



Healthy Skin for Everyone Beautiful Life for Everyone

Gowoonsesang Sustainability Report 2022

ABOUT THIS REPORT

This report is the second sustainability report of Gowoonseasang Cosmetics. The 2022 Gowoonseasang Cosmetics Sustainability Report discloses Gowoonseasang Cosmetics’ sustainability management strategies, activities, major achievements, and contains sustainable values. Hereafter too, Gowoonseasang Cosmetics will strive to fulfill its corporate social responsibility, create sustainable value, and publish a sustainability report every year to disclose its activities and performance for better communication with various stakeholders.

* In comparison to the previous report, the revised section have been modified and indicated with comments.



INTERACTIVE PDF
This report was published as an interactive PDF which allows navigation to related pages within the report and shortcuts to related web pages.

Scope of Reporting	The reporting scope for financial performance includes information from the head office, Gowoonseasang Cosmetics R&D Department (Dermatology Laboratory), and the Shanghai branch of Gowoonseasang. Any differences are noted in the comments.
Reporting Period	The primary reporting period covers from January 1, 2022, to December 31, 2022, and for quantitative performance measurement and trend analysis, we have reported data for the most recent three years, spanning from 2020 to 2022.
Principles of the Report	The report was prepared in accordance with the GRI (Global Reporting Initiative) Standards 2021 requirements, which are international reporting guidelines for sustainability management, and the linkage with the UN SDGs international code of conduct was considered when reporting. The financial information complies with K-IFRS (Korean version of International Financial Reporting Standards).
Verification of the Report	The report was verified by BSI, an independent third-party verification organization, and the results can be verified through the written third-party verification opinion.
Additional Information	<div><div>➡</div>Gowoonseasang Cosmetics Website</div> <div><div>➡</div>Dr. G Website</div> <div><div>➡</div>VIVIDRAW Website</div>

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HEALTHY SKIN, HAPPY SKIN

With its professional skin-care knowledge and honest thoughts, Gowoonsesang endlessly tries to help people find answers to their skin-care problems. We will always be a reliable brand that prioritizes people's happiness and wellness.



MAKING THE WORLD HEALTHIER AND MORE BEAUTIFUL WITH DERMATOLOGY

Gwoonsesang provides products showcasing customized solutions based on dermatology for beautiful and healthy skin. Our mission is to constantly relate to people's skin concerns and provide them with effectively and safely prescribed derma-cosmetics.

MESSAGE FROM THE CEO



Dear Stakeholders,

Recognizing the importance of corporate sustainability and ESG management, Gowoon Cosmetics has published a sustainability report for the second consecutive year, aiming to raise awareness and share the economic, environmental, and social activities as well as their outcomes with stakeholders, building upon last year's effort. Gowoon Cosmetics has been striving to establish a healthy skin culture by constantly developing brands and innovative products bearing the founding philosophy 'Healthy Skin for Everyone'. In the face of many difficulties, Gowoon Cosmetics is continuing its efforts for growth to achieve its founding philosophy based on its sincerity towards skin health.

In 2022, Gowoon Cosmetics launched Vividraw, a clean beauty brand after 20 years since Dr. G, which applies eco-friendly practices throughout the entire product lifecycle. We achieved the remarkable milestone of being recognized as a Great Place to Work (GPTW) for the third consecutive year.

Furthermore, to enhance corporate sustainability, we have made efforts in developing eco-friendly products, implementing sustainable packaging, reducing our environmental footprint, and fostering a healthy corporate culture that prioritizes the well-being of all employees through skill development and work-life balance.

Additionally, we have been promoting sustainable business practices that generate social value. This includes strengthening our support for lesser-known sports such as Baduk(Go), supporting for self-reliance of children of whom the protection has ended, expanding eco-friendly packaging, and encouraging employee growth, and self-development through decision-making centered on practical professionals. We have also established a healthy and happy organizational culture and plan to launch a Major Disaster Committee to ensure a safe and pleasant working environment.

Gowoon Cosmetics will continue to uphold the vision of sustainable business and take responsibility as an integral part of our society. We will incorporate ethical principles concerning human rights, labor, the environment, and anti-corruption into our business strategies and operations. We are committed to transparently disclosing our non-financial performance to assess and continually improve our sustainability efforts. Furthermore, to achieve sustainable growth, we will expand our efforts in building a circular economy through the extensive use of eco-friendly packaging materials and expanding our eco-friendly product lines, including vegan products. We will also expand the presence of eco-friendly brands

like Vividraw, a clean beauty brand, to contribute to a healthier and more beautiful world through our expertise in skin science. This will secure Gowoon Cosmetics' unique sustainability for the future.

In addition, I would like to express Gowoon Cosmetics' commitment to all stakeholders including customers, partners, and shareholders.

The pursuit of happiness for customers Pursuing customers' happiness: Gowoon Cosmetics will develop top-quality products so that 'all' stakeholders of Gowoon Cosmetics can lead a healthy life with healthy skin, and will always listen to customers' opinions so that they can be delivered to a variety of customers.

The pursuit of happiness for employees Pursuing the happiness of our employees: Gowoon Cosmetics' thoughts that the growth of its employees is the growth of the company. Gowoon Cosmetics will do its best to assist and support the process through which all employees grow through the company and nurture their dreams as a one-person entrepreneur.

The pursuit of happiness for the local community Pursuing the happiness of the community: The community that Gowoon Cosmetics sees means the entire society where all stakeholders live together beyond the region to which the company belongs. Therefore, Gowoon Cosmetics will closely examine the impact of Gowoon Cosmetics' business on society and strive to make business decisions that can contribute to the development of society. We ask for your unwavering encouragement and support.

Thank you.

September 2023
CEO OF Gowoon Cosmetics **Lee Joo Ho**

Philip Lee

SUSTAINABILITY HIGHLIGHTS

The 2022 Sustainability Report is the second sustainability report of Gowoonseesang Cosmetics. In this report, the achievements, and activities of ESG management are disclosed to communicate with various stakeholders who care about Gowoonseesang Cosmetics. Gowoonseesang Cosmetics will create sustainable value with the vision of “We make the world healthier and more beautiful through dermatology”.

Gowoonseesang Cosmetics’ creation of sustainable value



A high-performance clean beauty brand where all stages from ingredient sourcing to production and packaging are eco-friendly

VIVIDRAW
Launching



By KANTAR World Panel
"2021 Most Sought-After Consumer Basic Cosmetic Brands"

1ST

* Refer to major achievements in 2022 on page 12



Female employee hiring ratio
(based on domestic and international regular employees)

77 %

* Refer to Present state of entire employees on page 44



Consumer Complaints and Consultation Satisfaction Survey

4.6 points

* Out of 5 points



A Good Company to Work for

Selected for
3 consecutive years



A Good Company to Work for in Asia

Selected for
2 consecutive years

01

INTRO

Gowoonsesang Cosmetics is a derma-cosmetics company founded by Dr. Ahn Gun Young, a dermatologist. As a globally recognized K-beauty brand that extends beyond the borders of South Korea, Gowoonsesang Cosmetics has captured the growth journey and the stories of our Derma-cosmetics* brand, Dr. G, and our clean beauty brand, Vividraw.

* Derma-Cosmetics: A compound word of Cosmetic, meaning cosmetics, and Dermatology, meaning dermatology.

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COMPANY PROFILE

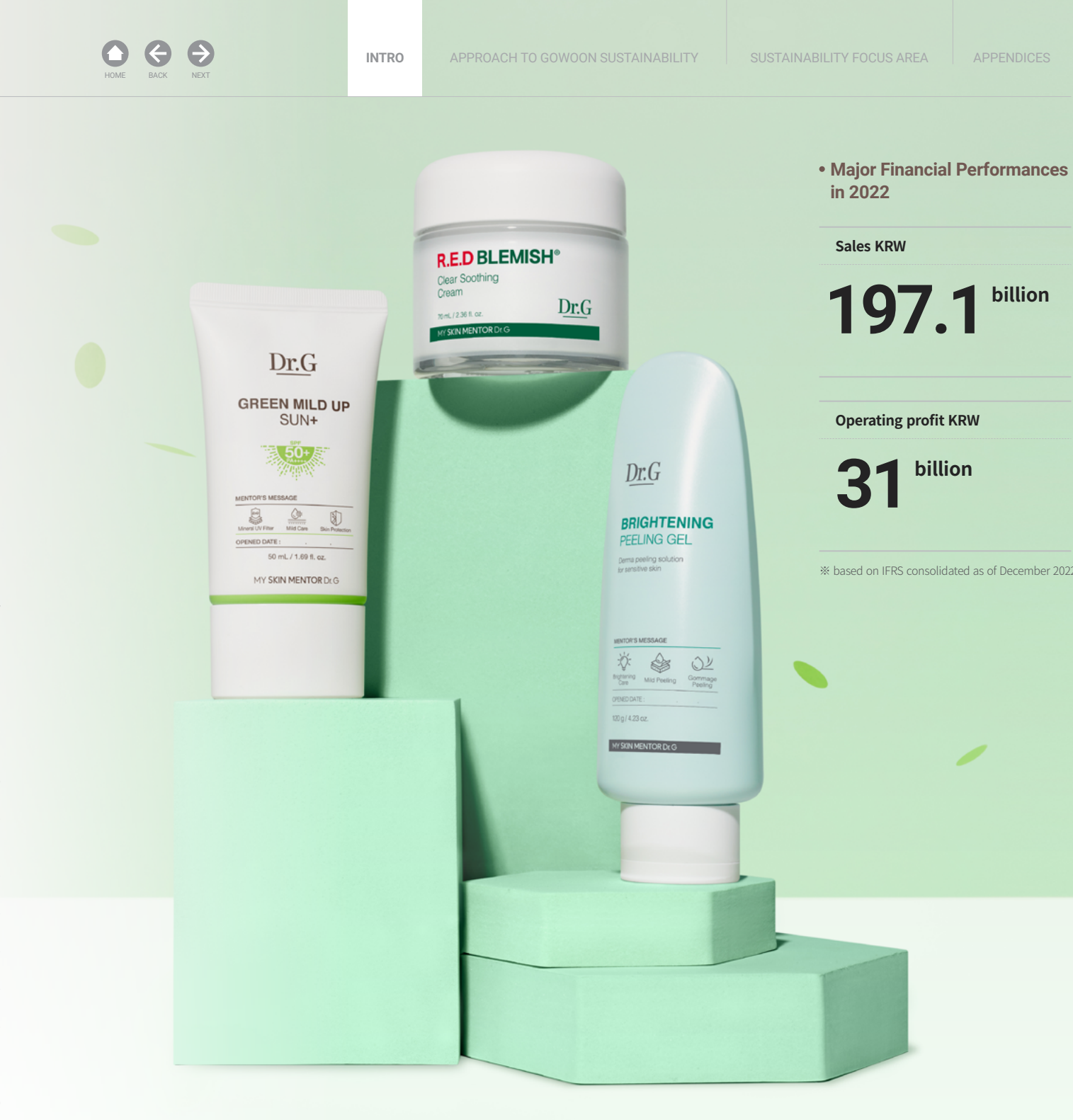
1. Company overview

“We are making the world healthier and more beautiful with dermatology.”

Gowoonsesang Cosmetics is a derma-cosmetics company founded by Dr. Ahn Gun Young, a dermatologist. Beginning with the launch of the derma-cosmetics * brand “Dr. G” in 2003, Gowoonsesang Cosmetics has been continuing its efforts to realize a beautiful world, with its patients. Although Gowoonsesang Cosmetics does not firsthand produce cosmetics, it develops and produces cosmetics based on dermatology by leading the design and development of products, including its own prescriptions by its research institute, and using consignment companies only for production. In 2018, Gowoonsesang Cosmetics became a member of the Migros group, the largest distribution company in Switzerland, and developed innovative products and services based on a robust global distribution network and its own outstanding R&D technology thereby solidifying its position as a K-beauty brand by entering about 19 countries throughout the world. In 2022, we launched Vividraw, a clean beauty brand that creates healthy products using fresh natural ingredients in a sustainable manner.

* Derma-Cosmetics: A compound word of Cosmetic, meaning cosmetics, and Dermatology, meaning dermatology.

Company name	Gowoonsesang Cosmetics Company Limited
Head office	11F, First Tower, 55, Bundang-ro, Bundang-gu, Seongnam-si, Gyeonggi-do, Republic of Korea
CEO	Lee Joo Ho
Major business	Cosmetics and medical device manufacturing
Date of establishment	January 1, 2000
Number of members	223 (as of December 31, 2022)
Website	→ Gowoonsesang Cosmetics → Dr. G → Vividraw

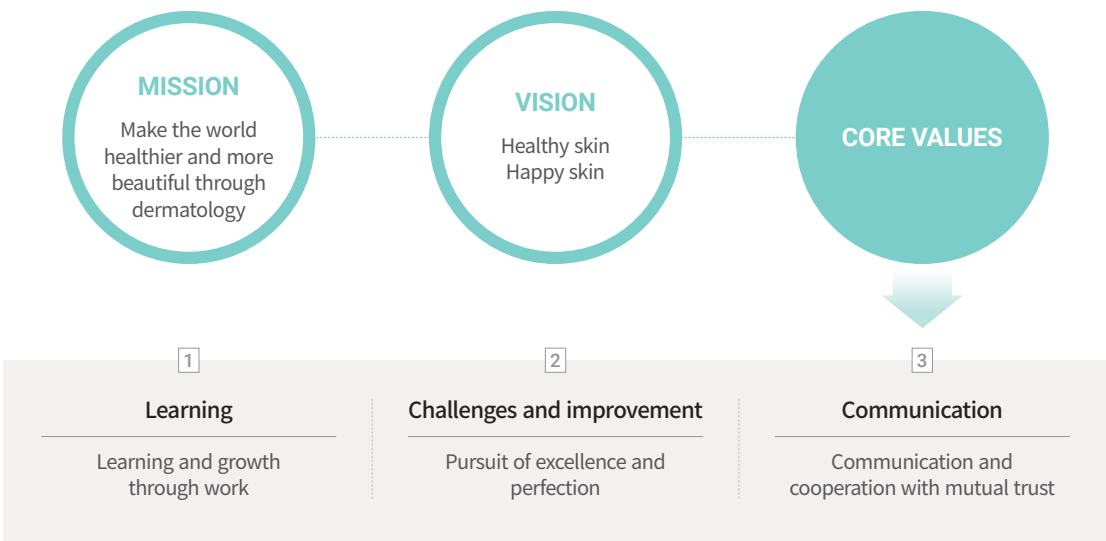


• Major Financial Performances in 2022

Sales KRW	197.1 billion
Operating profit KRW	31 billion
※ based on IFRS consolidated as of December 2022	

2. Management Philosophy and Vision System

Under the corporate belief that organizational growth leads to personal growth, and individual growth leads to organizational growth, Gowoonsesang Cosmetics does not settle for the present, but promotes growth through continuous learning. In addition, Gowoonsesang Cosmetics seeks to improve work efficiency based on a bold sense of challenge, and prioritizes active communication based on trust and cooperation among employees.



• Gowoonsesang CREDO

1. We are healthy and free one-man entrepreneurs who are making a better world with dermatology.
2. We do not lose respect and consideration for human beings under any circumstances.
3. We grow into the best professionals for our customers, colleagues, and ourselves.
4. We are not afraid of failure and never stop taking on new challenges.
5. We always listen to the voices of our customers and try to solve their inconveniences.
6. We pursue both short-term performance and long-term health.
7. We are not afraid of conflict based on trust, and when we reach an agreement, we commit ourselves to it and take responsibility together.

3. Major Products

RED Blemish Clear Soothing Cream

Powerful relaxing and soothing, RED Blemish

Dr. G Green Mild Up Sun Plus

Dr. G for sunscreen

Dr. G Brightening Peeling Gel

The beginning of skin care PEELING

4. Major services

1 Sustainable skin health AI service 'Opti-me'

This is a service that reads everything from skin diagnosis, analysis of the ingredients of cosmetics scanned by users, to recommendations of customized cosmetics in 3 minutes. Through sophisticated skin analysis, this provides the right mentoring for products and lifestyles that are suitable for individuals' skin.

2 AI chatbot service 'Mentor G'

Dr. G's 'Mentor G' provides a variety of skin consultation services based on dermatology know-how, such as skin trouble counseling, skin type testing, and lifestyle-specific product suggestions. The website is operated 24 hours a day and provides convenient services such as product inquiries and ordering and delivery information.

3 Skin Trouble Counseling Center, Visible Radio Hz

Dr. G is operating '#Skin Trouble Counseling Center Visible Radio' to expand contact points with customers through SNS. #Skin Trouble Counseling Center is a consumer linkage program that delivers solutions to listeners' skin troubles in real time.

5. Global Network

Gowoonsesang Cosmetics is a K-beauty brand, and it established a subsidiary in Shanghai, China in 2015 thereby preparing a bridgehead for advancing into the Chinese market and overseas markets in addition to the domestic market. Furthermore, we expanded into 19 countries worldwide, including Japan, Indonesia, the United States, Vietnam, Hong Kong, and Malaysia. In 2022, our Asian region recorded sales of 2.2 billion KRW, establishing us as a globally recognized derma-cosmetics brand.

* Gowoonsesang Cosmetics engages in domestic OEM contract manufacturing and some ODM production, and does not have a separate production site.

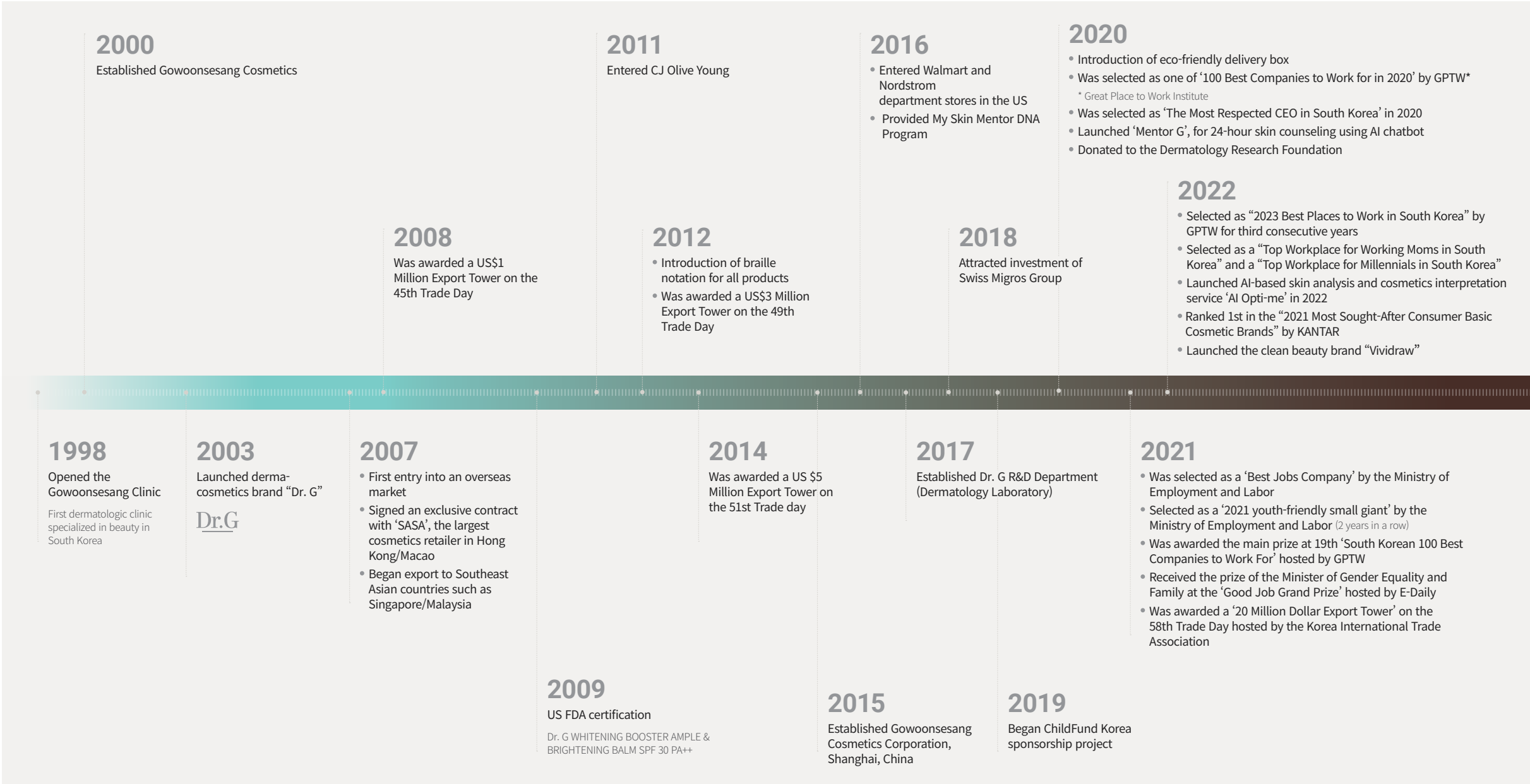
19 countries around the world

19 Offices



Head Office	Seoul, South Korea
Overseas Corporation	Shanghai, China
Distribution Channel	South Korea, China, Japan, Indonesia, the United States, Vietnam, Hong Kong, Malaysia, Singapore, India, Taiwan, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, United Arab Emirates (UAE), Mongolia, Australia

6. History



Year-over-year revenue growth

8% Increase

Year-over-year growth rate in sales of vegan products

5,000%

The 2021 Consumer Sought-After Basic Cosmetic Brand selected by KANTAR World Panel

1ST

7. Major Achievements in 2022

Reinforcement of digital business foundation

Through strategic collaboration with major domestic online platforms, our domestic online sales increased by 14% compared to the previous year, totaling 31 billion KRW, and strengthened brand awareness among the MZ generation. To continue nurturing our online distribution channels, we focused on livestream commerce and conducted a total of 44 livestream commerce broadcasts.

Promotion and expansion of the Basic Skincare & Cleansing category and the enlargement of vegan cosmetics

The R.E.D Blemish basic skincare line became a best seller, and we have also launched new products tailored to our customers' skin types. In 2022, the release of Red Blemish Clear Moisture Cream and Red Blemish Cica Soothing Cream was successful in establishing a strong presence in the market. Additionally, the cleansing category achieved a remarkable 43% growth compared to the previous year, thanks to the introduction of new products. Furthermore, our vegan cosmetics saw exponential growth, with sales increasing from 2 items and 400 million KRW in revenue in 2021, to 13 items and 19.4 billion KRW in revenue in 2022, marking a growth rate of 5,000%.

Launching AI Opti-me, the AI skin diagnosis service

We have developed the Opti-me service using AI technology to provide individualized skin care guidance based on each customer's skin condition. Through customer photos and a 20-question survey, we diagnose the customer's skin type and provide essential information for skincare, including

solutions for common skin concerns as well as tailored ingredient information for skincare products based on their skin type.

The launch of the high-performance clean beauty brand "Vividraw" strengthening our future growth prospects.

After 20 years since the launch of Dr. G, we introduced a new high-performance clean beauty brand, "Vividraw". In December 2022, we achieved a crowdfunding success rate of 1,105% through the Wadiz platform, garnering significant attention for Vividraw. Not only have we implemented eco-friendly practices in every aspect of production, from sourcing raw materials to packaging, but we have also increased product quality and reliability by utilizing ingredients co-developed with Swiss Mibelle Biochemistry. In this manner, we plan to continue expanding our brand by offering sustainable products with excellent efficacy and results.

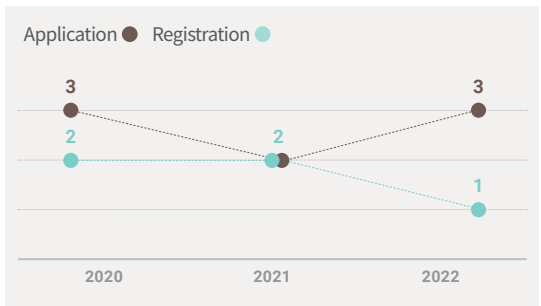
8. R&D Output

Development and launch of prescription products by R&D Department

Representative proprietary prescription products of the R&D lab include the 'Dr. G pH Cleansing Gel Foam', 'Dr. G Dermoisture Barrier D Daily Lotion', 'Royal Black Snail Cream', and 'Doopilab Scaling Shampoo & Massage Treatment', and the 'R.E.D Blemish Clear Soothing Active Essence', which are produced and released through various manufacturers. At least 40% of Dr. G products are operated with the R&D lab's proprietary prescriptions, and the technologies, raw materials, and efficacy applied to the products are communicated in the language of consumers in an effort to differentiate their branding.

Acquisition of intellectual property rights (patents)

The R&D lab applies for at least two cosmetic-related patents per year to secure intellectual property rights. In order to secure proprietary strains of the company in response to the recently growing microbiome market*, the R&D lab deposited the microorganism (Lactobacillus plantarum Dr. G-001(14625BP)) isolated and identified from natural products through collaboration with the raw material company in the Korean Collection for Type Cultures, and applied for a related patent. Gowoonseesang Cosmetics will achieve its mission of 'making the skin healthier and more beautiful with dermatology' by developing and utilizing effective ingredients and strengthening competitiveness hereafter too.



* Combination of the genomes of all microorganisms in a certain environment, and is a compound word of microbiota, which means the microbial community existing in a certain environment and genome, which means all the genetic information of an entity

Examination and certification of functional cosmetics by the Ministry of Food and Drug Safety

The R&D lab carries out the examination and permission of proprietary functional cosmetics in order to secure product competitiveness. Functional cosmetics are cosmetics that claim the efficacy and effect specified in the Cosmetics Act and the enforcement regulations. They are cosmetics of which the quality, safety and efficacy have been examined and recognized by the Ministry of Food and Drug Safety. Defined as a derma-cosmetics category in the United States and Europe, functional cosmetics are products with a nature intermediate between the natures of cosmetics and medicines, with a focus on effectiveness. Proprietary sunscreen formulations, acne-relieving cleaners, and products effective for skin barrier recovery and itch

improvement have been examined by the Ministry of Food and Drug Safety as functional cosmetics and currently, the R&D lab is carrying out clinical trials for cosmetics for relief hair loss symptoms and preparing for the examination of the products. In addition, the R&D lab is reviewing US regulations, OTC product development, and is striving to develop differentiated products unique to Dr. G through preceding permissions.

Certification of medical device (adhesive transparent wound covering material) and K-GMP (Good Manufacturing Practice)

Gowoonseesang Cosmetics is a derma-cosmetics company founded by Dr. Ahn Gun Young, a dermatologist, and operates the brand Dr. G known for derma-cosmetics. The company received the certification of MD Creams, which are classified into medical devices (adhesive transparent wound covering material) as hospital cosmetics that meets the corporate identity. The company also acquired K-GMP (Good Manufacturing Practice) conformity certificate necessary for the MD cream. Cosmetics for hospitals are in a category that can be prescribed as non-benefit items through diagnosis by medical personnel and thus can be applied with indemnity insurance and for certification, they should pass strict examinations such as examinations of biological stability, storage stability, and technical documents. With the certification of MD creams along with cosmetics, Gowoonseesang Cosmetics is expanding its technological prowess.

BRAND STORY

1. Dr. G Correctly answers regarding skin concerns

No.1 derma-cosmetics* Dr. G

The brand Dr. G originates from Gowoonseesang Dermatologic Clinic. Dr. G is an ‘authentic dermatology brand’ that learns about the skin based on tens of thousands of data on skin concerns and develops products based on the learning and this is a source of pride for Dr. G. Dr. G has prepared its footing of growth centering on products that can be safely used even on sensitive skin, such as sun creams and R.E.D Blemish clear soothing cream, it is also raising its status in the global market by being recognized for its authenticity and value. In addition, Dr. G has secured the quality and the stability of supply by using all raw materials supplied in South Korea. Through the foregoing, Dr. G will become a genuine brand that thoroughly researches and develops products dermatologically, rather than simply chasing trendy ingredients.

* A compound word of “Cosmetic” and “Dermatology”

“Healthy Skin, Happy Skin”

All of about 220 employees are working as ‘dermatologists’ to make ‘growing Dr. G’ together. Dr. G is operated with the ‘value management’ that considers and creates the company’s mission and core values together with its employees. Dr. G is striving to create an organizational culture in which its members, who are the core resource of the company, challenge, grow, communicate, and cooperate. It has also been rapidly growing, this can be seen in it recorded high annual average rate of 66% since 2014.

Percentage of customers with improved skin*

51.5%

* This refers to the percentage of customers whose skin has been improved among customers who have been tested twice or more, and the survey period is from January to December 2022.



• Dr. G’s manufacturing principle “Healthy skin habits”



Technological prowess of skin experts

Dr. G strives to enable customers to care their skin concerns easily and safely by releasing products after undergoing meticulous tests with the technological prowess of skin experts in its own R&D Department.



Completion of skin irritation / sensitivity tests

Safe and milder! Dr. G’s product are always made with this principle. Because even one person’s skin is precious, this is Dr. G’s philosophy to deliver only those that are essential for the skin.



Healthy Skin Habits

Dr. G researches sustainable skin care based on 3 steps of Exfoliation of dead skin cells – moisturizing – UV care®.



• Dr. G’s representative products



Brightening peeling gel

Hypoallergenic peeling gel that makes skin bright as if the light was turned on

- Hypoallergenic peeling while protecting the barrier with Aqua Ceramide
- Hyal Vita provides vitality and moisture replenishment
- Delicate dead skin cell care ranging from fine dead skin cells to old dead skin cells



R.E.D Blemish Clear Soothing Cream

A strongly soothing moisture cream that hydrates sensitive skin

- Sensitive skin soothing that became stronger with 10-CICA
- 100 hours of continuous moisture and hydration
- Hypoallergenic cream that can be used on acne-prone skin



Green Mild Up Sun Plus

Inorganic sunscreen for sensitive and delicate skin (SPF50+ PA++++)

- Zinc oxide inorganic sunscreen that is milder for sensitive skin
- Five-fold protection against UVA, UVB, blue light, infrared light, and pollution
- Adhesive cream formulation that stays fresh for a long time

2. Skin Solution : Find cosmetics optimized for your skin and right lifestyle with Dr. G AI

• A beauty technology service AI Opti-me using AI skin analysis + 1:1 component analysis

Dr. G Opti-me Service

Cosmetic companies and dermatologists also classify common skin types into dry, oily, composite, and sensitive ones, but they do not accurately reflect the different skin temperaments of individuals. Therefore, the skin is not properly cared so that the following cases occur:

- Lack of knowledge about skin care and wrong skin care
- Use of cosmetics that do not fit one’s skin
- Abuse of cosmetics

The exact skin types of the relevant persons should be known, and the respective correct skin care guides should be presented according to the skin types. Therefore, Dr. G has developed an automatic skin analysis service through AI technology. AI Opti-me Skin Analysis Service is a service to automatically diagnose customers’ skin types through customer photos and 20 questions and provide information necessary for skin care, such as major skin concerns, care methods, and information on customized cosmetic ingredients by each skin type. For AI skin analysis service, the company felt the need to define skin types to fit the characteristics of Asians and Koreans, and designed eight skin types for the first time in South Korea.

• Dr. G Opti-me Service

Opti-me: Optimize +Me

Dr. G protects your skin health from the wrong choice of cosmetics through the cosmetics reading service.



Number of cases of use of Dr. G AI Opti-me

74,876 cases

As of December 31, 2022



Cumulative number of cases of use of Dr. G’s skin analysis service

About 440,000 cases

2016-2022



Component analysis service product DB

9,103 cases

As of December 31, 2022

3. Vividraw, a Joyful Transformation Rooted in the Essence

Vividraw is a high-performance clean beauty brand that has been newly launched under the philosophy of Gowoonseesang Cosmetics, which is “making the world beautiful and healthy through skin science”. We aim to create foundational products that consider both the skin and the environment, using trusted ingredients and the latest manufacturing technology.

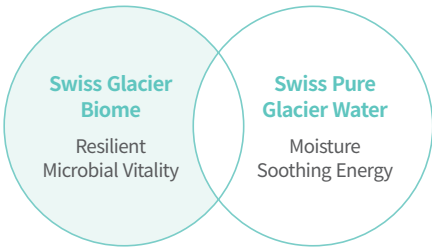
With Vividraw, we embark on a journey to embrace the joyful transformation that starts from the essence. By responsibly sourcing fresh natural ingredients and crafting healthy products in a sustainable manner, we aspire to transform into a cosmetics brand that coexists harmoniously with nature.

Essential ingredients found in nature

Vital Biome Water, developed through the collaboration of Mibelle R&D, Switzerland’s premier ingredient company, and Gowoonseesang Cosmetics’ technological expertise, serves as the core proprietary ingredient of Vividraw, enhancing the skin’s natural strength and delivering robust vitality.

This ingredient is a meticulously blended formulation of glacier water, infused with minerals and trace elements absorbed from the pristine 4,000-meter Swiss Alps, surrounded by mountains and glaciers. It combines the vitality of microorganisms with the soothing moisture energy of pure glacier water, offering antioxidant effects and abundant hydration.

* Biome: Ingredients using dissolved substances or non-living microorganisms



• Product Development Principles



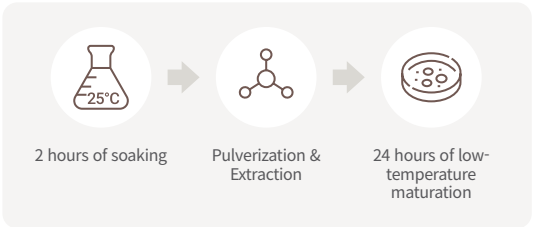
Vivid Clean Principle
✓ Easy-to-recycle, minimal plastic packaging
✓ Application of eco-friendly ingredient processes
✓ Natural decomposition and 100% vegan formula
Unique Texture & Formula
✓ Unique and sophisticated formulation
✓ Bringing a delightful skincare ritual
✓ Bringing transformation to both skin and everyday life
Healthy & Lively Skin
✓ Utilizing the antioxidant ingredient, Vital Biome Water, developed through collaborative research with Mibelle, Switzerland's top ingredient company
✓ Optimal concentrations of plant-derived active ingredients
✓ Bestowing vibrant, healthy skin

• Vividraw’s manufacturing principle “Responsible Skin Solutions”

Environmentally Friendly Practices

Through the Eco-gradient method* (applied to some ingredients), we obtain raw materials that reduce energy consumption, while maximizing the effects experienced by customers. This process simultaneously reduces energy consumption, carbon dioxide emissions, and heat generation during the manufacturing process, effectively removing residual pesticides and methanol from the raw materials.

* Eco-gradient Method: A process involving soaking, pulverizing, extracting in water at room temperature (25°C), and slow low-temperature maturation, which reduces energy consumption while maximizing the efficacy and effects of the raw materials.



Real Clean Formula

After conducting biodegradability analysis tests on the formulation, it has been applied to break down by over 90% (varies by product) into nature through microbial action within 45 days.

Sustainable Packaging

To minimize plastic usage, we have incorporated glass containers made from recycled glass and paper packaging. Additionally, we have developed separate wipers for the containers to make recycling more convenient.

• Vividraw’s representative products

Product name	Oat Soothing Bubble Cleansing Bar	Baobab Hydrogel To Drop Ampoule	Cherry Collagen Firming Capsule Ampoule
Description	Gently cleansing with a mildly acidic bubble, hydrating cleansing bar	Silky-smooth moisturizing ampoule	Deep elasticity ampoule for your first encounter with fine wrinkles
Formula	Firming bubble formula that feels like a mask	Gel to Drop formula concentrated with pure moisture	Micro-mixed peptide capsules Non-sticky, firming formula
Main Ingredient	Oatmeal x Calamine x Papain Enzyme	Baobab Fruit x Vegan Hyaluronic Acid x Synegrin	Vegan Cherry Collagen x Bakuchiol x Natural Peptides
Main Benefit	Hydrating Soothing Cleansing	Moisture + Skin Texture Care	Deep Elasticity + Radiance Care

02

APPROACH TO GOWOON SUSTAINABILITY

Gowoonsesang Cosmetics collaborates on ESG strategies throughout its growth process to foster sustainable growth. Approach to Gowoon Sustainability illustrates the strategy framework for sustainable growth and the creation of sustainability through communication with stakeholders.

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Sustainable Growth Strategy System

Red Global Brand

1. Sustainable Growth Strategy

Gowoonsesang Cosmetics systematized its mid- to long-term growth strategy for 2022-2024 into ‘R.G.B’, and in addition to business strategic tasks, Gowoonsesang Cosmetics concretized ESG related strategic tasks. Hereafter too, Gowoonsesang Cosmetics will take the lead in creating sustainable values by promoting ESG management also in the process of growth.

- Gowoonsesang Cosmetics 2022-2024 Growth Strategy

Growth Strategy		
RED	GLOBAL	BRAND
<div>Intensive Cultivation of RED Line</div> <div>The company will position the RED Blemish line as a long-term steady seller for more than 10 years, and advance into the global market based on it.</div>	<div>Strengthening Global Competitiveness</div> <div>The company will advance into the US and global markets centering on China and Japan.</div>	<div>New Brand & Line Launch</div> <div>The company will launch new clean beauty and hair care brands to secure new growth engines and continue to launch new brands and lines to meet the needs of various consumers.</div>

ESG-related Strategic Tasks



Strengthen organizational capabilities through employee learning and growth

- Strengthen the online training process
- Carry out regular employee performance evaluation



Improve package eco-friendliness and expand vegan eco-friendly products

- Secure single materials and ease of separation to expand the ease of recycling
- Reduce the use of plastic in the package
- Develop and launch vegan products



Secure cosmetic chemical safety

- Improve customer skin health index
- Expand the use of eco-friendly raw materials



Strengthen customer communication

- Improve customer skin health index
- Expand communication channels with customers (SNS, etc.)

Double Materiality Assessment

Gowoonsesang Cosmetics conducted a materiality assessment to understand the impact and concerns of internal and external stakeholders under the values of sustainable management. In particular, a “double materiality assessment” was conducted in accordance with the Global Reporting Initiative (GRI) Standard 2021. Through this process, both non-financial aspects of business activities and external and internal environmental and social factors that affect financial conditions were taken into consideration.



Step1 Setting up 32 issues pool	Step2 Identifying key issues for Gowoonsesang Cosmetics	Step3 Reporting on key issues
<ul style="list-style-type: none">• Analysis of global standards and external evaluation factors<ul style="list-style-type: none">- ISO 26000, GRI(2021), SASB, UN SDGs, UN Global Compact, TCFD• Benchmarking with leading companies in the same industry and competitors<ul style="list-style-type: none">- Analysis of the current status of sustainable management in domestic and international companies• Analysis of internal company data and industry issues<ul style="list-style-type: none">- Analysis of public disclosures such as business reports and internal corporate reporting materials• Media research analysis<ul style="list-style-type: none">- Analysis of 256 articles from January 2022 to March 2023 <p>※ removing duplicate issues, consolidating similar issues, and selecting/reviewing the issue pool list</p>	<p>※ Performing a “societal and environmental relevance assessment” and a “financial impact assessment” for the final 32 issues, which are the same as those identified in 2021</p> <ul style="list-style-type: none">• Analysis of societal and environmental impact<ul style="list-style-type: none">- Analysis of global ESG-related standards and evaluation criteria- Media research analysis- Analysis of issue impact through surveys on societal and environmental impact for stakeholder groups- Analysis of sustainability practices within the industry’s peer group• Financial impact analysis<ul style="list-style-type: none">- Internal perspective review within Gowoonsesang Cosmetics, including CEO messages and disclosure materials- Analysis of issue impact through surveys on financial impact for stakeholder groups	<ul style="list-style-type: none">• Identification of important sustainability management issues and related sub-issues at Gowoonsesang Cosmetics• Analyzing the actual and potential impact of each issue• Structuring the report by linking important issues and reflecting them in the detailed planning and content of the report

1. Major Issues of ESG Management

Gowoonsesang Cosmetic conducted a double materiality assessment based on ISO 26000 social responsibility management issues, considering financial as well as social and environmental impacts, resulting in the selection of 6 important issues.

NO	Material Issue	Financial Impact	Social & Environmental Impact	Related Standard	Report Page
1 (3)	Expansion of environmentally friendly materials for sustainable resource circulation and packaging	<div></div>	<div></div>	SASB CG-MR-410a.1	26~30
2 (5)	Ensuring the chemical safety of products	<div></div>	<div></div>	GRI 416 Customer Health and Safety	34
3 (19)	Improving and providing information on the ecological and human impact of products	<div></div>	<div></div>	GRI 417 Marketing and Labeling	31~33
4 (26)	Creating social value through products (Job creation and local community development through the establishment of a local business ecosystem)	<div></div>	<div></div>	GRI 203 Indirect Economic Impacts	40
5 (6)	Supporting employees’ work-life balance	<div></div>	<div></div>	GRI 401 Employment	23~24
6 (18)	Discussing ESG policies, performance, goals, and development directions within the board of directors	<div></div>	<div></div>	GRI 405 Diversity and Equal Opportunity	25

* Through internal validation within the company, the rankings of issues from 1 to 6 have been partially revised, and a new issue has been selected for the 4th position.

* The numbers below the rankings indicate the rankings at the time of importance assessment in 2021, and shaded issues represent new important issues identified in 2022 compared to 2021.

2. Stakeholder Engagement

• Stakeholder Communication Channel

Gowoonsesang Cosmetics defines stakeholders as those who are directly or indirectly affected in the business process. Gowooonsesang Cosmetics divided and identified major stakeholders as consumers, shareholders, investors, employees, cooperative companies, partners*, local communities, the government and local governments, and related organizations. It collects stakeholders’ opinions, identifies issues, and reflects the foregoing on business activities. Through the foregoing, the company freely shares information on overall business activities with stakeholders and identifies related issues to create sustainable value.

* Cooperative companies (purchasing, marketing cooperative companies) and partners (duty-free shops, MDs, online, etc.)

Stakeholder group	Stakeholder needs	Related material issues	Communication channel	Communication period
Consumers	<ul style="list-style-type: none">Strengthening ethical managementSecuring product chemical safety	<ul style="list-style-type: none">Respect for consumers by providing fair and balanced informationSecuring product chemical safetyStrengthening ethical management	<ul style="list-style-type: none">Customer center, KakaoTalk chatting consultation, bulletin board of the company mallWebsiteThe company’s social media and messenger	<ul style="list-style-type: none">FrequentFrequentFrequent
Shareholders and investors	<ul style="list-style-type: none">Securing transparency and independence of the decision-making process	<ul style="list-style-type: none">Securing transparency and independence of the decision-making processStrengthening ethical management	<ul style="list-style-type: none">General meeting of shareholdersConference call	<ul style="list-style-type: none">Once a yearFrequent
Employees	<ul style="list-style-type: none">Strengthening ethical managementGuarantee of basic labor rights of employees and provision of decent jobs	<ul style="list-style-type: none">Talent development based on a growing organizational cultureGuarantee of the basic labor rights of employees and providing decent jobsStrengthening ethical management	<ul style="list-style-type: none">Company-wide workshop, autonomous workshop, organizational culture diagnosisMeetingGowoonsesang Town-hall MeetingTeam Team DayReporting grievances at workAnonymous chat room “Glind”	<ul style="list-style-type: none">Once a yearTwice a yearOnce every quarterOnce a monthWhen a grievance report has been receivedFrequent
Cooperative companies and partners	<ul style="list-style-type: none">Strengthening ethical managementReduction of waste generation by expanding product/ packaging eco-friendliness	<ul style="list-style-type: none">Securing product chemical safetyStrengthening ethical management	<ul style="list-style-type: none">Phone or mail	<ul style="list-style-type: none">Frequent
Local communities	<ul style="list-style-type: none">Educational and cultural activities for sustainable community development	<ul style="list-style-type: none">Educational and cultural activities for sustainable community developmentReduction of waste generation by expanding product/ packaging eco-friendliness	<ul style="list-style-type: none">Press media	<ul style="list-style-type: none">2-3 times a year
The government, local governments, and related organizations (such as associations)	<ul style="list-style-type: none">Reduction of waste generation by expanding product/ packaging materials’ eco-friendlinessSecuring product chemical safetySecuring transparency and independence of the decision-making process	<ul style="list-style-type: none">Reduction of waste generation by expanding product/ packaging eco-friendlinessEducational and cultural activities for sustainable community developmentStrengthening ethical management	<ul style="list-style-type: none">Monitoring of related laws	<ul style="list-style-type: none">Frequent

Risk Management

1. Risk Management System

Gowoonsesang Cosmetics will check risks and improve throughout its business areas in order to identify and manage in advance various risks that may occur. As part of internal control, process improvement work was performed to unify the contract managing entity into the legal affair team, and the process of prior agreement and review with the legal affair team was made into a process so that a total of 210 contracts were made after prior agreement with the legal affair team. In addition, the risk management system was systematized by upgrading the internal control system and supplementing external consulting and dedicated personnel for information protection. In 2022, the group-level process status was checked and the risk management system of Gowoonsesang Cosmetics will be introduced in 2023.

• Risk management organization

Management Organization	Legal Affair Team	Accounting Team	IT&Systems Team
Role	Overseeing company-wide risk checking and responses	Tax risk checking and management	Information protection risk checking and response



2. Financial Risk

• Financial Risk

Gowoonsesang Cosmetics operates a financial management system to identify business and financial risks such as economic/financial risks, credit risks, liquidity risks, and tax risks as well as analyze the risks.

Risk type	Responsible Organization	Risks that may occur	Risk Management Direction
Economic and Financial risk	Business Planning team	<ul style="list-style-type: none">Risk of losses that may occur due to fluctuations in financial markets such as interest rates and exchange rates, fluctuations in raw materials, oil prices, and trade disputes	<ul style="list-style-type: none">Financial market monitoringExchange rate risk hedge trading
Credit risk	Legal Affair Team Business Planning Team	<ul style="list-style-type: none">Risk of losses that may occur due to changes in the counterparty's credit rating	<ul style="list-style-type: none">Giving differential credit limits by client and securing collateral such as subscribing to credit insurance
Liquidity risk	Business Planning Team	<ul style="list-style-type: none">Risk of losses that may occur due to the lack of operating funds and in the process of financing	<ul style="list-style-type: none">Regular monitoring and reporting of cash flow and liquidity statusesPreparation for excess and shortage by predicting cash flow
Tax risk	Accounting Team	<ul style="list-style-type: none">Risk of losses due to non-fulfillment of tax obligations according to tax laws by country	<ul style="list-style-type: none">Fulfillment of tax obligations in accordance with the laws of each country when domestic and Chinese subsidiaries conduct business activitiesSubmission of reports and mandatory materials by countryContinuous monitoring of tax law revisionsPreparation for transfer pricing risk management with overseas subsidiaries

• Implementation of internal accounting management system

Through the internal accounting management system, accurate and reliable financial statements are prepared and reported on corporate financial information, thereby establishing a control system for the entire processes as well as preventing financial risks and distortions of financial statements. Therefore, Gowoonsesang Cosmetics implements an internal accounting management system based on best practices and internal audit of the parent company Mibelle, to manage risks and provide reliable information in organizational operations. Control activities are performed by subdividing process units such as company-wide control, purchasing, sales, funds, settlement of accounts, HR, settlement of accounts, finance, IT, and assets, the preparation of consolidated financial statements and control activities are included in management to increase the reliability of consolidated financial statements, and the control is evaluated twice a year.

3. Non-Financial Risk

• Non-Financial Risk

A systematic risk management system was established by identifying non-financial risks that may occur during business operations by type and preemptively managing them. Through the risk management system, risks are monitored periodically, so the occurrence of risks is minimized.

Risk type	Responsible Organization	Risks that may occur	Risk Management Direction
Environmental risk	Legal Affair Team Quality Control Team	<ul style="list-style-type: none">According to the trend of strengthening eco-friendly policies and related laws, in case of non-compliance with laws and regulations, there is a risk of actions taken according to related laws and damage to the corporate imageRisk of increased costs due to exceeding Greenhouse Gas Emission allowance allocationsNegative environmental impact of corporate decision-making	<ul style="list-style-type: none">Establishment of company-wide environmental management system (environmental audit, reporting, evaluation, and support system establishment)Considering the impact of important business decisions on the environment first
Ethical and compliance risks	Legal Affair Team Accounting Team (Internal Accounting Management System)	<ul style="list-style-type: none">Risk of losses due to inappropriate internal processes, personnel, or systems	<ul style="list-style-type: none">Appoint a compliance officer to check compliance with the compliance control standards and report the results to the board of directorsEnhance employees' ethical awareness through ethics code educationOperation of internal accounting management system
	Legal Affair Team	<ul style="list-style-type: none">Risks of works carried out without prior review by the legal affair team	<ul style="list-style-type: none">The responsibility to manage major documents such as contracts is being unified into the responsibility of the legal affair teamThe company changed internal process (changed so that prior review can be done preemptively by making the indication of the approval request number an essential element when applying for documents requiring seal)Enhancement of the sense of ethics of employees through education on ethics regulations, etc.Advancement of the internal control system
Information security risk	IT&Systems Team	<ul style="list-style-type: none">Risks of works carried out without security deliberation/reviewBrand image damage due to hacking attacks	<ul style="list-style-type: none">Execution of security education to raise security awareness of internal employeesSystem advancement and introduction of new security solutions to be prepared for hacking attacksEstablishment of regulations for information security and personal data protectionRevision of the privacy policy to ensure customer's rights to personal informationPrevention of hacking attacks through continuous security monitoring
Supply chain risk	Purchasing Team Quality Control Team	<ul style="list-style-type: none">Instability of product sourcingManufacturer (cooperative company) risk managementIdentify quality risks through regular audits of cooperative companies and request corrective action and improvement	<ul style="list-style-type: none">Enhancement of the accuracy of sales plans through the introduction of SCM systems
Purchase risk	Purchasing Team	<ul style="list-style-type: none">Increases in changes in product design and wordingOccurrence of sluggish use or unusable inventoryLack of warehouse space	<ul style="list-style-type: none">Development of a data history management programAdjustment of inventory supply and demand according to the inventory and sales activities

03

SUSTAINABILITY FOCUS AREA

The sustainability of Gowoonseesang Cosmetics focuses on the ESG areas of society, environment, and governance. In the Sustainability Focus Area, we outline the sustainable values created by Gowoon Cosmetics to date, as well as our plans to expand sustainability in the future.

Talent Development based on a Growing Organizational Culture	23	Securing Product Chemical Safety	34
Ensuring the Transparency and Independence of the Decision-Making Process	25	Guarantee of the Basic Labor Rights of Employees and Providing Decent Jobs	35
Reduction of Waste Generation by Expanding Product/Packaging Eco-friendliness	26	Human Rights Management	37
Respect for Consumers by Providing Fair and Balanced Information	31	Strengthening Ethical Management	38
		Information Security & Personal Data Protection	39
		Educational and Cultural Activities for Sustainable Community Development	40

Talent Development Based on a Growing Organizational Culture

For a company to achieve sustainable growth, it must grow together with its employees. Therefore, Gowoonseesang Cosmetics will provide education to enhance employees' capabilities under the core values of a learning organization that grows together, an organization that pursues excellence and perfection through constant challenges and improvement, as well as an organization that communicates and cooperates based on trust, to realize a good company to work for where work and family can be compatible through a balance between work and family.

UN SDGs Linkage



1. Good company to work for

• Organizational Culture Diagnosis(TI)

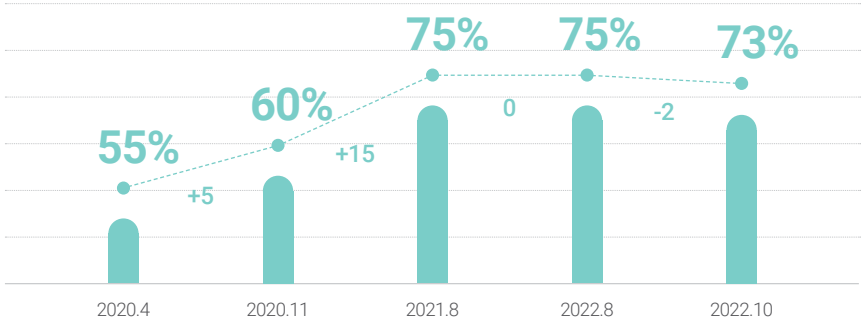
Gowoonseesang Cosmetics conducts regular organizational culture diagnosis to create a working environment good to work in continuously. The organizational culture diagnosis, which began in 2019, is subdivided into areas such as trust among members, pride in one's given work, companionship, recognition of and respect for ability, etc. Currently, the level of the organizational culture is diagnosed once a year to identify the direction in which the company should improve and reflect the results on the organizational culture. Gowoonseesang Cosmetics was selected as the 'Good Company to Work for in Asia' for two years in a row in 2022, and was selected as the 'Good Company to Work for' for three years in a row.



Results of organizational culture diagnosis (TI)

(GPTW South Korean good company to work for TI)

Positive response rate



2. Pursuit of Work-Life Balance for Employees

Implementation of Flexible Working System

Gowoonsesang Cosmetics operates the working time system flexibly to create an environment where employees can immerse themselves in their work , and still be devoted to their personal lives after work. Along with the 7.5-hour workday system, the company operates a selective working hour system that allows employees to choose their commuting hours autonomously by managing monthly working hours, and a responsible work system that allows employees to work from home up to twice a week. In 2020, the company newly established an outing system so that employees can handle personal affairs such as those at hospitals, childcare, government offices, and banks while working without using personal leaves. Starting in 2023, we are implementing a caregiver support program to provide convenience in the work environment for caregivers. With the caregiver support program, there are no limitations on the number of telecommuting days within the designated period, allowing for full-day telecommuting as needed. (Currently, telecommuting is available twice a week.)

Childbirth/Childcare Support System

Gowoonsesang Cosmetics is a female-friendly company with a workforce consisting of over 75% female employees. We actively encourage and support pregnancy, childbirth, and the well-being of working mothers by fostering a family-friendly organizational culture. We promote the utilization of various benefits such as reducing working hours by 2 hours during pregnancy, allowing prenatal check-ups during working hours, and providing a 2-year childcare leave option. To express our support and congratulations, we also gift a BABY KIT (including diapers and baby essentials) and operate the “Supporting Working Moms” program to facilitate the return to work with the support and celebration of colleagues.

Employee Health Support System

Gowoonsesang Cosmetics is committed to creating an environment where our members can maintain physical, mental, and social well-being and fully immerse themselves in their work. We offer a “Mental Counseling Program” where employees can receive counseling on job-related stress, internal communication, job competency, personality assessments, and more. Additionally, we provide comprehensive health check-ups for employees and one family member each year. To alleviate the financial burden of surgeries, hospitalizations, and expensive medical tests for employees and their families, we offer financial support for medical expenses.

Starting in 2023, we have established a severe illness leave system to empathize with our members’ suffering and ensure they have a sufficient period for treatment and recovery without environmental or financial concerns. This includes full coverage of medical expenses and a living allowance during the leave period, amounting to 100% of the base salary each month.



Employee exchange program that leads to cooperation based on trust

Gowoonsesang Cosmetics believes that fostering camaraderie among employees enhances work efficiency, and thus, we provide various opportunities for both large and small staff interactions. We offer company-wide workshops where employees can share the company’s vision and build friendships, autonomous work-related trips for employees of similar ages to travel domestically and internationally, team-building days where employees from different departments share lunch together every month, hobby clubs for those with common interests, and mentor-mentee programs to support the

smooth onboarding of new employees. As a new initiative, we have introduced a “Compliment Board (Well-Done Board)” to cultivate a culture of employees complimenting and encouraging each other throughout the work process.

3. Employee Communication Culture

Horizontal Organizational Culture

Gowoonsesang Cosmetics aims to expand the opportunities for growth of its employees by simplifying its level system into a role-oriented one, while spreading a horizontal and autonomous organizational culture. In addition, the company introduced an English title system in 2016 to expand work efficiency and promptness, while enabling individual employees to actively exchange opinions as experts in their respective jobs.



Open communication with the management

The company’s management openly shares information about its strategies, key issues, and quarterly performance. It also operates various channels for two-way communication with employees. On the first day of employment, the management conducts a 1:1 orientation session to share the company’s values, vision, mission, and strategic direction. Through departmental meetings, they listen to employees’ honest and diverse concerns and provide direct feedback, promoting open communication. To facilitate more casual communication, we run “Philip’s Dining”, where the CEO hosts intimate lunch sessions. This creates a communication platform where employees, regardless of generation, position, or department, can share their thoughts on interests, trends, and more, fostering open dialogue.

Operation of a window for free expression of opinions

Gowoonsesang Cosmetics operates an ‘Improvement Suggestion’ band where all employees can suggest new or desired ideas for improvement within, or from outside the company, regardless of area, and strive to actively collect, and reflect employee suggestions, through the activities of the Improvement Proposal Committee. In addition, by operating an anonymous chat room where employees can resolve difficulties during work or questions that are difficult to ask directly, the company actively support the counseling and handling of individual grievances.

Ensuring the Transparency and Independence of the Decision-Making Process

Operating the decision-making process soundly builds trust with all stakeholders, and secures operational stability as well as transparency in corporate governance, which enables sustainable growth of the company in the long term. Therefore, Gowoonseesang Cosmetics will avoid an arbitrary decision-making system, in which authority is concentrated on one person, instead it will verify the agenda of the board of directors in advance, through decision making, and through a consensus body attended by executives and employees to establish a sound decision-making system.

1. Gowoonseesang Cosmetics Governance

Established in the year 2000, Gowoonseesang Cosmetics was acquired by Switzerland’s largest retail group, Migros, in 2018. As of June 2022, it has become a wholly-owned subsidiary with a 100% stake. In addition to the Board of Directors, various decision-making bodies such as the Internal Executive Committee for ESG Management, Management Committee, and Major Disaster Committee (to be launched in 2023) have been organized to ensure transparent reporting and swift decision-making processes.

• Shareholder Status (Based on IFRS as of December 2022)

Shareholder name	Share ratio (%)	Number of shares owned (share)
Mibelle AG	100%	5,104,599

• Decision-making structure



2. Composition of the Board of Directors

The Board of Directors consists of two registered executives from Gowoonseesang Cosmetics as inside directors, and two executives from Mibelle as outside directors, and a board of directors comprising inside and outside directors with expertise in management, accounting, and medicine to enhance the organization’s management capabilities. Currently, the CEO serves as the Chairman of the Board to ensure a clear understanding of the company’s internal affairs and to facilitate efficient decision-making. Additionally, the maximum compensation for directors is determined through board resolutions.

UN SDGs
Linkage



Name	Lee Joo Ho	Ahn Gun Young	Peter Muller	Massimiliano Costantini
Position	Inside director	Inside director	Outside director	Outside director
Gender	Male	Male	Male	Male
Term of office	2021.12.19.~2024.12.19. (Based on the tenure of the CEO)	2021.03.30.~2024.03.30.	2021.12.19.~2024.12.19.	2021.12.19.~2024.12.19.
Field of specialization	Management, Accounting, Administration	Management, Medicine, Administration	Management, Administration, Human Rights	Management, Administration, Human Rights
Major career	- CEO of Gowoonseesang Cosmetics (currently) - KNET Overseas Business Division General Manager (Former)	- Director of Gowoonseesang Dermatologic Clinic (currently) - CEO of Gowoonseesang Cosmetics (former)	- CEO of Mibelle (Chief Executive Officer)	- CSO of Mibelle (Chief Strategy Officer)

3. Board of Directors Operation

The Board of Directors serves as the highest decision-making body and plays a crucial role in decisions and oversight, including ESG matters. An annual regular board meeting is held, and when necessary, ad-hoc board meetings are convened to discuss specific issues.

• Board of Directors Operation Performance in 2022

Number of times of board meetings held	2 times (One regular meeting, four ad-hoc meetings)
Number of cases of agenda deliberation	5 cases (Four regular meetings, 1 ad-hoc meeting)
Board of Directors attendance rate (inside and outside directors)	100%

4. Improving Board Transparency

Gowoonseesang Cosmetics has an equal number of external directors and inside directors to prevent any one-sided interests from influencing decision-making. In cases where a consensus cannot be reached, internal coordination is used to reach an agreement. In addition, to enhance the sustainability capabilities of board members, the CEO has completed education on occupational health and safety management responsibilities and employee performance coaching. Starting in 2023, the Compliance Department will establish and strengthen systems related to conflict of interest regulations. Through these measures, we aim to distribute risks and enhance oversight, balance, and cooperation functions in the corporate governance structure, ensuring the integrity and transparency of decision-making by avoiding the concentration of authority and responsibilities in specific individuals.

Reduction of Waste Generation by Expanding Product/Packaging Eco-friendliness

Customers who are consuming according to their beliefs and values are increasing, and there is a growing demand for improving in relation to not only the harmfulness of cosmetic ingredients, but also the environmental impact of cosmetic containers and packaging materials. In order to enable everyone to consume and utilize its products in a valuable way, Gowoonseesang Cosmetics replaced its existing cosmetic containers and packaging materials with eco-friendly materials and redesigned them for easy recycling, and creates the value of eco-beauty by producing containers with materials that can reduce carbon emissions during the life cycle of products and launching a vegan line that does not use animal-derived ingredients.

UN SDGs Linkage



1. Expansion of Eco-friendliness of Containers and Packaging Materials



Eco-friendly paper packaging

- Gowoonseesang Cosmetics strives to reduce excessive use of packaging materials and waste generation by using a 100% recyclable paper buffer material, as well as a robust buffer.



Use of FSC® certified paper and soy ink

- Uses secondary packaging materials applied with raw materials made from by-products obtained from nature such as FSC® certified paper, soy ink, green tea paper and cantella asiatica paper produced through sustainable logging and processes.
- Develops products with constant consideration for design that enables resource circulation.



Provision of easier separate disposal guides

- Separate collection and decomposition are facilitated with increases in paper packages, and the company strives for accurate separate collection by providing detailed guides for separate disposal on the product labels.



Carbon Emission-reducing Raw Material Tube Container

- The containers are made of tube containing about 30% raw materials that enabled reducing carbon emissions by about 20% in the entire processes, including the collection, production, transport, distribution, use, and disposal of the raw materials.

2. Development of Sustainable Products (subsidiary materials)

Application of the primary package from the viewpoint of easy recycling

2020

Plastic (ABS) that cannot be separated with gravity separation in the recycling process

*Gravity separation: A method of separating the cap and label from the body of the PET bottle in the recycling process using the principle of floating of materials in water depending on the material (PET material sinks in water, and materials such as PE and PP float on water).

Containers that can be hardly recycled made of PET with coating + surface printed

Transparent plastic (PS)



Recycling Grade **Difficult**

2022

Single-material plastic (PP) that can be separated with gravity separation in the recycling process

Transparent PET container without printing that can be easily recycle

Label that is easily separated with water in the recycling process made of 100% recyclable vinyl (PP) material

Biodegradable PLA spatula



Recycling Grade **Normal**



Sealing paper with handle is applied for user's convenience

Application of single material (PE) low-carbon tubes



Recycling Grade **Excellent**

*Cannot be separately disposed of due to the aluminum bonded

Recycling Grade **Excellent**

*Can be separately disposed of as this is made of single material

Applied with single material (PP) container + metal free pump



Recycling Grade **Difficult**



Recycling Grade **Excellent**



Application of packages for reduction of plastics

*Application of independently developed Centella asiatica recycled paper

2021



All plastic (PET) package

2021



Coated plain paper, package containing plastic (PET)

2022



Independently developed Centella asiatica recycled paper (paper using by-products), FSC certification, soy ink, uncoated all paper package

Application of reusable packages

2019



Package reusable as a pouch

2020



Package reusable as an insulated bag

2021



Package reusable as a watch

Application of paper for reduction of plastic

2021



Plastic (PET) plate

2022



Paper plate



3. Eco-friendly Product Development

• Launched Reef-safe Sun Care considering the protection of marine ecosystems

According to research, many sunscreens contain ingredients that damage the marine ecosystem, which causes pollution damage to coral reefs and marine areas. To protect the coral reefs and marine ecosystems that protect the nature of coastal areas by weakening the power of waves coming to the shore as well as preventing the loss of aquatic life and erosion of the shoreline, Dr. G sun care products have implemented a Reef-Safe formula that considers coral reef protection and marine ecosystems by excluding avobenzene, oxybenzone and octinoxate.

• Expansion of vegan-certified products

In response to the needs of customers looking for eco-friendly and safe products, Dr. G launched ‘GreenMide’, a dedicated vegan line, and will continue to introduce new vegan brands. Currently, cooperative manufacturing companies that have obtained certification for production of vegan cosmetics from EVE (Expertise Vegan Europe), a French certification body, are increasing the proportion of production of major items.



Left: Reef safe, Right: Eve Vegan

• Increase in the proportion of cooperative companies that secured eco-friendly and ESG certifications

When purchasing raw materials, Dr. G secures sustainability by increasing purchases from cooperative companies that actively promote product chemical safety and ESG managements. By increasing transactions with cooperative companies that promote ESG management, such as ISO14001 environmental management system, ISO45001 safety and health management system, etc., eco-friendly cosmetics certification EVE VEGAN, natural cosmetics certification (Ministry of Food and Drug Safety, Korea Testing & Research Institute), ECOCERT, etc., Dr. G will expand ESG capabilities in its supply chain, and through the foregoing, Dr. G will expand the sustainability of Gowoon sesang Cosmetics.

* EVE VEGAN: French vegan certification that grants a vegan certification mark by strictly examining whether products in various categories such as cosmetics, food, beverage, and fashion meet the vegan standards

* ECOCERT: One of the world’s largest certification bodies, certification for organic and fair trade in France

Respect for Consumers by Providing Fair and Balanced Information

UN SDGs Linkage



Since cosmetics are products that come into contact with our skin, the company should provide customers with safe and healthy ingredients as well as product information to create sustainable value of cosmetic consumption. Therefore, Gowoonseesang Cosmetics utilizes beauty technology to not only recommend products, but also analyze individuals' skins to suggest appropriate skin care methods, and also provide skin ingredients to the visually impaired fairly by marking Braille on the product package.

1. Provision of Consumer Information



Compliance with Regulations for Disclosure of Cosmetic Ingredients and Provision of Key Information

To create cosmetics with healthy ingredients for the well-being of the skin and to adhere strictly to relevant regulations in the countries where Gowoonseesang Cosmetics operates, the information of the produced cosmetics is disclosed. In the case of domestic operations, we have clearly provided the information that consumers need to verify, as required by the 'Cosmetics Act', and the 'Cosmetics Act Enforcement Rules', on the primary or secondary packaging of the cosmetics.

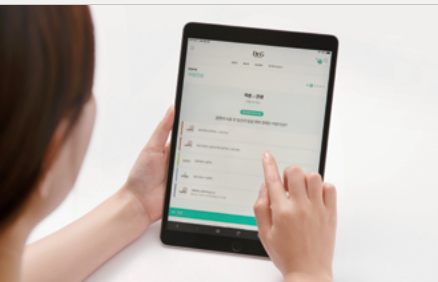
Providing product information fairly to the visually impaired too through Braille marking of products

Since Dr. G thinks that everyone deserves to choose the product they want and enjoy consumer rights, it marks braille on product packages in order to provide information to the visually impaired fairly and accurately. Since 2012, we have been applying Braille embossing* on all our product packaging to provide Braille markings. Starting in 2020, we have developed separate molds for product containers to expand the Braille markings on our products, allowing us to provide even more comprehensive and accurate Braille information.

* Embossing: A processing in which one side of the paper is made to protrude convexly and the other side is dented by inserting the paper between the male and female shape molds and pressing the molds.



2. Provision of Skin Counseling & Skin Mentoring



Provision of AI chatbot smart skin counseling

You can receive smart skin counseling 24 hours a day, anytime, anywhere using the AI chatbot on the Dr. G official website. Based on the know-how of dermatology such as skin trouble consultation, skin type test, product curation by lifestyle, and skin care suggestion, Dr. G provides various services ranging from a variety of skin consultation services, to ordering and delivery information services conveniently.



1:1 ingredient analysis and skin mentoring operation through Dr. G Opti-me service

Together with Dr. G's dermatology experts, Gowoonseesang Cosmetics provides 1:1 solutions to customers' skin concerns. Since Gowoonseesang Cosmetics knows the minds of people with skin concerns, it analyzes the products of Dr. G as well as other brands to find out how well the cosmetics are suitable for your skin type and whether they contain ingredients that must be paid attention to. To enable customers to access the service easily and conveniently, if customers take photos of products and upload them, Gowoonseesang Cosmetics will analyze the customers' skin types and all the ingredients of the cosmetics and inform the ingredients that are good for customers' skin and ingredients that must be paid attention to.

2. Improvement of Customer Satisfaction

• Implementation of consumer counseling service



Gowoonsesang Cosmetics strives to increase contact points for communication with customers and improve customer satisfaction through customized counseling from the customer’s point of view. Customers of Gowoonsesang Cosmetics can raise inquiries or complaints about products and services through 1:1 questions on the homepage, Kakao Talk consultation, etc. and Gowoonsesang Cosmetics seeks the best responses to customer claims appropriately utilizing the searching questions for problem solving.

• Customer Satisfaction Survey



Gowoonsesang Cosmetics conduct customer satisfaction surveys after KakaoTalk counseling service for customers. Through customized counseling services, the customer satisfaction surveys achieved an average satisfaction score of 5 out of 5. Hereafter too, Gowoonsesang Cosmetics will continue to improve customer satisfaction with its products and services by accepting customers’ opinions and solving problems.

• VOC* Process



VOC is regularly monitored to listen to customer suggestions and voices and to actively improve products and services. Through the customer suggestion bulletin board, Dr. G listens to the voices of our customers, such as suggestions and improvement ideas for Dr. G products or services. After reviewing them, it informs the results of the review in replies. The suggestions and ideas are actively reflected on products and services through active reviews, and those whose ideas were adopted and applied to improvement were given a small gift.

* A customer management system that improves services felt by customers by managing and evaluating customer complaints in real time, from the time of receipt of complaints, to the time of completion of handling.

3. Improvement as Requested by Customers through VOC

Receipt of improvement requests	Improvement completion	Customer request	Improvements completed
April 2020	October 2020	I like Dr. G, so I wish a body cleanser and a feminine cleanser would be released.	The feminine cleanser was released
May 2020	May 2021	I came across a product sample of “R.E.D Blemish Clear Soothing Active Essence” and liked it so much to the extent that I bought this product and am using it!! The only drawback is the dropper. Please change the dropper. Other than that, it’s a perfect life item!	The pump type was released
July 2020	October 2020	I wish there was a product like body lotion!!	Moisture in Body Lotion was released
September 2020	October 2020	I am a lover of Dr. G R.E.D Blemish Cream. Since I use it often, there is a point that I usually regret, and I felt it would be good if this product was released in a tube type. It will be easy to use, hygienic and look convenient.	The tube type was released
January 2021	February 2022	It seems that my scalp becomes sensitive to yellow dust and fine dust. Can you launch a hair loss prevention scalp care product?	The shampoo/ treatment was released as an item in Doopilab line
March 2021	September 2021	It seems that there are too many silver foil paper vinyls in the sample products. This is because I can understand how to use the product without the promotional text in this part, which is like a wing next to the product. Since Dr. G practices environmental protection, I think it will be improved sufficiently. Please improve~	Changed into a pouch with no wing shape, added braille
May 2021	February 2022	I think it would be nice if a tone-up sun cushion is released. The cushion is definitely comfortable to use outside. And I wish the refill could be purchased separately.	The brightening tone-up sun cushion was released
July 2021	April 2022	Please re-release the A clear lotion. Everyone around me was using that lotion because I recommended it, but now I can’t buy the A clear lotion, so everyone is restless. Please release it.	The lotion was released with renewal of the A’Clear line in 2022
August 2022	January 2023	Until last year, I disposed of the empty containers of Dr. G’s basic products through plastic separation and recycling, as I couldn’t be sure whether they were truly being recycled. By collecting these containers and reusing them, your company can further strengthen its commitment to sustainable practices. We hope you’ll consider this positively, and in the meantime, I will continue to keep your product containers until the day you collect them.	Dr. G X Terracycle Bottle Collection Campaign Open

VOC PROCESS





• Dr. G official supporters “Big Fan” activities

We have formed a group of passionate fans, known as ‘Big Fan’, who aim to directly engage with customers and share Dr. G’s corporate philosophy of ‘Making the world healthier through dermatology science’. We have had three generations of Big Fan activities so far, collaborating and communicating with them to develop new products together, such as ‘A’Clear Spot For Face Serum’ and ‘Red Blemish Clear Moisture Cream’, and engaging in charitable activities to share sustainable values. In 2023, we plan to organize the 4th generation of Big Fan, continuing to work together towards the vision of Gowoonseesang Cosmetics: ‘Healthy skin, Happy skin’.

• Operation of Big Fan Instagram <Dr. G Land>



As an amusement park where everyone’s skin becomes healthy while they play there, a space where current Big Fan members as well as those who acted as Big Fan members in the past can gather, and a community where general customers can also participate and communicate, ‘Dr. G Land’, a Big Fan Instagram is operated. Diverse things to see and enjoy for skin health are provided through the Big Fan Instagram so that everyone who loves Dr. G foregathers to create stories.

Big Fan's main activities			Big Fan participates in various activities together with Dr. G to spread the right skin care culture and protect skin health.	
Division	3 Generation of Big Fan		Dr. G Big Fan Festival	
Activity period / Number of persons	2022.08~2022.11 (About 3 months) / 30 persons		2022.11.25 / Big Fan 1~3 generation/ About 80 persons	
Major Activities	<ul style="list-style-type: none">• During the “100 Days of Skin Health Challenge” activity period, participants undergo monthly AI skin analysis to monitor changes in their skin and consistently record them• Accurately assess their own skin condition and receive mentoring on the correct skincare regimen (customized solutions) and healthy lifestyle habits tailored to their skin concerns• In addition to achieving healthy skin, virtual lifestyle classes are conducted to promote a healthy daily routine• A tour of Dr. G headquarters: A meeting with Dr. G’s representatives and professionals• Autonomous activities with partners for healthy skin• Participation in product evaluations and Focus Group Interviews (FGI) during the new product development process• Virtual Gala Dinner (Big Fan Skin Health Awards): Recognizing the top three individuals whose skin has shown the most improvement through their participation in the program		 <ul style="list-style-type: none">• A private offline party where ‘Dr. G’s Big Fans’, the official supporters of Dr. G, gather in one place to reflect on their past activities and strengthen camaraderie	
Major Achievements	<div><div>1</div><div>#SkinHealthChallenG Donation Accumulation</div><ul style="list-style-type: none">• During the Big Fan activity period, in addition to program reviews, efforts made for skin health in daily life are documented through posts, and a donation is accumulated by using the #SkinHealthChallenG hashtag in the posts• At the virtual Gala Dinner, the Big Fan who accumulated the most #SkinHealthChallenG donations are selected and awarded• A total of 1,470,000 KRW in donations was accumulated during the inauguration ceremony to the virtual Gala Dinner, and donations were made through the ChildFund Korea after the activity concluded</div> <div><div>2</div><div>Skin Health Buddy Activity</div><ul style="list-style-type: none">• Utilize the activity allowance provided by Dr. G to engage in autonomous activities for skin health with a buddy• Find a skin health buddy (friend, family, etc.), and choose a theme for activities related to healthy skin. Practice/ experience the theme for about a month (eating healthy food, stress relief, sharing skincare with friends, etc.)• Promote camaraderie among Big Fan members, strengthen a sense of belonging, and spread Dr. G’s culture of skin health to a wider audience</div> <div><div>3</div><div>Participation in New Product Development</div><ul style="list-style-type: none">• Targeted at Big Fan members who have a high level of passion and engagement with Dr. G, providing the opportunity to directly participate in the product development process and voice their opinions• Participated in the development process of Dr. G’s brand “Red Blemish Clear Moisture 2-type” products, launched in the second half of 2022• Participated in the development process of Dr. G’s brand “Green Mild Up Sun Lotion” and “Brightening Up Moisture Sun” products, launched in the first half of 2023• Feedback and formulation improvements were made based on product reviews</div>		 <ul style="list-style-type: none">• From the 1st generation of devoted Dr. G Big Fans who concluded their activities in 2021 to the 2nd and 3rd generations active in 2022, a total of over 80 individuals from all cohorts gathered, adding significance to the occasion• The event was organized to facilitate ongoing communication even after the activities of Dr. G’s Big Fans as fan supporters had ended, with the aim of building a new fan supporter culture• ▲ Activity Reviews by Dr. G Big Fans Generation<ul style="list-style-type: none">▲ ‘Recreation’ accompanied by diverse prizes▲ Consolidated ‘Award Ceremony’ for supportersThese diverse sections were conducted to foster deep camaraderie through a common interest in skin health.	

* FGI(Focus Group Interview): A research method in which those who shared a certain experience gather together to conduct an interview

Securing Product Chemical Safety

As the cosmetics industry has developed, consumer interest in safe cosmetics and clean beauty free from harmful ingredients has surged due to issues such as chemicals and hazardous substances. The derma-cosmetics brand of Gowoonseesang Cosmetics, Dr. G, develops products that are gentle and safe for all skin types to improve skin through a thorough testing process, while excluding harmful ingredients under the slogan of ‘safer and milder’ as a manufacturing principle.

UN SDGs Linkage



1. Securing Chemical Safety in Product Raw Materials and Processing Processes

• Product power that can be used with an easy conscience

Instead of simply following trendy ingredients, Dr. G thoroughly reviews dermatologically to develop authentic and reliable cosmetics. Dr. G’s products such as sunscreen, R.E.D Blemish Clear Soothing Cream, secured chemical safety so that they can be used on even sensitive skins with an easy conscience.



• Safe and milder cosmetics

Dr. G strives to create products that can address customers’ skincare concerns under the manufacturing principle of “safer and gentler”. In an effort to produce safer cosmetics, the company’s own skin science research laboratory, staffed with skin experts, conducts rigorous product safety tests, including skin irritation and sensitivity tests. These meticulous safety tests are performed before the product is launched. To create even safer cosmetics, Dr. G adheres to strict standards throughout the ingredient blending, manufacturing, and testing processes. The company also follows product safety system processes in accordance with relevant regulations as a cosmetics responsible seller, applying even more stringent criteria to 100% of its products.

Product Safety System Process

Selection of safe raw materials	<p>Dr. G reviews safety from the raw material selection stage considering the skin health of consumers first. Dr. G established its own development standards to select safe ingredients and observes it. Dr. G is developing products applied with technologies in dermatology.</p> <ul style="list-style-type: none">• Regulation review : Review of national regulations for products and selection of raw materials that meet the company’s standards• Safety review : Raw materials excluding harmful ingredients and by-products• Effectiveness review : Ingredients with proven efficacy on skin• Animal ethics review : Raw materials not experimented on animals• Review of the characteristics of the manufacturing country : Raw materials with residual radioactivity detected for a certain country• Ecosystem risk review : Coral, aquatic plants, and sustainable raw materials• Circulation hazard review : Raw materials that are not hazardous when they are discharged or circulated
Selection of safe manufacturing cooperative companies	<p>Dr. G develops and produces products in cooperation with raw material suppliers that meet internal safety standards and manufacturers equipped with production facilities that meet internal safety standards. Dr. G uses preservatives that are hypoallergenic while having high antibacterial activity to secure product safety, and selects cooperative companies equipped with research and manufacturing facilities applied with the preservative system.</p> <ul style="list-style-type: none">• Cooperative companies : 69 companies in total• Regular cooperative company audit : Dr. G manages cooperative companies with pre-manufacturing process checking to enhance quality• Establishment of a plan to spread ESG values to cooperative companies : Dr. G delivers a pledge to comply with the code of conduct and the code of ethics to share ESG values and achieve shared growth with cooperative companies
Safety check test	<p>In the processes ranging from raw material use to commercialization, Dr. G is striving to ensure the safety of products by reviewing related regulations and data, and testing for application to human bodies.</p> <ul style="list-style-type: none">• Product review : Product development through multiple tests• Stability Test : Review of stability under conditions and time elapsing• Usability matching : Review of usability that fits the planning• Safety test : Review of skin irritation and allergens• Effectiveness test : Securing effectiveness through various tests of application to human bodies• Antiseptic power test : Experiments to verify product preservation power• Hazardous substance analysis : Verification of no detection of heavy metals, etc. harmful to the human body• Compatibility test : Checking problems between the contents and the container and stability• Shelf life setting : Considering product specificity and safety

Guarantee of the Basic Labor Rights of Employees and Providing Decent Jobs

The company must enhance its sustainability competitiveness by guaranteeing the basic labor rights of its employees, and furthermore, by respecting human rights to protect and respect employees and stakeholders. Gowoon Cosmetics will protect its employees from various difficulties that may arise in the workplace and build a trustworthy labor-management relationship by practicing human rights management to guarantee the basic rights of employees.

UN SDGs Linkage



1. Capacity Building Program

Gowoon Cosmetics thinks that the fundamental welfare is creating an environment for employees' growth, and strives to create an environment where employees can learn and grow through work.

Common capacity building

External speakers are invited every month to give lectures so that employees can gain broad insights into various fields such as philosophy, marketing, psychology, and art. Also, common books are selected quarterly so that employees have time to share each other's thoughts through reading discussions with colleagues.

Job competency building

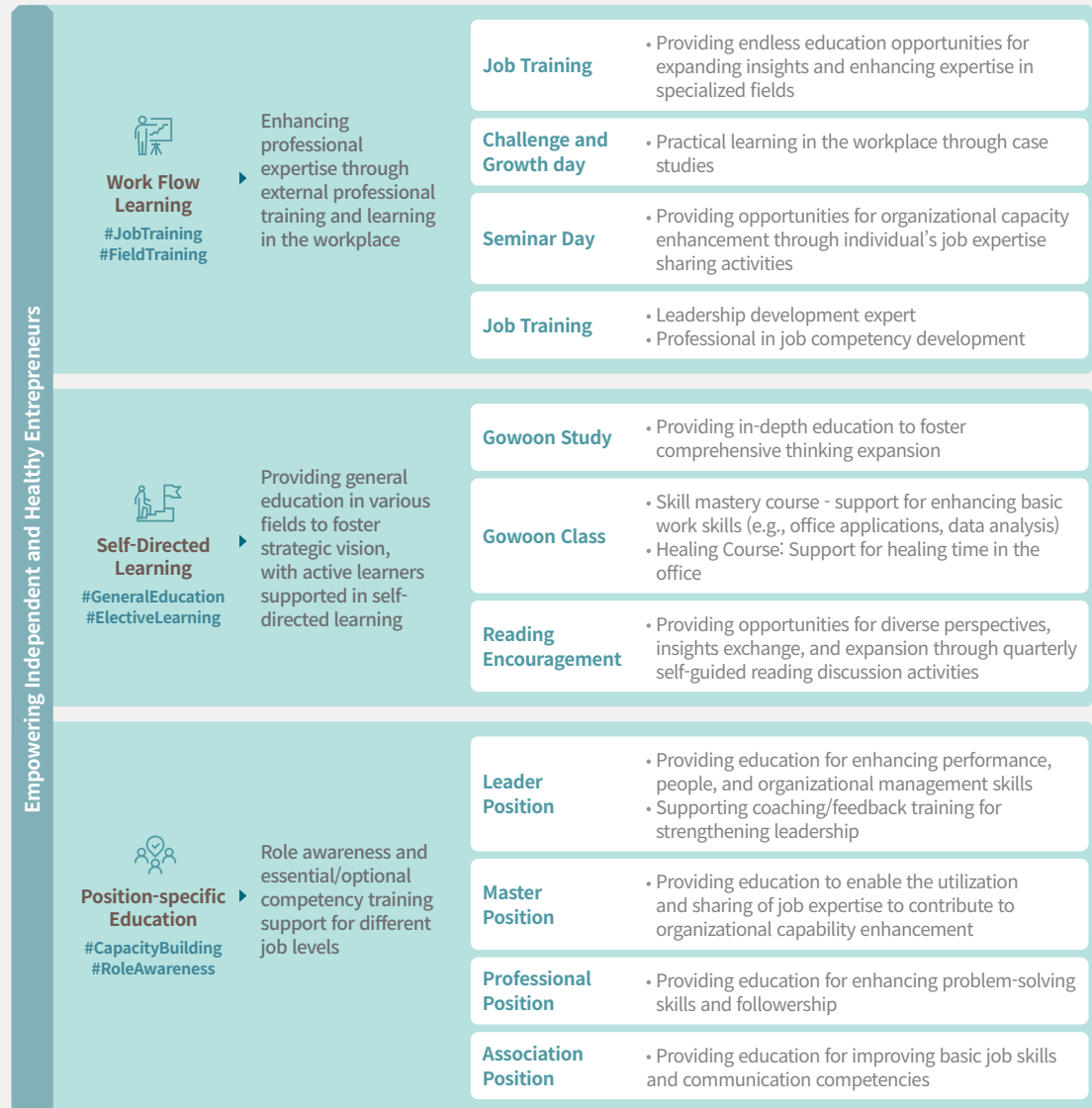
The IDP (Individual Development Program) system is operated so that individual employees can establish their long-term and short-term competency building plans every year, and job-related education or books are supported without limiting the amount or number of times. In cases where employees wish to acquire a certificate or go to graduate school to improve their job professionalism, the related expenses are supported. In addition, 'Seminar Day' is operated so that employees can share knowledge about the contents of external education completed or their work areas and enhance the degree of understanding of each other's works.

Leadership competency building

The competency of leaders, who are the center of the organization, is regularly diagnosed to identify the present condition, and 1:1 coaching is conducted for those in need of coaching to operate education so that all members can receive upward leveled coaching feedback and develop leadership. In addition, newly appointed leaders are trained so that so that they can have thorough knowledge of the role of leaders for people/organization/performance management and education is operated for not only leaders but also all classes of employees so that they can perceive the role of each position and successfully play the role to lead to better results.

• Enhancement Program for the Capabilities of Gowoon Cosmetics Employees

Division	1 Quarter	2 Quarter	3 Quarter	4 Quarter
Common Capacity	External Invited Lectures (Quarterly)			
	Team Building Program			
		Gowoon STUDY Specialized Knowledge Lectures (Management)		Gowoon STUDY Specialized Knowledge Lectures (Humanities)
				New Employee Onboarding Program
Position holder / Leadership / Hierarchical		Coaching-Feedback Capacity Building Session (April)		Coaching-Feedback Session (October)
	New Position Holder Training (New Team Leaders, New Managers)			
	Leadership Training by Hierarchy (Senior Promotees)		Leadership Training by Hierarchy (Senior Promotees)	
	1:1 Coaching (Leader)			
Job Competency	Support for Obtaining Professional Job Certifications			
	External Job Training Curation and Enrollment Support (Ongoing Unlimited Support)			
		Professional Knowledge Sharing Seminar (June)		Professional Knowledge Sharing Seminar (December)
		Business Case Sharing (June)		Business Case Sharing (June)
Common Training	Mandatory Legal Training (Industrial Safety - Quarterly / Personal Information Protection / Sexual Harassment Prevention / Workplace Bullying Prevention / Disability Awareness Enhancement)			
Self Development	Gowoon CLASS - In-house Self-Development Program (Office Applications, Language, Hobbies, Healing Programs, etc.)			
	Self-Development Support for Language and Books (Ongoing)			
	(IDP) Individual Development Plan - Setting and Supporting Short/Medium/Long-Term Growth Goals for Individuals			



2. Operation of Employee Grievance Settlement Process

Grievance in the workplace reporting 'Help'

'A grievance in the workplace reporting window' is operated so that employees who are experiencing difficulties due to harassment, sexual harassment, and other acts in the workplace can be actively protected. When a report has been received, relevant matters are handled strictly confidentially under the principle of protection of the reporter, and when a violation is verified by investigating the reported content, the cases is handled quickly in accordance with procedures such as employment rules.

Anonymous chat room 'Glind'

An anonymous chat room is operated so that employees can freely share the stories they have been thinking about or wanting to say in order to make a better company thus far, such as difficulties at work or questions that cannot be easily asked directly, and grievances can be received regardless of time and place. there is. The contents of grievances received are treated after being thoroughly investigated confidentially under the principle of protection of the reporter.

3. Building Reliable Labor-Management Relations

Operating Empathy Council

We directly elect worker partners (worker representatives) through the hands of employees who have the authority to represent the opinions of a majority of workers. Additionally, under the name 'Empathy Council', worker partners, on a quarterly basis, collaborate and consult with user partners to collectively address and deliberate on matters related to personnel systems, welfare enhancement, and the creation of a better working environment.

Operation of employee communication channels

Gowoonsesang Cosmetics actively communicates with employees to share the company's vision and goals, and seeks to improve corporate competitiveness and quality of life of employees in the mid- to long-term. In addition, Gowoonsesang Cosmetics listens to the opinions of employees by operating various communication channels. In order to operate various communication channels with employees, Gowoonsesang Cosmetics holds employee meetings twice a year separately from the Empathy Council. The contents derived from the employee meeting are applied to all employees.

* Based on domestic full-time employees

Human Rights Management

Gowoonsesang Cosmetics is a global skin science specialist company that aims to uphold the values of human rights in its communication processes and business activities with various stakeholders worldwide. To this end, in accordance with international human rights management guidelines, we have formulated a Human Rights Management Policy for 2023 and plan to enhance our human rights management system based on this policy to actively promote human rights management.

UN SDGs Linkage



1. Human Rights Management Implementation

The company strives to create a happy company where its employees are respected by preventing human rights violations and discrimination in the workplace, and by mitigating human rights risks. Therefore, no case of child labor or forced labor has occurred thus far by complying with international guidelines related to human rights and labor in business activities and monitoring to prevent child and forced labor from occurring. In addition, to respect the human rights of external stakeholders, Gowoonsesang Cosmetics purchases fair trade raw materials and encourage cooperative companies to respect human rights in their management process.

2. Human Rights Grievance Handling System

Gowoonsesang Cosmetics operates a grievance handling system for stakeholders as an effective means of addressing issues. We strive to promptly discuss and resolve the problems that are raised. Additionally, throughout this process, we ensure the utmost confidentiality of the reporter’s identity and take necessary measures to protect them from any adverse consequences.

• Human Rights Violation Reporting Channel

Department	Human Growth Team
E-mail	humanrights@gwss.co.kr
Address	Human Growth Team, 11F, First Tower, 55, Bundang-ro, Bundang-gu, Seongnam-si, Gyeonggi-do, Republic of Korea

3. Human Rights Policy

Gowoonsesang Cosmetics actively implements human rights management and, to prevent and mitigate human rights violations, established a Human Rights Policy in May 2023. In pursuit of human rights management, we adhere to international standards and guidelines related to human rights and labor, such as the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, and the International Labour Organization Constitution. Our Human Rights Policy aims to protect all stakeholders associated with Gowoonsesang Cosmetics. In cases of conflicts with local regulations, we prioritize compliance with local laws.

Gowoonsesang Cosmetics Human Rights Policy

Key Principles

- 1

Non-Discrimination
We do not discriminate against any employees based on their gender, nationality, religion, disability, age, social status, political beliefs, or any other factors in matters such as hiring, promotions, compensation, and training opportunities. We are committed to building an organizational culture that respects diversity among our employees.
- 2

Working Hours and Minimum Wage
We adhere to the working hours specified by the laws of each country and region and ensure that all employees receive fair compensation, exceeding the minimum wage.
- 3

Forced and Child Labor
We do not engage in any form of forced labor, including physical violence, threats, or detention, and we do not coerce individuals to work against their free will by demanding identification documents or permits. Furthermore, we do not employ child labor in any capacity and adhere to labor conditions such as age restrictions in accordance with ILO (International Labour Organization) conventions ratified by individual countries.
- 4

Workers’ Rights Assurance
We acknowledge the right to freedom of association and collective bargaining as guaranteed by labor-
- 5

Fair Compensation System
We offer sufficient training opportunities to enhance the professional competence of all employees. We fairly assess and compensate employees based on their skills and performance.
- 6

Humanitarian Treatment
We respect the privacy of all employees and protect their personal information diligently. We do not tolerate workplace violence, harassment, threats, or sexual harassment.
- 7

Health and Safety
We provide a safe and healthy working environment for our employees. Employees are expected to comply with relevant regulations and laws to ensure their safety, the safety of their colleagues, and the safety of our customers.
- 8

Personal Information Protection
We rigorously protect the confidentiality of personal information belonging to customers, partners, and all stakeholders. We do not disclose information or use it for purposes other than what it was intended for without prior consent, and we make every effort to safeguard personal information.
- related laws in each country and region. We provide all employees with ample opportunities for effective communication.

Strengthening Ethical Management

Ethical management is the competitiveness with which companies create sustainable values in the areas of economy, society, and environment. Gowoonseesang Cosmetics is moving toward a ‘global company specialized dermatology’ with the basic ethics of working honestly and transparently, respecting customers, business partners, and employees, and fulfilling corporate social responsibilities.

UN SDGs Linkage



1. Ethical Management· Compliance Promotion System

Ethical management · compliance promotion strategy	Although there has been no compliance promotion organization thus far, a project to prepare global standards for compliance has been promoted and from 2022, the top-level governing group, Migros, and the parent company Mibelle, and Gowoonseesang Cosmetics has been preparing the standards together. Building upon the internal control processes completed in 2021, we continued to monitor ethics reporting and other aspects in 2022 to stabilize the internal control system. Starting in 2023, we plan to establish systems and implement individual processes for each compliance area.
Ethical reporting and protection of whistleblowers	Gowoonseesang Cosmetics receives reports on ethics and compliance violations of employees and stakeholders through the ethical reporting site. The whistleblower and the content of the reporting are handled privately, and for the protection of the ethical whistleblower, the report can be received anonymously or under the real name as selected by the whistleblower. Even when the whistleblower reported under his/her real name, the personal information is kept confidential, the provisions of the duty to protect the reporter are observed, and the facts are grasped based on the report received, and then relevant matter is handled according to the decision of the internal committee. ➔ Ethics Reporting Site

2. Reinforcement of Ethical Management and Compliance

Ethical management education/compliance education	In order to enhance employees’ sense of ethics and law-abiding consciousness, the company conducted compliance and ethical management education for all employees in July 2021 based on the Code of Ethics of Gowoonseesang Cosmetics. The ethical management education is conducted regularly once a year for all employees, and is conducted once at the time of joining the company in the case of new employees. Through the foregoing, Gowoonseesang Cosmetics fostered a sense of ethics so that employees can perceive ethical issues by themselves and prevent accidents from occurring.
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Promotion of employees’ pledge of ethics

To internalize ethical management and compliance awareness, Gowoonseesang Cosmetics requested a pledge of ethics from all employees in 2022, and in the case of new employees, the pledge of ethics was requested after conducting compliance education as new employee education. Gowoonseesang Cosmetics will internalize fairness and corporate ethics in its daily work regarding honesty and trust as the most important values based on the pledge of ethics of employees.

3. Ethical Management · Compliance Policy

Gowoonseesang Cosmetics is creating an ethical management system for its employees that meets global standards in order to grow into a global No. 1 cosmetics company beyond the No. 1 cosmetics brand in South Korea. By enacting the code of ethics for employees, the company has established a standard for judging values so that the company can fulfill its social values through sustainable management and that employees can perform their duties properly.

[Employee Code of Ethics]

1. We work honestly and transparently.

- 1 We comply with laws and ethical regulations, and perform our duties in an ethical manner.
- 2 We observe mutual courtesy between employees, and reject unfair or illegal instructions.
- 3 We do not conceal or distort the facts in performing our duties, and report timely based on facts in principle.
- 4 We should avoid conflicts of interest so that the objectivity of work is not shaken.

2. We respect customers, business partners, and employees.

- 1 We put the promise with our customers first and provide the highest quality products and services.
- 2 We safeguard customer information.
- 3 We select/evaluate business partners with fair and transparent standards, and pursue mutual rational development.
- 4 We support employees to grow into free and ethical one-person entrepreneurs, and evaluate them fairly based on objective standards.
- 5 We do not inflict losses on customers, business partners, or employees for the company’s profit.

3. We fulfill our corporate social responsibility.

- 1 We fulfill our basic corporate responsibilities through sound profit creation.
- 2 We protect the environment and contribute to creating a better world through sustainable growth.
(Sustainability implies that a company’s activities and decisions must be balanced at economic, ecological and social levels.)

Information Security & Personal Data Protection

In the modern business environment where everything is interconnected and utilized through information systems, information security is a critical factor directly linked to a company’s competitiveness. Therefore, Gowoonseesang Cosmetics considers not only corporate information but also customer-related information and personal data as vital information assets and ensures their secure protection.

UN SDGs Linkage



1. Information Security & Personal Data Protection Policy

We have established and operate company-wide information security regulations and personal data protection regulations to prevent the loss, theft, leakage, alteration, damage, or misuse of important company information and personal data handled by our members. In particular, to protect personal information, we annually develop an internal management plan to establish plans and systems for company-wide personal data protection. Through this process, we minimize the scope of data collection to avoid unnecessary collection and usage of customer’s personal information, and any collected personal information is communicated to customers through our Privacy Policy.

2. Information Security Management Process Monitoring

Monitoring	<ul style="list-style-type: none">Monitoring of security system to prevent external hacking and customer personal data leakageMonitoring of personal data/information security trends through analysis of amendments to privacy regulations, participation in conferences, etc
Policy Establishment and Education	<ul style="list-style-type: none">Establishment of a preemptive prevention system through the formulation of personal data/information protection policies, and training of employees on information security/personal data protection
Security Solution Operation	<ul style="list-style-type: none">Preventive security solution operation against external hacking attacks on employee PCs, services, and infrastructure
Inspection / Compliance	<ul style="list-style-type: none">Review and improvement measures for personal data protection and information security policy and operation

3. Personal Data and Information Security Training

To enhance information security management and raise awareness of information security, all members are required to complete personal data protection training annually. Departments and personnel directly related to personal data receive specialized training. In 2022, specialized personal data protection training was conducted for personnel responsible for systems where personal data is stored and used. This training focused on measures to ensure the security of personal data and IT precautions for the secure management of personal data.

4. Information Security/Personal Data Protection Organization

In compliance with the ‘Act on Promotion of Information and Communications Network Utilization and Information Protection, Etc.’, we have appointed a Chief Information Security Officer (CISO) and reported to the Ministry of Science and ICT. We have dedicated personnel for information security and personal data protection to continuously identify improvement areas and take necessary measures.

5. Security Improvement Discoveries

Division	2022
Number of Security Improvement Discoveries	83
Number of Implemented Measures	82
Number of Unimplemented Measures	1
Establishment of Implementation Plans for Unimplemented Measures	1



Educational and Cultural Activities for Sustainable Community Development

UN SDGs Linkage



As another method to realize the corporate philosophy of Gowoonsesang Cosmetics to create a healthier and more beautiful world, the company practices various social contribution activities. In particular, by supporting skin treatment for children who are in the medical blind spot, and furthermore, by supporting the development of dermatology and academic research that nurtures experts, Gowoonsesang Cosmetics intends to spread a healthy skin culture and contribute to the sustainable growth of K-beauty.

1. Social Contribution Activities for Making the World Healthier and More Beautiful Through Dermatological Science



Donation to the Hallym Burn Foundation

"Gwoonsesang Cosmetics has been supporting burn victims who face life-threatening situations and disabilities due to economic difficulties, in collaboration with the Hallym Burn Foundation. As part of our efforts, we contributed a total of 50 million won to the Hallym Burn Foundation, including additional donations from consumer-participatory fundraising campaigns like the 'Skin Health Sharing Challenge' and the 'Red Blemish Sharing Challenge' conducted on the Dr. G brand's website. The donation made in 2022 was used to support various treatment activities for burn patients, including acute burn treatment, skin reconstruction, scar restoration, rehabilitation, and psychological therapy, promoting their healthy recovery.

Regular Support for the Korean Dermatology Foundation

Gwoonsesang Cosmetics supports the Korean Dermatology Foundation to improve research capabilities and competitiveness in the field of dermatology in South Korea. Gowoonsesang Cosmetics supports the academic research of domestic dermatology professors and supports domestic dermatology research by providing a research fund of 50 million won every year to the Korean Dermatology Foundation.

Skin Health Sharing Challenge

This is a social contribution activity where donations are accumulated whenever customers participate in the Dr. G skin analysis service and customers can participate in donations simply by checking their skin health status. When the Dr. G skin analysis is completed twice, a donation of KRW 1,000 is accumulated, and a donation of KRW 1,000 is accumulated every time the skin is analyzed, and a donation of KRW 1,000 is added in cases where the skin score is improved in the second skin analysis. for each skin analysis. way. The collected donations are donated to the Hallym Burn Foundation to support burn patients suffering from skin health problems. Through the foregoing, Gowoonsesang Cosmetics promotes the healthy growth of low-income burn patients and severe burn patients through acute burn treatment, skin reconstruction, scar site restoration, and rehabilitation together with customers.

Division	2022 Skin Health Sharing Challenge
Implementation period	January 2022 ~ December 2022 (12 months)
Content promoted	A total of 24,075 customers participated in the challenge In addition to the accumulated donation amount of 30,316,000 KRW raised through the challenge, an additional contribution was made, resulting in a total donation of 50 million KRW

2. Social Contribution Activities for the Pursuit of Community Happiness



Regular Sponsoring of ChildFund Korea

Since 2019, we have been continuing our donations to the ChildFund Korea to support medical expenses for children with skin diseases. In 2022, our official brand supporters, known as 'Big Fans', continued their efforts for daily skin health, recording their contributions through postings with the #SkinHealthChallengeG hashtag. Donations were also made through a social media donation event that converted the accumulated "likes" on the 'Dr. G X ChildFund Korea Donation Content' posted on Dr. G's official Instagram into funds. In total, 50 million KRW was donated, including the amount raised from consumer-participation donation campaigns. The donated funds were used to support activities such as disease treatment, surgeries, dental care, and psychological therapy for low-income children suffering from skin diseases. The cumulative donations made to the ChildFund Korea since 2019 amount to 300 million KRW, and we plan to continue our donation and social contribution activities in collaboration with our employees and customers.

Festival supplies donation for self-reliant children in Gyeonggi Province

To support the self-reliant youth and their guardians who participated in the 'Twenties Together in Gyeonggi' event organized by the ChildFund Korea, we have donated 300 units each of 'Green Mild Up Sun Plus' and 'Dermoisture Barrier D Intense Cream'. Going forward, Gowoonsesang Cosmetics will continue its efforts to support self-reliant youth and expand its positive influence in the community.



Source: Korea Baduk Association

Sponsorship of the Professional Baduk (Go) Grandmaster Championship

Sponsoring lesser-known sports disciplines also reflects Gowoonsesang Cosmetics' efforts to create sustainable value through positive synergy. In this regard, in August 2022, we sponsored the Women's Baduk (Go) Grandmaster Championship organized by the Korea Kiwon and provided Dr. G products as gifts to all female professional players who participated in the tournament. Gowoonsesang Cosmetics will continue to create sustainable value through various social contributions, including sponsoring lesser-known sports disciplines.



04

APPENDICES

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FACTBOOK

1. Financial Performance

Summary Consolidated Statement of Financial Position	Indicator		Unit	2020	2021	2022	Remarks
	Assets	Current assets	Million won	97,585	113,149	137,612	
		Non-current assets	Million won	8,096	9,843	10,154	
		Total assets	Million won	105,681	122,993	147,766	
	Liabilities	Current liabilities	Million won	18,740	19,901	20,291	
		Non-current liabilities	Million won	3,439	2,614	2,054	
		Total liabilities	Million won	22,179	22,516	22,345	
	Capital	Capital	Million won	2,552	2,552	2,552	
		Capital excess of par value	Million won	12,309	12,309	12,309	
		Earned surplus	Million won	68,755	85,476	110,118	
		Total equity	Million won	83,502	100,477	125,421	
Summary Consolidated Comprehensive Income Statement	Indicator		Unit	2020	2021	2022	Remarks
	Sales		Million won	155,502	176,616	197,101	
	Cost of sales		Million won	57,445	68,409	74,287	
	Operating profit		Million won	32,703	26,274	31,094	
	Net profit during the term		Million won	24,984	16,721	24,642	
	Corporate tax		Million won	8,166	7,210	8,419	
	R&D investment cost		Million won	2,510	3,185	3,110	

* A subsidiary of Gowoonseesang Cosmetics is Gowoonseesang (Shanghai) located in China, wholly owned by Gowoonseesang Cosmetics.

2. Non-financial Performance

• Governance

Category	Indicator		Unit	2020	2021	2022	Remarks
Operation of Board of Directors	Number of times of board of directors meetings held	Total number of times of board of directors meetings held	Case	2	2	2	
		Regular board of directors meeting	Case	1	1	1	
		Special board of directors meeting	Case	1	1	1	
	Outside director attendance rate	Number of outside directors who attended board of directors meeting	Person	4	4	4	
		Attendance rate	%	100	100	100	
	Internal director attendance rate	Number of internal directors who attended board of directors meeting	Person	4	4	4	
		Attendance rate	%	100	100	100	
Category	Indicator		Unit	2020	2021	2022	Remarks
Composition of Board of Directors	Composition of outside directors	Total	Person	2	2	2	
		Male	Person	2	2	2	
		Female	Person	0	0	0	
	Composition of internal directors	Total	Person	2	2	2	
		Male	Person	2	2	2	
		Female	Person	0	0	0	
	Internal/outside directors	Total	Person	4	4	4	
		Number of female directors	Person	0	0	0	
		Ratio of female directors	%	0	0	0	

• Social

Category	Indicator		Unit	2020	2021	2022	Remarks
Present state of entire employees	Total number of domestic and overseas employees	Total	Person	171	193	223	
		Male	Person	43	48	51	
		Female	Person	128	145	172	
	Total number of domestic employees	Total	Person	148	170	192	
		Male	Person	39	43	46	*For full-time employees
		Female	Person	109	127	146	
	Total number of overseas employees	Total	Person	20	17	15	
		Male	Person	4	4	3	*For full-time employees
		Female	Person	16	13	12	*Employees of Gowoonseesang Cosmetics China branch
Category	Indicator		Unit	2020	2021	2022	Remarks
Present states of employees by type	Domestic and overseas employees - regular	Total	Person	168	187	187	
		Male	Person	43	47	50	
		Female	Person	125	140	137	
	Domestic and overseas employees - non-regular	Total	Person	3	6	16	
		Male	Person	0	1	2	
		Female	Person	3	5	14	
Category	Indicator		Unit	2020	2021	2022	Remarks
New employment	Newly hired employees	Total	Person	68	50	58	
		Male	Person	15	12	14	*Newly hired employees: Full-time employees based on the head office and contract employees for more than one year (excluding daily and short-term part-time workers)
		Female	Person	53	38	44	
Category	Indicator		Unit	2020	2021	2022	Remarks
Voluntary retirement	Total retired employees	Number of total retired employees	Person	23	23	31	
	Voluntarily retired employees	Number of voluntarily retired employees	Person	20	20	30	*Calculation criteria: Based on the loss of four major insurances excluding those subject to recommended resignation and those with expired contract
		Ratio	%	87	87	97	*Based on full-time employees at the head office (voluntarily retirees/all retirees, full-time employees at the head office +contract employees for at least 1 year)
Category	Indicator		Unit	2020	2021	2022	Remarks
Employee diversity	Diversity of recruitment	Female employees	Person	110	128	152	
		Number of disabled employees	Person	0	0	0	
		Ratio of minority group employment	%	64	66	72	*Minority groups: the disabled and women

Category	Indicator		Unit	2020	2021	2022	Remarks
Gender pay gap ratio	Total annual compensation	Male	Million won	2,057	2,690	2,467	Excluding the CEO and honorary chairman
	Average salary per male employee		Million won	48	56	48	
	Total annual compensation	Female	Million won	4,433	7,744	7,114	
	Average salary per female employee		Million won	35	53	41	
	Gender pay gap ratio	Average salary per female employee/ Average salary per male employee	%	72	95	85	
Category	Indicator		Unit	2020	2021	2022	Remarks
Use of flexible working system by employees	Number of employees who used the teleworking system	Male	Person	31	41	36	
		Female	Person	87	111	126	
		Total	Person	118	152	162	
	Number of employees who used the selective working hour system	Male	Person	43	47	42	
		Female	Person	125	140	137	
		Total	Person	168	187	179	
Category	Indicator		Unit	2020	2021	2022	Remarks
Employee Personnel Evaluation	Employees who received regular personnel evaluation	Number of employees who received regular personnel evaluation	Person	148	170	195	For full-time employees
		Ratio	%	100	100	100	Based on head office, Logistics Center
Category	Indicator		Unit	2020	2021	2022	Remarks
Employee Medical Check-up	Ratio of employees who received medical check-up	Number of employees subject to medical check-up	Person	148	170	195	
		Number of employees who received medical check-up	Person	49	69	71	
		Ratio	%	33	41	36	
Category	Indicator		Unit	2020	2021	2022	Remarks
Employee Maternity Leave, Parental Leave	Number of maternity leave users	Total	Person	3	3	15	
		Male	Person	0	1	3	
		Female	Person	3	2	12	
	Number of parental leave users	Total	Person	9	9	13	For full-time employees
		Male	Person	1	2	3	Based on head office, Logistics Center
		Female	Person	8	7	10	
	Number of individuals returning to work after taking parental leave	Total	Person	3	9	9	
		Male	Person	0	0	0	
		Female	Person	3	9	9	
	Ratio of continuous service for at least 12months after a parental leave	Total	Person	1	4	4	
		Male	Person	0	0	0	
		Female	Person	1	4	4	

Category	Indicator		Unit	2020	2021	2022	Remarks
Employee Maternity Leave, Parental Leave	Return-to-work rate after parental leave	Total	%	33	44	44	(Number of employees who stayed for 12 months after returning from parental leave ÷ Number of employees who returned from parental leave during the immediately preceding reporting period) × 100
		Male	%	0	0	0	
		Female	%	33	44	44	
Category	Indicator		Unit	2020	2021	2022	Remarks
Employee Code of Ethics Pledge	Employee code of ethics pledge	Number of employees who pledged	Person	-	177	169	
		Ratio	%	-	97	91	
Category	Indicator		Unit	2020	2021	2022	Remarks
Employee Training*	Safety and health education	Trained employees	Person	134	189	237	
		Number of times of training	Number of times	1	4	4	
	Human rights education	Trained employees	Person	134	167	186	
		Number of times of training	Number of times	1	1	1	
	Information security education	Trained employees	Person	134	167	186	
		Number of times of training	Number of times	1	1	1	
	Ethics education	Trained employees	Person	-	-	185	
		Number of times of training	Number of times	-	-	1	
	Environment education	Trained employees	Person	-	-	0	
		Number of times of training	Number of times	-	-	0	
	Sustainable supply chain education	Trained employees	Person	-	-	0	
		Number of times of training	Number of times	-	-	0	
	Employee training	Education investment cost	Million won	14	88	248	
		Total training hours	Hour	8,529	7,419	8,970	
		Training hours per employee	Hour/Person	58	44	46	
Category	Indicator		Unit	2020	2021	2022	Remarks
Whistle Blowing	Whistle blowing received	Number of whistleblowing cases received	Case	0	0	0	*Whistleblowing: Includes anti-corruption, sex discrimination, sexual harassment in the workplace, and harassment in the workplace
		Number of whistleblowing cases handled	Case	0	0	0	
		Number of cases of disciplinary actions based on whistle blowing	Case	0	0	0	
		Whistleblower Handling Rate	%	-	-	-	

* In last year’s report, there was a data entry error, which has been corrected.

Category	Indicator		Unit	2020	2021	2022	Remarks
Workplace Health and Safety	Frequency rate of injury		%	0	0	0	
	Severity rate of injury		%	0	0	0	
	Occupational Illness Frequency Rate		%	0	0	0	
Category	Indicator		Unit	2020	2021	2022	Remarks
Social Contribution Activities	Total donations		Million won	100	166	142	
	Donations for supporting disadvantaged groups		Million won	-	166	62	Including regular sponsoring of the ChildFund Korea
	Donations for education and cultural initiatives (including support for lesser-known sports disciplines)		Million won	-	-	80	
Category	Indicator		Unit	2020	2021	2022	Remarks
Customer Satisfaction	Customer satisfaction	Score	Point	4.6	4.5	4.6	*Perfect score 5 points Consumer Complaints and Counseling Satisfaction Survey Score
	Receipt of consumer complaints	Number of cases received	Case	5	12	10	
		Number of cases handled	Case	5	12	10	
		Handling ratio	%	100	100	100	
Category	Indicator		Unit	2020	2021	2022	Remarks
Violation of bylaws and laws	Occurrence of child labor	Number of child labor employees	Person	0	0	0	
	Legal measures against unfair transaction such as act to hamper competition and monopoly	Number of cases occurred	Case	0	0	0	
		Number of cases occurred	Case	0	1	0	
	Violation of environmental laws and regulations	Amount of fine	Won	0	1,600,000	0	In accordance with the "Act On The Promotion Of Saving And Recycling Of Resources", the fine was paid for exceeding the standard for packaging space ratio.
	Violation of laws and regulations in social and economic aspects	Number of cases occurred	Case	0	0	0	
		Amount of fine	Won	0	0	0	
	Violation of customer privacy and loss of customer information	Number of cases of complaints	Case	0	0	0	
	Violation of legal regulations and self-regulation on marketing communications	Number of cases occurred	Case	0	0	0	

Category	Indicator		Unit	2020	2021	2022	Remarks
Supply chain ESG management	Key supplier	Number of key suppliers	EA	-	-	75	
	Ethical code of conduct signing by key suppliers	Number of key suppliers that have Signed the code of ethics	EA	-	-	-	
		Ratio	%	-	-	-	
	Key partner ESG (Environmental, Social, Governance) Assessment Status	Number of evaluated suppliers	EA	-	-	7	
		Ratio of evaluated suppliers	%	-	-	9.3	
	Significant or potentially significant adverse environmental impacts within the supply chain and remedial actions	Number of cases occurred	Case	-	-	0	
		Number of cases handled	Case	-	-	0	
Category	Indicator		Unit	2020	2021	2022	Remarks
Raw materials, packaging usage, and product sales	Product	Raw material usage	ton	-	-	21.04	
		Product sales quantity	EA	-	-	27,119,569	
	Packaging	Packaging material usage	ton	-	-	1,600	
		Packaging material quantity made from recycled or renewable materials	ton	-	-	0	
		Packaging material recyclability rate	%	-	-	72	

• Environment

Category	Indicator		Unit	2020	2021	2022	Remarks
Energy Consumption	Energy consumption	Total	TJ	0.6	0.7	0.85	Based on head office and logistics center
		Total floor area	m2	8,521	8,521	9,023	
		Energy consumption basic unit	TJ/m2	0.00007	0.00008	0.0000942	
	Energy consumption within the organization	Total	TJ	0.6	0.7	0.85	
		Electricity	TJ	0.6	0.7	0.85	
		Renewable energy consumption ratio	%	0	0	0	
Category	Indicator		Unit	2020	2021	2022	Remarks
Water Resource Management	Water use	Water consumption	ton	197	193	211	Based on head office *Due to the nature of this company's business, water consumption and intaking water volume are the same

SASB

The US Sustainability Accounting Standards Board (SASB) is a non-profit organization that establishes non-financial reporting standards and establishes and operates the SASB Index, a sustainability accounting standard. Therefore, Gowoonseesang Cosmetics has reported its sustainability data in accordance with the standard for the sector of Multiline Specialty Retailers & Distributors.

* In the 2021 report, we reported based on the criteria for the Household & Personal Products sector. However, to better align with the business characteristics of Gowoonseesang Cosmetics, we have changed our reporting criteria to Multiline and Specialty Retailers & Distributors

• Sustainability Disclosure Topics












Category	CODE	ACCOUNTING METRIC	Main Activities
Energy Management in Retail & Distribution	CG-MR-130a.1	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	→ 48 We do not consume renewable energy, and our grid power usage rate is 100%
Data Security	CG-MR-230a.1	Description of approach to identifying and addressing data security risks	→ 39
	CG-MR-230a.2	(1) Number of data breaches (2) percentage involving personally identifiable information (PII) (3) number of customers affected	Up to the present, there have been no incidents related to data breaches, personal information leaks, or other data security-related incidents. We are continuously strengthening our data security measures.
Labor Practices	CG-MR-310a.1	(1) Average hourly wage and (2) percentage of in-store employees earning minimum wage, by region	→ 45
	CG-MR-310a.2	(1) Voluntary and (2) involuntary turnover rate for in-store employees	→ 44
	CG-MR-310a.3	Total amount of monetary losses as a result of legal proceedings associated with labor law violations	No related losses have occurred.
Workforce Diversity & Inclusion	CG-MR-330a.1	Percentage of gender and racial/ethnic group representation for (1) management and (2) all other employees	→ 25, 44
	CG-MR-330a.2	Total amount of monetary losses as a result of legal proceedings associated with employment discrimination	No related losses have occurred
Product Sourcing, Packaging & Marketing	CG-MR-410a.1	Revenue from products third-party certified to environmental and/or social sustainability standards	The sales revenue from vegan products amounted to 194 billion KRW in 2022
	CG-MR-410a.2	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products	→ 34
	CG-MR-410a.3	Discussion of strategies to reduce the environmental impact of packaging	→ 26~30

• Accounting Metrics

Category	CODE	Main Activities
Number of: (1) retail locations and (2) distribution centers	CG-MR-000.A	Number of distribution centers: 1 (Gunpo Logistics Center)
Total area of: (1) retail space and (2) distribution centers	CG-MR-000.B	Total distribution center area: 8,521 square meters (Gunpo Logistics Center)

UN SDGs

The UN Sustainable Development Goals (SDGs) are the UN’s global mid- to long-term development plans that are implemented with 17 goals to solve global economic, environmental, and social problems by 2030. Gowoonseesang Cosmetics actively supports the UN SDGs, and promotes activities to support the achievement of the 17 goals and 169 detailed goals.

UN SDGs Indicator		Main actions
	Ensure healthy lives and promote well-being for all at all ages	<ul style="list-style-type: none">• With a view to strengthening organizational capabilities in a growing culture, online training processes are reinforced, and employee performance evaluations are conducted regularly.• Health checkup and psychological counseling programs are operated so that employees can immerse themselves in their work in a physically, mentally and socially healthy state.
	Ensure inclusive and equitable quality education and promote life-long learning opportunities for all	<ul style="list-style-type: none">• Online training is conducted and implemented so that employees can grow through learning.• In order to create an environment where employees grow through employee training, common competency, job competency, and leadership competency strengthening programs are implemented.
	Achieve gender equality and empower all women and girls	<ul style="list-style-type: none">• As a female-friendly company with a female worker ratio exceeding 75%, Gowoonseesang Cosmetics pursues an organizational culture that is good for females to work, and operate various female-friendly systems such as shortening working hours throughout the pregnancy period, allowing prenatal checkups during work, and providing 2 years of parental leave.• The company conducts organizational culture diagnosis every year, and in 2022, the company was selected as a Good Company to Work for in Asia’ for two consecutive years and as a ‘Good Company to Work for’ for three consecutive years.• We have established human rights management policies in accordance with international human rights management guidelines to realize the value of human rights respect through human rights management.
	Ensure access to affordable, reliable, sustainable, and modern energy for all	<ul style="list-style-type: none">• To secure package sustainability, the company promotes activities to reduce energy consumption with packaging materials made using eco-friendly raw materials.
	Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all	<ul style="list-style-type: none">• The company implements human rights management that guarantees the basic labor rights of employees to create quality jobs.• The company strives to achieve sustainable growth through a sound and transparent decision-making process that avoids an arbitrary decision-making system in which authority and responsibility are concentrated on one person and pre-verifies agendas through a consensus body in which employees participate.
	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	<ul style="list-style-type: none">• In order to secure the eco-friendliness of containers and packaging materials for sustainable growth responding the demand for improvement of the environmental impact of cosmetics, the company uses eco-friendly packaging materials, redesigns packages to ensure ease of separate disposal, and provides detailed separate disposal guides.• By developing vegan and eco-friendly products, the company reduced impacts on the environment and ultimately laid the foundation for sustainable growth.
	Ensure sustainable consumption and production patterns	<ul style="list-style-type: none">• As the trend of sustainable consumption of cosmetics spreads, the company replace existing cosmetics and packaging materials with eco-friendly materials, redesigns packages, and provides separate disposal guides for easy recycling.• We ensure sustainability within our supply chain by expanding procurement from suppliers actively engaged in ESG (Environmental, Social, Governance) management when purchasing raw materials.
	Take urgent action to combat climate change and its impacts	<ul style="list-style-type: none">• The company respond to the climate change crisis by manufacturing containers from raw materials that can reduce carbon emissions during the product use cycle.• The company does not use excessive packaging materials and strives to reduce wastes.
	Conserve and sustainably use the oceans, seas and marine resources for sustainable development	<ul style="list-style-type: none">• The company launched reef-safe sun care that excluded the use of avobenzone, oxybenzone, and octinoxate, which are marine ecosystem pollutants contained in sunscreens in consideration of coral reef protection and marine ecosystems.
	Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss	<ul style="list-style-type: none">• We have launched a new high-performance clean beauty brand called ‘Vividraw’, ensuring environmental friendliness throughout the entire product lifecycle.• The company enhances the sustainability of forests by purchasing packaging materials through cooperative companies that secured FSC certification, a certification of packaging materials that protect forests.
	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	<ul style="list-style-type: none">• The company established a code of ethics for employees and ethical management policies regarding conducting business honestly and transparently, respecting stakeholders, and fulfilling corporate social responsibilities as the standard for ethical management.• The company operates an ethics reporting site for violations of ethics and compliance to receive information.

GRI CONTENT INDEX

Statement of use	Gowoonsesang Cosmetics reported in accordance with GRI Standards 2021 for the period from January 1, 2022, to December 31, 2022
GRI 1 used	GRI 1: Foundation 2021

• General Disclosures

GRI STANDARD/OTHER SOURCE	DISCLOSURE	Reporting Page	Omission	Additional Comments
GRI 2: General Disclosures 2021	2-1 Organizational details	8, 10		
	2-2 Entities included in the organization’s sustainability reporting	2		
	2-3 Reporting period, frequency and contact point	2, 56		
	2-4 Restatements of information	2		
	2-5 External assurance	54~55		
	2-6 Activities, value chain and other business relationships	8~15		
	2-7 Employees	44		
	2-8 Workers who are not employees	-	Information unavailable	Due to the nature of our business, it is difficult to ascertain the number of non-employee workers, and as a result, information is insufficient.
	2-9 Governance structure and composition	25		
	2-10 Nomination and selection of the highest governance body	25		
	2-11 Chair of the highest governance body	25		
	2-12 Role of the highest governance body in overseeing the management of impacts	25		
	2-13 Delegation of responsibility for managing impacts	25		
	2-14 Role of the highest governance body in sustainability reporting	17, 25		
	2-15 Conflicts of interest	25		
	2-16 Communication of critical concerns	20~21		
	2-17 Collective knowledge of the highest governance body	25		
	2-18 Evaluation of the performance of the highest governance body	-	Confidentiality constraints	This information is treated as confidential, but can be disclosed upon request from stakeholders.
	2-19 Remuneration policies	-	Confidentiality constraints	This information is treated as confidential, but can be disclosed upon request from stakeholders.
	2-20 Process to determine remuneration	25		
	2-21 Annual total compensation ratio	-	Confidentiality constraints	This information is treated as confidential, but can be disclosed upon request from stakeholders.
	2-22 Statement on sustainable development strategy	5		
	2-23 Policy commitments	37~38		

GRI 2: General Disclosures 2021	2-24 Embedding policy commitments	17, 37~38		
	2-25 Processes to remediate negative impacts	20~21		
	2-26 Mechanisms for seeking advice and raising concerns	37~38		
	2-27 Compliance with laws and regulations	47		
	2-28 Membership associations	55		
	2-29 Approach to stakeholder engagement	19		
	2-30 Collective bargaining agreements	36		

• Material Topics

GRI STANDARD/OTHER SOURCE	DISCLOSURE	Reporting Page	Omission	Additional Comments
GRI 3: Material Topics 2021	3-1 Process to determine material topics	18		
	3-2 List of material topics	18		
Material Topic 1. Expansion of eco-friendly materials for sustainable resource circulation				
GRI 3: Material Topics 2021	3-3 Management of material topics	26~30		
SASB CG-MR-410a.1	Revenue from products third-party certified to environmental and/or social sustainability standards	49		
Material Topic 2. Ensuring product chemical safety				
GRI 3: Material Topics 2021	3-3 Management of material topics	34		
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	34		
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	34, 47		No violations related to the health and safety impact of the product/service Information can be verified on the Pharmaceutical Safety Korea website ➡ Pharmaceutical Safety Korea website
Material Topic 3. Improving the ecological and human impact of the product and providing information				
GRI 3: Material Topics 2021	3-3 Management of material topics	31~33		
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	31		
	417-2 Incidents of non-compliance concerning product and service information and labeling	31, 47		No violations related to the health and safety impact of the product/service Information can be verified on the Pharmaceutical Safety Korea website ➡ Pharmaceutical Safety Korea website
	417-3 Incidents of non-compliance concerning marketing communications	31, 47		No violations related to the marketing communication Information can be verified on the Pharmaceutical Safety Korea website ➡ Pharmaceutical Safety Korea website
Material Topic 4. Creating social value through products				
GRI 3: Material Topics 2021	3-3 Management of material topics	40		

GRI STANDARD/OTHER SOURCE	DISCLOSURE	Reporting Page	Omission	Additional Comments
GRI 203: Indirect Economic Impacts	203-1 Infrastructure investments and services supported	40		
	203-2 Significant indirect economic impacts	40		
Material Topic 5. Work-life balance for employees				
GRI 3: Material Topics 2021	3-3 Management of material topics	23~24		
GRI 401: Employment	401-1 New employee hires and employee turnover	44		
	401-2 Benefits provided to full-time employees that are not provided to temporary or parttime employees	24, 45		
	401-3 Parental leave	45		
GRI 404: Training and Education	404-1 Average hours of training per year per employee	-	Information unavailable	Excluded due to the presence of unaccounted education-related data that is not suitable for reporting
	404-2 Programs for upgrading employee skills and transition assistance programs	35~36		
	404-3 Percentage of employees receiving regular performance and career development reviews	45		
Material Topic 6. Discussion of ESG (Environmental, Social, Governance) policy, performance, goals, and development direction within the board of directors				
GRI 3: Material Topics 2021	3-3 Management of material topics	25		
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	25, 44		
	405-2 Ratio of basic salary and remuneration of women to men	45		

• Other GRI Reporting

GRI STANDARD/OTHER SOURCE	DISCLOSURE	Reporting Page	Additional Comments
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	42	
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	46	
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	47	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	48	
GRI 303: Water and Effluents 2018	303-3 Water withdrawal	48	
	303-5 Water consumption	48	
GRI 403: Occupational Health and Safety 2018	403-6 Promotion of worker health	24	
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	47	
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	47	

Independent Assurance Statement

To: The Stakeholders of Gowoonseesang Cosmetics Company Limited

Introduction and Objectives of Work

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

Standards and Levels

This assurance was based on the AA1000AS (Assurance Standard) v3 (2020) Assurance Standard and confirmed that the Report was prepared in accordance with the GRI Standards, the international standards guidelines of sustainability reports. In accordance with the AA1000 AS, the assurance level was Moderate Level, and conducted against Type 1 to confirm compliance with the four principles of the AA1000 AP (AccountAbility Principles) 2018.

Scope

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

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

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

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

Methodology

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

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

Limitation

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

Assurance Opinion

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

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

AA1000 AP (2018)

Inclusivity: Stakeholder Engagement and Opinion	Gowoonseesang Cosmetics defined consumers, shareholders/investors, employees, Cooperative companies/partners, Local communities and government/local governments/ related organizations (such as associations) as key stakeholders groups, and operated communication channels for each stakeholder group for engagement. GOWOONSESANG COSMETICS reflected key issues drawn through stakeholder channels in sustainability management decisions and disclosed the process in the Report.
Materiality: Identification and reporting of material sustainability topics	Gowoonseesang Cosmetics established the strategy related to sustainability management and established the process to derive reporting issues. Gowoonseesang Cosmetics identified financial and social/environmental impacts and derived 6 material issues based on the analysis of media research, benchmarking global advanced companies in its field, and analysis of major global initiatives related to sustainability.
Responsiveness: Responding to material sustainability topics and related impacts	Gowoonseesang Cosmetics established the management process for material issues determined by the materiality assessment, implemented a response plan for each issue to appropriately respond to the derived key issue that reflects the expectations of stakeholders. Gowoonseesang Cosmetics 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	Gowoonseesang Cosmetics established the process to identify and evaluate the impact on organizations and stakeholders related to key issues. Gowoonseesang Cosmetics used impacts, risk and opportunity factor analysis results for key issues to make decisions to develop response strategies for each issue, and disclosed the process in the Report.

Key areas for ongoing development

- Gowoonseesang Cosmetics reports annual sustainability performance such as reducing the impact associated with product packaging. It may be helpful to advance sustainability management system by internalizing performance indicators for achieving the circular economy of the cosmetics industry, internalizing measurement indicators such as carbon emission by product through full-process evaluation, packaging material change, and carbon emission reduction due to usage reduction.

Statement of independence and competence

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

Evaluation against GRI ‘In Accordance’ Criteria

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

[Universal Standards]

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

[Topic Standards]

201-1, 203-1~2, 205-3, 206-1, 302-1, 303-3, 303-5, 401-1~3, 403-6, 404-1~3, 405-1~2, 406-1, 416-1~2, 417-1~3, 418-1

Major Joined Organizations

Names of joined associations and initiatives	Year of joining	Name of managing organization
Seongnam Chamber of Commerce&Industry	2022	Seongnam Chamber of Commerce&Industry
Korea Personnel Improvement Association	2022	Korea Personnel Improvement Association
Korea International Trade Association	2022	Korea International Trade Association
Korea Cosmetics Association	2022	Korea Cosmetics Association
Korea Global HR Officer Association / Korea Foreign Enterprise Human Resource Management Association G-CHRO (KOFEN HR)	2021	Korea Foreign Enterprise Human Resource Management Association

GOWOONSESANG

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