material sustainability topics

COSMAX implemented its own materiality assessment process in consideration of the major business and operational characteristics to derive important reporting issues related to sustainability. In the materiality evaluation, COSMAX conducted the analysis of global sustainability reporting or assessment standards, and conducted the risk and opportunity analysis to derive the impact and financial materiality. COSMAX derived 10 key issues through the relevant process, and disclosed GRI topic standards disclosures related to key issues in the Report.

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Responsiveness: Responding to material sustainability topics and related impacts

COSMAX operated a management process for key issues in the context of sustainability derived from the materiality assessment. COSMAX established mid- to long-term sustainability plans and goals in according to the management methodology established to effectively reflect the expectations of key stakeholders. COSMAX disclosed the process including policy, indicator, activity and response performance on key issues in the Report.

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

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

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

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

– GRI Topic standards: 301-1, 302-1~4, 305-1~5, 305-7, 306-1~5, 308-2, 401-1~3, 405-1~2, 406-1, 414-2, 416-1~2, 417-1~3

Recommendations and Opportunity for improvement

The assurer will provide the following comments to the extent that they do not affect the result of assurance; Considering Cosmax's key business characteristics,

- It may be helpful to advance the sustainability management system by developing mid- to long-term strategies and detailed tasks for each major sustainability issue, such as resource circulation, and disclosing their achievements.
- It may be helpful to advance the sustainability management system by identifying stakeholder and value chain segmentation based on sustainability impacts.

GRI-reporting

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

Issue Date: 24/06/2025

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

BSI representative

Jungwoo Lee, Lead Assurer, LCSAP

Seonghwan Lim, Managing Director

BSI Group Korea Limited: 29, Insa-dong 5-gil, Jongno-gu, Seoul, South Korea
Hold Statement Number: SRA 752725



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GHG Emission Verification Opinion

Introduction

DNV Business Assurance Korea Ltd. (“DNV”) was commissioned by COSMAX CO., LTD. (“COSMAX”) to verify the COSMAX’s Greenhouse Gas Inventory Report (“the report”) in the calendar year 2024, based upon a limited level of assurance. COSMAX is responsible for the preparation of the GHG emissions data on the basis set out within the WRI/WBCSD GHG protocol: 2004, WRI/WBCSD’s “Corporate Value Chain (Scope 3) Accounting and Reporting Standard”, 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 COSMAX 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 and consumption data covered by our examination comprise Direct emissions (Scope 1) and Energy indirect emissions (Scope 2) of domestic and overseas plant in 2024 and other indirect emissions (Scope 3) in the calendar year 2024 within the COSMAX’s domestic boundary;

- Organizational boundary: (Domestic) Hwaseong Plant #1, Hwaseong Plant #2, Pyeongtaek plant #1, Pyeongtaek plant #2, Pangyo R&I Center E-dong, Pangyo R&I Center F-dong, Warehouse of supplies, COSMAX Hyangyakwon, CM Tech, COSMAX Neo, COSMAX ICURE, COSMAX Laboratory (Overseas) COSMAX CHINA(Sanghai A), COSMAX CHINA(Sanghai C), COSMAX GUANGZHOU, COSMAX THAILAND, PT COSMAX INDONESIA, COSMAX USA, YATSEN Biotechnology, PELEY Cosmetics(Shanghai), CM TECH CHINA, COSMAX CHINA(Shanghai B)
- Operational boundary: Scope 1 (Stationary and Mobile emissions), Scope 2 (Emissions from Consumption of Electricity and Steam) and Scope 3(Capital goods, Fuel & energy related activities(not included in scope1,2), Waste generated in operations, Business travel, Employee commuting, Downstream transportation and distribution

Verification Approach

The verification has been conducted by DNV 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 threshold, concerning the completeness of the emission inventory as well as the reported emission figures in the unit of ton CO₂ equivalent. As part of the verification process:

- We have reviewed and verified the COSMAX’s GHG inventory Report
- 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 and Energy Consumption are not properly calculated, and a significant uncertainty and error are included in the GHG Emissions and Energy Consumption of COSMAX in the year 2024 below.

GHG Emissions & Energy Consumption of COSMAX Yr. 2024 (Unit: ton CO₂eq, GJ)

COSMAX	Direct emissions (Scope1)	Indirect Emissions (Location base) (Scope2)	Indirect Emissions (Market base) (Scope2)	Other Indirect emissions (Scope3)	Total emissions (Location base)	Total emissions (Market base)	Energy Consumption
COSMAX	3,070	15,482	15,482	34,635	53,188	53,188	384,118
COSMAX	2,506	26,367	26,193	-	28,873	28,699	485,502

※ In order to report the GHG emissions as an integer, the rounded number on the statement might be different from the number on the report with ± 1 tCO₂.

※ Total emissions = Scope 1 + Scope 2 + Scope 3(Only for domestic boundary)

30th April 2025

Lee, Jang Sup Area Manager Korea

DNV Business Assurance Korea

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GHG Emission Verification Opinion

Appendix #1.

Verified Emissions & Consumption by facility in the year 2024

Domestic GHG Emissions & Energy Consumption in the year 2024

2024	Greenhouse Gas emissions (tCO ₂ -eq)					Energy consumption (GJ)		
	Scope1	Scope2	Scope3	Total (Scope 1,2)	Total (Scope 1,2,3)	Fuel	Electricity, Heat	Total
Hwaseong Plant #1	1,527	4,034		5,561		27,874	84,748	112,622
Hwaseong Plant #2	347	2,748		3,094		6,801	57,861	64,662
Pyeongtaek plant #1	678	1,769		2,446		11,409	38,996	50,405
Pyeongtaek plant #2	244	3,483		3,727		4,202	73,630	77,832
Pangyo R&I Center E-dong	162	726	34,635	889	53,188	2,401	16,237	18,639
Pangyo R&I Center F-dong	0	385		385		0	8,998	8,998
Warehouse of supplies	9	200		209		141	4,173	4,314
Hyangyakwon	4	93		98		70	2,130	2,200
CM Tech	23	221		244		343	4,622	4,965
COSMAX Neo	76	1,824		1,899		1,378	38,105	39,483
COSMAX TOTAL (Domestic)	3,070	15,482	34,635	18,553	53,188	54,617	329,501	384,118

※ In order to report the GHG emissions as an integer, the rounded number on the statement might be different from the number on the calculation tool with ± 1 tCO₂-eq

※ The GHG emissions of COSMAX ICURE are included in the Hwaseong Plant #1(From Jan. to Jun. 2024) and in the Pyeongtaek plant #2(From Jan. to Dec. 2024: 3) Some emissions during Jan. to Jun. was relocated).

The GHG emissions of COSMAX LABORATORY are included in the Hwaseong Plant #2(From Jan. to Oct. 2024) and in the Hwaseong Plant #1(From Oct. to Dec. 2024)

Overseas subsidiaries' GHG Emissions & Energy Consumption in the year 2024

Yr 2024	Greenhouse Gas emissions (tCO ₂ -eq)					Energy consumption (GJ)		
	Scope1	Scope2 (Location base)	Scope2 (Market base)	Total (Location base)	Total (Market base)	Fuel	Electricity, Heat	Total
COSMAX CHINA (Shanghai A)	628	4,348	4,348	4,977	4,977	9,072	73,011	82,083
COSMAX CHINA (Shanghai C)	404	7,801	7,801	8,205	8,205	7,974	130,401	138,374
COSMAX GUANGZHOU	66	5,686	5,686	5,752	5,752	1,304	83,464	84,768
COSMAX THAILAND	79	1,032	1,032	1,111	1,111	1,134	20,362	21,496
PT COSMAX INDONESIA	251	2,253	2,253	2,504	2,504	3,629	29,215	32,844
COSMAX USA	699	953	779	1,652	1,478	13,887	27,056	40,943
YATSEN Biotechnology (Guangzhou),	179	1,906	1,906	2,084	2,084	3,524	38,801	42,325
PELEY Cosmetics (Shanghai) *	200	2,389	2,389	2,589	2,589	3,950	38,720	42,670
COSMAX TOTAL (Overseas)	2,506	26,367	26,193	28,873	28,699	44,473	441,029	485,502

※ In order to report the GHG emissions as an integer, the rounded number on the statement might be different from the number on the calculation tool with ± 1 tCO₂-eq.

* The GHG emissions of CM Tech CHINA, COSMAX CHINA(Shanghai B) are included in the PELEY Cosmetics(Shanghai)

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Appendix #2. Other Indirect GHG Emissions (Scope 3) by categories

Other Indirect Emissions(Scope 3) in the year 2024 (Only for domestic boundary)

Other Indirect Emissions (Scope 3)	Other Indirect Emissions(tCO ₂ -eq)		
	Emissions from Upstream	Emissions from Downstream	Total emissions
Capital goods	25,265	-	25,265
Fuel- and energy-related activities	2,294	-	2,294
Waste generated in operations	573	-	573
Business travel	793	-	793
Employee commuting	1,540	-	1,540
Downstream transportation and distribution	-	4,170	4,170
COSMAX TOTAL	30,465	4,170	34,635

※ In order to report the GHG emissions as an integer, the rounded number on the statement might be different from the number on the calculation tool with ± 1 tCO₂eq.

Appendix #3. Verified Emissions of missing domestic site (warehouse of supplies) GHG emission in the past year (2023)

Domestic GHG Emissions & Energy Consumption in the year 2023

Yr 2023	Greenhouse Gas emissions (tCO ₂ -eq)				Energy consumption (GJ)		
	Scope1	Scope2	Total (Scope 1,2)	Note	Fuel	Electricity, Heat	Total
Warehouse of supplies	0	6	6	Reporting omitted 2023 data as a first-time reporting site in 2024	0	119	119

Appendix #4. Verified Emissions of missing Scope 3 Category1, 2 GHG emission in the past years(2020~2023)

Other Indirect Emissions(Scope 3) in the past years(Only for domestic boundary)

Other Indirect Emissions (Scope 3)	Other Indirect Emissions (tCO ₂ -eq)		
	Yr 2022	Yr 2023	Note
Capital goods	1,224	2,428	Reporting of past years Scope3 emissions using the same method as the Yr2024 calculation method

Appendix #5. Domestic sites' Photovoltaic Power generation and use (2024)

Category	2024		
	Photovoltaic power generation (kWh)	Photovoltaic power use (kWh)	Energy consumption (GJ)
Hwaseong Plant #1	128,397	128,397	462
Hwaseong Plant #2	122,853	122,853	442
Pyeongtaek plant #1	586,608	564,747	2,033
Pyeongtaek plant #2	237,627	233,476	841
COSMAX Hyangyakwon	50,372	50,372	181
COSMAX Neo	255,800	0	0
Total	1,381,657	1,099,845	3,959

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Appendix #6. Overseas subsidiaries' Photovoltaic Power generation and use (2024)

Category	2024		
	Photovoltaic power generation (kWh)	Photovoltaic power use (kWh)	Energy consumption (GJ)
COSMAX CHINA(Shanghai A)	760,344	699,744	2,519
COSMAX CHINA(Shanghai C)	1,124,656	1,096,016	3,946
PT COSMAX INDONESIA	529,000	529,000	1,904
COSMAX USA	-	582,552	2,097
YATSEN Biotechnology (Guangzhou)	2,218,680	2,218,680	7,987
Total	4,632,680	5,125,992	18,453

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Introduction

Korea Productivity Center Quality Assurance (hereinafter 'KPC-QA') has been engaged by COSMAX (hereinafter the 'Company') to independently verify its Scope3 GHG Emissions. It is the responsibility of the Company to compile the 'Scope3 GHG emissions' according to the ISO 14064-1 and WRI/WBCSD Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. KPC-QA has responsibility to conduct verification based on the ISO 14064-3 to provide verification opinion on compliance of the 'Scope3 GHG emissions' against verification criteria.

Verification Scope

The following are included in the scope of this Verification.

- Scope: Scope 3-other indirect emissions
- Categories: Category 1. Purchased Goods and Services

*limited to only "Production Stage" of partner companies

Assurance level

Limited assurance

Criteria

- 1) ISO 14064-1:2018, ISO 14064-3:2019
- 2) WRI/WBCSD Greenhouse Gas Protocol
- 3) Corporate Value Chain (Scope 3) Accounting and Reporting Standard
- 4) Guidelines for Reporting and Certification of Greenhouse Gas Emission Trading System

Limitations

This assurance may be affected by limited factors, including limitations and uncertainties in the data provided. As a result, there is an inherent risk that material errors that could not be found may be existence as the limitations to the verification.

Conclusion/Opinion

As a result of the assurance engagement, we did not find any errors, omissions or misstatements that would materially affect our assurance conclusion of 'adequate' and the quality of the data is consistent with the international standards.

- 1) Scope3 GHG emissions was prepared reasonably against assurance criteria.
- 2) As a result of materiality assessment on Scope 3 GHG emissions of company, the verification has been prepared in accordance with the requirements of ISO 14064-3.

Category	Year	Scope3 Emissions(tCO ₂ e)
Category 1. Purchased Goods and Services	2022	4,174
	2023	4,592
	2024	5,253

GHG Emissions

- 1) Reporting period : 2022~2024
- 2) Scope 3 GHG emissions

June 12, 2025
 CEO Kang Jang Jean
 Korea Productivity Center Quality Assurance



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