



2024  
AEKYUNG Industrial Sustainability Report

# ABOUT THIS REPORT

## Overview

Since 2022, we have been publishing the Sustainability Report and utilizing it as a communication channel to share our sustainability activities, achievements, and future plans. Through the annual publication of the Sustainability Report, we aim to communicate transparently with various stakeholders and strive for sustainable growth.

## Reporting Standards and Principles

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards 2021, which provide internationally recognized guidelines for sustainability reporting, based on the reporting criteria and framework presented by the Sustainability Accounting Standards Board (SASB) and the Task Force on Climate-related Financial Disclosures (TCFD). The report also incorporates the key targets from the United Nations’ Sustainable Development Goals (UN-SDGs) and other indicators.

## Reporting Scope and Period

The scope of this report includes consolidated financial information for financial performance, and focuses on the non-financial performance of all domestic business sites of Aekyung Industrial.

\*All domestic worksites: Head Office, AKIC, Cheongyang Plant, Daejeon Plant (closed since October 2023), R&D Center, and Domestic Logistics Centers (Cheongyang, Yongin, Gimhae).

The reporting period covered is from January 1 to December 31, 2024,and some items that need to be tracked are presented with data for the past three years. Regarding certain items of the information used in the report that require special attention to the scope and period, additional notes have been provided for the reader’s convenience.

## Reporting Assurance

This report has been third-party assured by the Korean Foundation for Quality, a specialized assurance organization, to ensure the accuracy and reliability of the reporting content. Details on the assurance opinions are included in the Appendix.

## Information

|                  |                                             |
|------------------|---------------------------------------------|
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### Interactive PDF

This report has been published as an interactive PDF that allows readers to navigate to relevant pages within the report and link to related websites for better understanding.

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# CEO MESSAGE



“ Dear Valued Stakeholders,

I would like to express my sincere gratitude to all Aekyung employees for their hard work and dedication amidst the challenging business environment in 2024. I would also like to express my deep gratitude to all stakeholders for their continued interest and support. Aekyung would not have been able to grow as a global lifestyle and beauty company without their encouragement. ”

Aekyung has achieved an A rating in corporate ESG ratings for four consecutive years since 2021.

\* A rating in the Korea Institute of Corporate Governance and Sustainability ESG rating in 2024; AA rating in the Sustainvest ESG rating in the second half of 2024.

This significant achievement is a tribute to the strong commitment of our employees, who have been true to our core philosophy of love (愛) and respect (敬) despite the challenging external environment.

Looking ahead, we will continue to face various challenges in the domestic and global markets. To achieve truly sustainable growth, we must go beyond satisfying shareholders, employees, and customers. We must achieve shared growth with a broader range of stakeholders, including our suppliers and local communities. Aekyung will continue to strive for greater transparency and fairness toward all stakeholders.

We must not forget our mid- to long-term goals and keep moving forward. I recently came across a phrase in a book that resonated with me: "You must put everything on the line at the crucial moment if you want to realize a bold dream." Aekyung has set a target of KRW 1 trillion in consolidated sales by 2027. The next three years will be a defining moment in achieving this goal, and I firmly believe that with everyone's best efforts, we can make this dream a reality. To do so, we must continue to promote globalization with a focus on strategic countries, nurture mega-brands, develop second and third big hits, and continue to differentiate our products in the market.

If we really want to achieve our mid- to long-term goal, it is crucial to keep in mind that we have to go beyond developing good products and expanding the sales network. Throughout our history, growth and development have never been possible without the cooperation of our stakeholders. I believe that our efforts will bear fruit when we establish a meaningful ESG system and receive recognition from stakeholders for our sincerity.

In 2025, we see unprecedented uncertainties in the business environment, including changes in the geopolitical landscape. However, we must continue to challenge ourselves and innovate to achieve sustainable growth. I believe that we have a real potential that allowed us to make a turnaorund after the prolonged COVID-19 crisis. No challenges could stand against us when we joined forces to fight them. This year, we will continue to challenge and innovate with the guiding principles of globalization, digitalization, and premiumization to achieve a breakthrough in growth.

Aekyung will never deviate from the right path of challenge and innovation for sustainable growth. We will always value customers, strive to make their lives better, and remain transparent and fair to all stakeholders. In this way, we will earn the trust of customers, shareholders, and employees.

Thank you.

Kim Sangjoon  
CEO of Aekyung Industrial

김상준

## COMPANY INTRODUCTION

Since launching Korea's first beauty soap, Mihyang Soap, in 1956, Aekyung Industrial has positioned itself as the undisputed symbol of the Korean beauty industry for the past 70 years. Today, we are writing a new chapter in the company's history by strengthening our global presence through the diversification of our local and international portfolios in the cosmetics business and the digitalization of the household products business.

We currently export products to 37 countries, including China and Japan. To expand our footprint in the Chinese market in particular, we established a subsidiary in Shanghai, through which we have been conducting ongoing, localized marketing efforts. Beyond China, we have expanded into Thailand, Vietnam and other Southeast Asian countries, as well as the United States and other markets. More recently, we have launched localized products tailored to market-specific needs, further enhancing brand awareness around the world.

Through its cosmetics business, Aekyung Industrial continues to solidify its position as a leading beauty company that brings beauty to customers' lives. Aekyung's iconic brands, including AGE20'S, home of the Essence Pact, LUNA, a professional color cosmetics brand, a.solution, a daily derma solution brand, and point&, a clean care brand, are committed to helping customers live brighter lives. In the household products business, our brands specifically respond to consumers' evolving lifestyles to make their daily lives more convenient. Our major household brands include Trio, the nation's first and oldest dishwashing liquid, 2080, one of Korea's foremost toothpaste brands, Wool Shampoo, the epitome of neutral detergent, and LiQ, a laundry detergent brand. We also introduced the premium laundry detergent brand LiQ ZeT, the beauty dental brand BYCOLOR and the hair loss solution specialist BLACKFORET. Moving forward, Aekyung Industrial remains committed to practicing transparent and ethical management, fulfilling its social responsibilities, and building trust with customers, shareholders, and employees. That is how we remain faithful to our corporate philosophy of Ae (愛, Love) and Kyung (敬, Respect).

### Aekyung Industrial Co., Ltd. Overview

|                   |                                                             |  |
|-------------------|-------------------------------------------------------------|--|
| Company Name      | Aekyung Industrial Co., Ltd.                                |  |
| Founded           | April 25, 1985                                              |  |
| Head Office       | 188, Yanghwa-ro, Mapo-gu, Seoul, Korea                      |  |
| Field of Business | Lifestyle and Beauty(BEAUTY CARE, PERSONAL CARE, HOME CARE) |  |
| CEO               | Chai Dongseok, Kim Sangjoon                                 |  |

| Business Location<br>(Country)<br>Address | Business Sites                      | Location<br>(Country) | Address                                                          |
|-------------------------------------------|-------------------------------------|-----------------------|------------------------------------------------------------------|
|                                           | Head Office                         | Republic of Korea     | 188, Yanghwa-ro, Mapo-gu, Seoul                                  |
|                                           | AKIC<br>(Aekyung Innovation Center) |                       | 41, WorldCupBuk-ro 6-gil, Mapo-gu, Seoul                         |
|                                           | R&D Center                          |                       | 120, Sinseongnam-ro, Yuseong-gu, Daejeon                         |
|                                           | Cheongyang Plant                    |                       | 1547-9, Chungui-ro, Jeongsan-myeon, Cheongyang-gun, Chungnam     |
|                                           | Cheongyang CDC                      |                       | 1547-9, Chungui-ro, Jeongsan-myeon, Cheongyang-gun, Chungnam     |
|                                           | Cheongyang Logistics Center         |                       | 1547-9, Chungui-ro, Jeongsan-myeon, Cheongyang-gun, Chungnam     |
|                                           | Yongin Logistics Center             |                       | 11, Euni-ro 20-gil, Yangmyeon-si, Cheoin-gu, Yongin-si, Gyeonggi |
|                                           | Gimhae Logistics Center             |                       | 224, Hallim-ro, Hallim-myeon, Gimhae-si, Gyeongsangnam-do        |

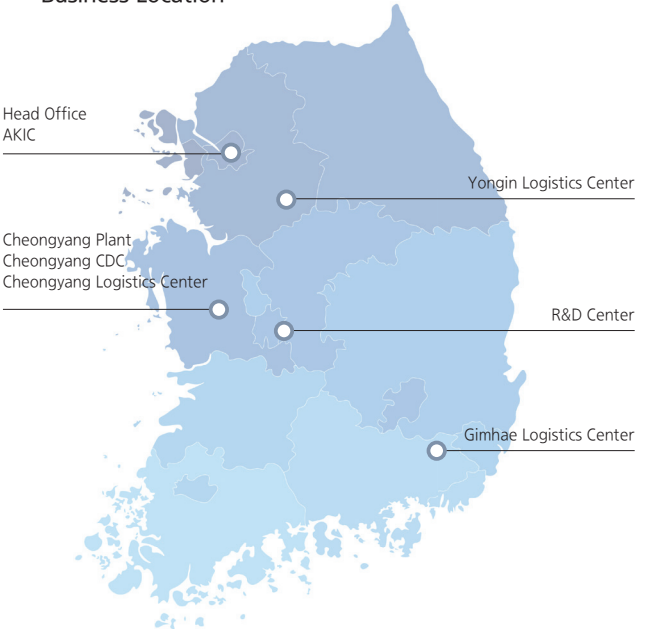
### Company Introduction

|                   |                   |      |
|-------------------|-------------------|------|
| Employees         | 939 Persons       |      |
| Sales             | KRW 679.1 billion |      |
| Sales Composition | Cosmetics         | 39 % |
|                   | Household goods   | 61 % |
| Operating Profit  | KRW 46.8 billion  |      |

### ESG Results

| Korea Institute of Corporate Governance and Sustainability |               |                |                             | Sustainvest |
|------------------------------------------------------------|---------------|----------------|-----------------------------|-------------|
| A                                                          | A             | A <sup>+</sup> | A                           | AA          |
| Overall Rating                                             | Environmental | Social         | Governance                  | Rating      |
| Year of Evaluation<br>2024                                 |               |                | Time<br>Second half of 2024 |             |

### Business Location

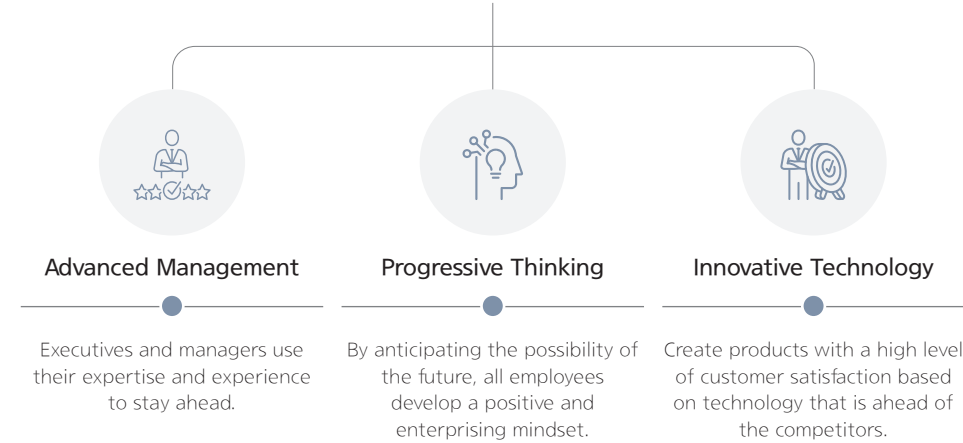




# COMPANY INTRODUCTION

## Philosophy & Vision

With love and respect as our top priority,  
Aekyung brings happiness to the lives of customers and employees.



## Ideal Candidates



**Innovation & Pioneering**

Our team of global talent overcomes the fear of failure and tackles new challenges.



**Appreciation & Communication**

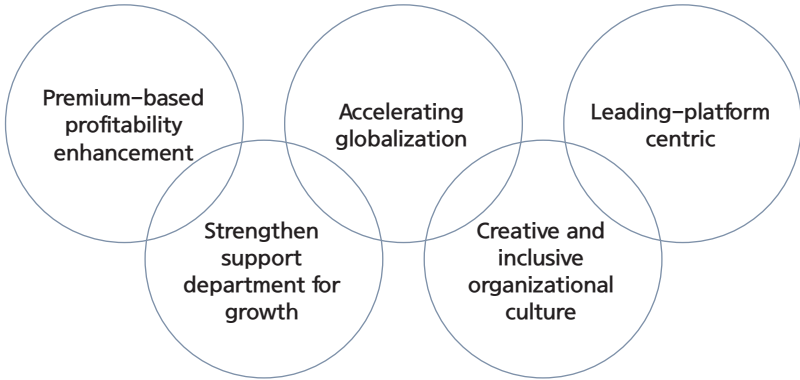
We appreciate and respect our customers and employees and strive to make the right decisions.



**Trust & Integrity**

We pursue authenticity and valuable experiences through ethical and transparent practice.

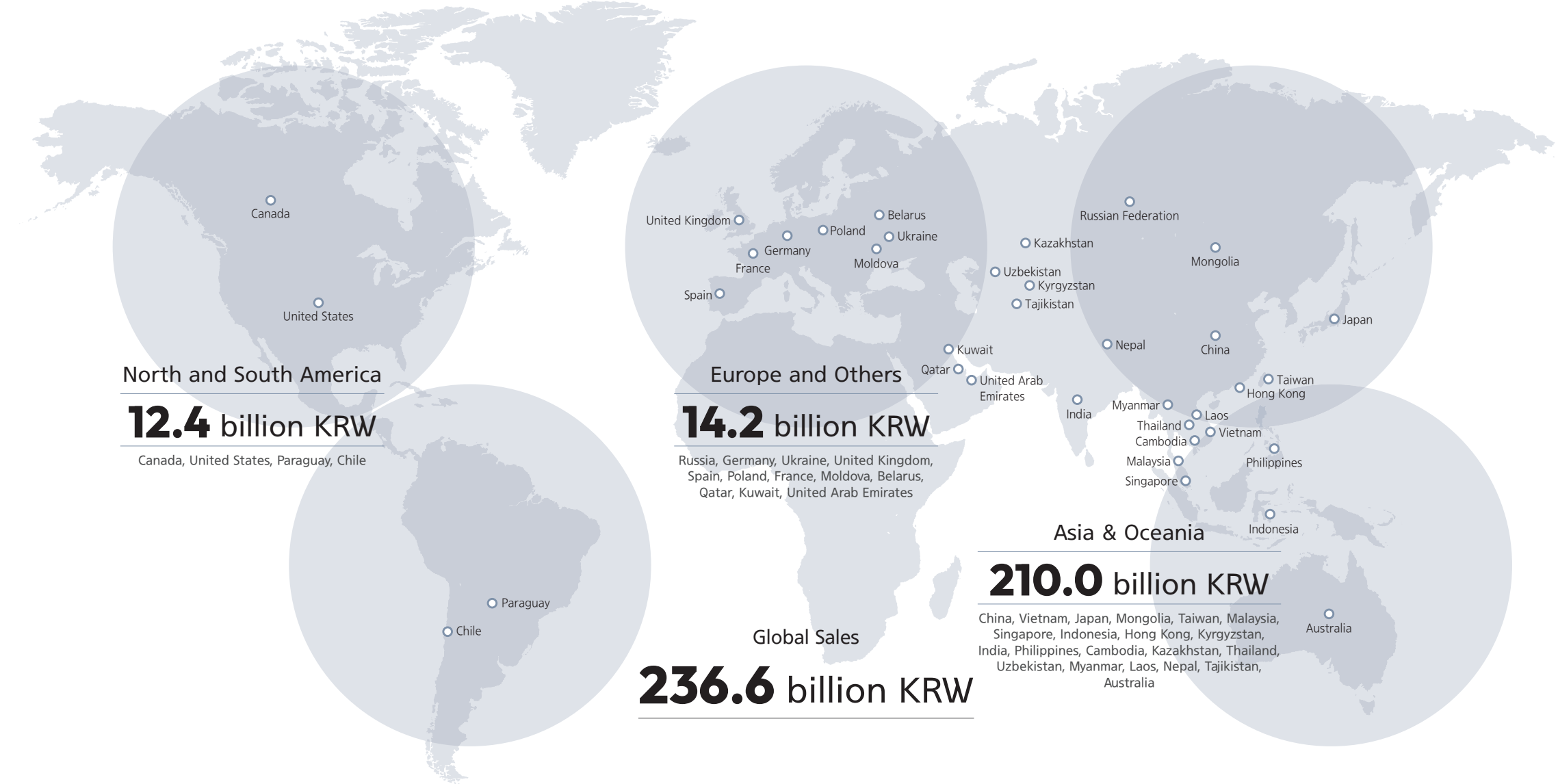
## Management Policies





# COMPANY INTRODUCTION

## Global Network





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# COMPANY INTRODUCTION

## Business Performance

### Financial Performance

Aekyung Industrial achieved domestic and international sales of KRW 679.1 billion in 2024, marking 1.5% growth compared to the previous year. The operating profit decreased by –24.4% from the previous year, reaching KRW 46.8 billion.

Sales  
(Unit : billion KRW)

679.1 ▲ 1.5%  
(Year-over-year)

Operating profit  
(Unit : billion KRW)

46.8 ▼ 24.4%  
(Year-over-year)

### Global Business Performance

Out of Aekyung Industrial's total sales of KRW 679.1 billion, domestic sales accounted for more than half at 65.1%, followed by China at 24.2% and other regions at 10.7%.

Domestic  
(Unit : billion KRW)

442.4 65.1%  
(Share of sales)

China  
(Unit : billion KRW)

164.2 24.2%  
(Share of sales)

Others  
(Unit : billion KRW)

72.4 10.7%  
(Share of sales)

Total  
(Unit : billion KRW)

679.1 100%  
(Share of sales)



# COMPANY INTRODUCTION

## Business Performance

### Cosmetics Division

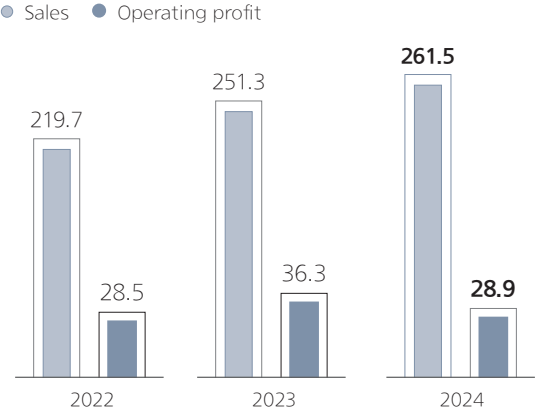
Aekyung Industrial's Cosmetics Division operates its own cosmetics research laboratory, design center, production facilities, and logistics centers. This ensures that our intentions are clearly incorporated into the product development process from the initial planning stage. Based on this infrastructure, we pioneered a new category in the Korean cosmetics market, "essence foundation," and have positioned ourselves as the undisputed market leader.

Our product portfolio extends beyond basic makeup products such as essence foundation, cushions, powders, and concealers to include color cosmetics such as blushers, eye shadow, and lip products; cleansing products such as cleansing oils and cleansing foams; and basic skincare products such as toner pads, sunscreen, lotions, and sheet masks.



#### Sales trajectory

(Unit : billion KRW)



### Household Goods Division

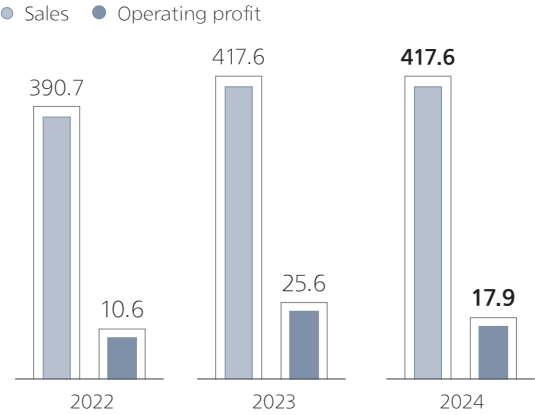
Similar to the Cosmetics Division, the Household Goods Division is responsible for all related infrastructure throughout the value chain, from product planning to sales. In response to evolving consumer trends, we are focusing on Health and Beauty (H&B) stores and online platforms, and developing channel-specific products tailored to their needs.

To this end, we are increasing investment in R&D and marketing to refine formulations and revamp design and marketing concepts. We are also building consumer trust by offering nature-friendly products and ensuring full ingredient transparency to meet consumers' health and environmental concerns.



#### Sales trajectory

(Unit : billion KRW)





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## Brand Portfolio

AGE20'S

LUNA

twoedit

.solution

point&

**SNEAKY**

KERASYS

**BLACK  
FORET.**

alp:ist

salon  
de magie

DERMA  
&MORE

SHOWER  
MATE®

LUV  
SCENT.

치유비

**2080**  
TOOTHPASTE

**2080**  
TOOTHBRUSH

**2080**  
MOUTHWASH

**2080**  
kids

BYCOLOR

**LABCCIN**  
CLEAN TO PROTECT

**LiQ**

**zet**

**스피크**

**울삼푸**  
WoolShampoo

엄마의선택

**1802**  
LE CHATELARD  
SENTEURS de PROVENCE

**HERBMARY®**  
1848

**순생**  
soonsaem

**트리오**  
TRIO

**SWAY**

**부라보**

home**vaccine**

**Whistle®**





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## Brand Portfolio

### BEAUTY CARE

#### AGE20'S

My Beautiful Ritual, AGE20'S



#### LUNA

Professional User's Material, LUNA



#### twoedit

twoedit, SWITCHING ME!  
A makeup brand that helps you edit yourself and discover a new version of you.



#### .solution

Active Vegan Solution,  
dot solution



#### point&

The benchmark of cleansing, point &  
A cleansing specialist brand with 30 years  
of experience



#### SNEAKY

An easy way to be unobtrusively  
handsome, Men's Styling Brand, SNEAKY





COMPANY INTRODUCTION

Brand Portfolio

PERSONAL CARE

KERASYS

Korea's No.1 Professional Hair Clinic System, KERASYS

BLACK FORET.

A professional hair-care brand to reduce hair loss symptoms, BLACK FORET

alp:ist

A vegan beauty brand that coexist beautifully with nature, alp:ist

2080 TOOTH PASTE

Keep 20 healthy teeth at the age of 80

2080 TOOTH BRUSH

Keep 20 healthy teeth at the age of 80

2080 MOUTH WASH

Healthy teeth for life, 2080 MOUTHWASH

salon de magie

A premium brand for salon care, SALON de MAGIE

DERMA & MORE

Scalp care for healthy hair DERMA & MORE

SHOWER MATE.

A body healing mate for you, SHOWERMATE

2080 kids

Step-by-step care for your child's permanent teeth, 2080 KIDS

BYCOLOR

A functional beauty dental brand that satisfies emotion and reason

LABCCIN

The easiest way to maintain your hygiene, LABCCIN

LUV SCENT.

A personalized-scented body care recommended by a world-renowned perfumer

치유비

Provides care and nurturing tailored to the changing needs of women's bodies and emotions on a 28-day cycle, Chiuu b



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HOME CARE



All the features for today's laundry, with LIQ now



Make your laundry easier and make your life worthwhile! Re-discover your laundry with ZET



Powerful cleaning even in cold water! SPARK!



A smart dishwashing lifestyle with the 3rd generation dishwasher detergent, SWAY!



Trio's technology as-is! A specialized food materials brand



More than just home cleaning, homevaccine



No. 1\* neutral detergent in Korea, Wool Shampoo



An eco-friendly homecare brand found with motherly love



A premium fragrance brand from Provence, France, LE CHATELARD 1802



Listen to Nature! WHISTLE



A fresh Jeju that remembers with fragrance, HERBMARY 1848



A mild and clean fragrance that thinks about family and nature, SOONSAEM!



Korea's first dishwashing detergent, TRIO!

# COMPANY INTRODUCTION

## Best Seller



AGE20'S  
Signature essence cover pact

- AGE20'S Pact has sold 260 million units to date.
- No. 1 foundation in Korea for 10 consecutive years



LUNA  
Long-lasting tip concealer

- No. 1 concealer by sales value in Korea
- Olive Young's No. 1 concealer for 6 consecutive years
- Cumulative sales of 10 million units



KERASYS Keramide Extreme  
Damage Treatment

- Coupang's best-selling hair treatment



BLACKFORET Frozen Cool &  
Deep Clean Shampoo

- Daedamo user rating 4.8 points (out of 5)



SHOWERMATE  
Clean cotton body wash

- Contains nature-derived ingredients
- No added ingredients of concern (No mineral oil, artificial colors, or animal-derived ingredients)



2080  
Classic Toothpaste

- 2080 Brand ranked No. 1 in 2025 Korea Brand Power Index
- Sold more than 1.1 billion units



BYCOLOR  
Dazzling Toothpaste

- Olive Young's No. 1 brand in the oral care category
- Total sales of Bycolor brands exceeded 230,000 units
- Positive customer reviews higher than 4.8 points



LiQ  
Ultra gel essence

- 2.4 million units sold in 2024



Wool Shampoo  
Original 3L

- No. 1 neutral detergent



Spark Prime  
5.5 kg Refill

- No. 1 in Korea for 12 consecutive years



Antibacterial  
TRIO

- The flagship product of Korea's first kitchen detergent brand Trio
- Eco-Label certified



LABCCiN  
Laundry Sanitizer

- 99.999% antibacterial
- 99% deodorization
- Skin irritation test: Average skin sensitivity 0.00

- AGE20'S Signature Essence Cover Pact: AGE20'S Pact shipments (from 2012 to 2024) / AGE20's ranked No. 1 in the Korean foundation market in the Kantar Worldpanel Division survey. (June 16th, 2014 – June 16th, 2024)
- Luna Long-Lasting Tip Concealer: Cumulative shipments from 2014 to February 11 2025 (all tip concealer products)
- Kerasis Keramide Treatment: As of 2024
- Black Foret Cool & Deep Clean Shampoo: Reviews from the Daedamo community as of June 1st, 2023
- Shower Mate Clean Cotton Body Wash: Contains nature-derived ingredients (cotton seed extract)
- 2080 Classic Toothpaste: Sales over 24 years (1998 – 2022)
- Bycolor Dazzling Toothpaste: Sales volume of Bycolor brand oral care products from November 2022 to June 2024 / Customer rating as of June 18th, 2024
- Wool Shampoo Original 3L: No. 1 rated in the Kantar survey for 9 consecutive years (from January 2015 to December 2024)
- LABCCiN Laundry Sanitizer: Tested by an accredited laboratory
- Spark Prime 5.5kg Refill: Nielsen



## OVERVIEW OF SUBSIDIARIES

### AK Trading Limited (Shanghai)

AK Trading Limited (Shanghai) is a wholly owned subsidiary of Aekyung Industrial and is located in MICX in Minhang District, Shanghai, China.

Targeting one of the largest consumer markets in the world, the company is focused on expanding brand awareness through both online and offline channels, with a particular focus on cosmetics brands such as AGE20'S and LUNA, as well as household product brand Kerasys.

#### Corporate Overview

|                                    |                                                                               |
|------------------------------------|-------------------------------------------------------------------------------|
| Founded                            | September 15th, 2017                                                          |
| Office                             | Room 501, house C, No.1799-6, Wuzhong Road, Minhang District, Shanghai, China |
| Key Business                       | Sales and distribution of household necessities, cosmetics, etc.              |
| Sales (KRW thousand)               | 83,217,137                                                                    |
| Operating Profit (KRW thousand)    | -672,391                                                                      |
| Aekyung Industrial's ownership (%) | 100                                                                           |



### AJP Co., Ltd.

AJP, a subsidiary of Aekyung Industrial, is a promotion specialist dedicated to achieving the highest level of customer satisfaction. AJP's team of sales and promotion specialists play a vital role in setting up product displays, promoting sales, and facilitating logistics for major supermarket chains in Korea (E-Mart, Homeplus, and Lotte Mart), Seo Won Distribution, and Mega Mart. Building on its expertise, AJP continues to expand its service offerings to a wider range of industries, including general corporate clients.

#### Corporate Overview

|                                    |                                                                    |
|------------------------------------|--------------------------------------------------------------------|
| Founded                            | August 1st, 2018                                                   |
| Office                             | Room 1510, 278 Beotkkot-ro, Geumcheon-gu, Seoul, Republic of Korea |
| Key Business                       | Service                                                            |
| Sales (KRW thousand)               | 15,046,975                                                         |
| Operating Profit (KRW thousand)    | 176,129                                                            |
| Aekyung Industrial's ownership (%) | 100                                                                |



## Overview of Subsidiaries

### Modurak Aekyung Industrial Co., Ltd.

Aekyung Industrial established Modurak Aekyung Industrial as a standard workplace for people with disabilities in cooperation with the Korea Employment Agency for Persons with Disabilities.

The subsidiary-type standard workplace program was introduced in 2008, under which parent companies that are required by law to employ people with disabilities establish a subsidiary for the purpose of providing employment to people with disabilities, and the employees of the subsidiary are considered employees of the parent company.

Modurak Aekyung Industrial operates “Café Fourteen” on the 7th floor of Aekyung Tower in Hongdae. Caf Fourteen serves coffee and a variety of beverages to employees and visitors. The name "Fourteen" symbolizes its commitment to freshly brewed coffee using only beans roasted within the past 14 days. It also stands for the 14 beverage recipes developed by baristas and managers, composed of employees with disabilities. “Café Fourteen” started with ten baristas with hearing, intellectual or developmental disabilities. As the business grows, Modurak plans to expand its inclusive hiring practices.

#### Corporate Overview

|                                    |                                            |
|------------------------------------|--------------------------------------------|
| Founded                            | June 1st, 2018                             |
| Office                             | 7F, 188, Yanghwa-ro, Mapo-gu, Seoul, Korea |
| Key Business                       | Coffee manufacturing and sales             |
| Sales (KRW thousand)               | 393,933                                    |
| Operating Profit (KRW thousand)    | 21,312                                     |
| Aekyung Industrial's ownership (%) | 100                                        |



### One Thing Co., Ltd.

ONE THING is a cosmetics specialist brand dedicated to skincare solutions that highlights core ingredients and their inherent efficacy. Guided by the brand's philosophy of offering personalized skincare routines that are tailored to individual skin concerns, ONE THING develops a wide range of skincare products designed for customers' healthy skin. Launched in 2019, the brand has expanded globally through platforms such as Amazon and Qoo10, and now operates across online and offline channels in 22 countries. In particular, strong brand awareness across digital channels in Japan, Europe, the U.S. and Southeast Asia serve as a driver for continued growth. The brand's flagship products include toners with key functional ingredients such as Centella, Houttuynia Cordata and Niacinamide. Building on these core formulations, ONE THING is expanding its product categories to include mask sheets, essence serums, sunscreens, and other skincare items.

#### Corporate Overview

|                                    |                                                       |
|------------------------------------|-------------------------------------------------------|
| Founded                            | July 1st, 2021                                        |
| Office                             | 3F, 41, World Cup buk-ro 6-gil, Mapo-gu, Seoul, Korea |
| Key Business                       | Cosmetics manufacturing and sales                     |
| Sales (KRW thousand)               | 9,595,750                                             |
| Operating Profit (KRW thousand)    | -147,606                                              |
| Aekyung Industrial's ownership (%) | 85                                                    |







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Signed a Cosmetics Business MOU in the US Market

In furtherance of our strategy to expand into the online and offline distribution channels in the U.S., Aekyung Industrial signed a Memorandum of Understanding (MOU) for strategic business cooperation with Silicon2, a global K-beauty distribution platform. Partnering with a leading provider of K-beauty globalization solutions will enable us to expand our distribution network in the U.S. market, increase customer touchpoints, and provide a better product experience. This demonstrates our commitment to attracting new customers globally.



LUNA Achieved 4-Fold Sales Growth in Japan in H1 2024

In the first half of 2024, our professional makeup brand LUNA quadrupled its sales in Japan compared to the same period last year. Since entering the Japanese market in 2021, LUNA has shown explosive growth, with sales tripling in 2022 and more than doubling in 2023 year-on-year. This shows that our strategy of placing greater emphasis on online marketing is effectively leveraging Japanese customers' growing affinity for the online market since the COVID-19 pandemic. Despite a slowdown in online sales growth in the first half of 2024, we maintained steady growth by expanding our presence in offline channels.

Brand Overview



Launched Makeup Brand 'twoedit by LUNA'

twoedit by LUNA is Aekyung Industrial's new cover touch-up makeup brand. Building on LUNA's expertise in professional makeup, twoedit offers quality products at reasonable prices. Targeting the Z+Alpha generations, a consumer group that values both quality and value for money, we launched our products through DAISO.

System Overview

Established a Product Lifecycle Management (PLM) System

Aekyung Industrial has established a Product Lifecycle Management (PLM) system to manage the entire process from product planning to market launch. The PLM system enables the digitalization of the New Product Development (NPD) process, project management, marketing tasks, and labeling. It also serves as the foundation for integrated management of product information and formulations, as well as a unified work support platform. In particular, the Fast-Moving Consumer Goods (FMCG) system has streamlined the collaborative process from product planning to launch, significantly improving operational efficiency

Developed a WMS and Updated the MES

Aekyung Industrial has developed a Warehouse Management System (WMS) to efficiently manage warehouse resources and optimize inventory management in warehouses for all product categories. We also upgraded the Manufacturing Execution System (MES), which previously focused on specific administrative tasks, to improve the visibility of actual production compared to planned production volume and better monitor equipment status.

In-house Contests



2024 Aekyung Conference

The Aekyung Conference, co-hosted by Aekyung Chemical, Aekyung Industrial, Aekyung Specialty, KOSPA and AK Biopharm, is an annual group-wide event to celebrate the research achievements of each group company and promote synergies through technology exchanges among researchers. The 2024 conference was held at the Aekyung R&D Center in Daejeon and organized by Aekyung Chemical. It consisted of two sessions under the common theme of "AK X4". In the first session, participants presented 23 technology posters in the lobby, followed by the second session in the auditorium, which focused on presentations of various technical achievements such as discoloration prevention technology for personal care products, plasticizers based on next-generation copper clad laminate (CCL), resin and polyamide hydrogenation, and mesh cushion formulation. With this conference, we aim to promote communication and cooperation among group companies, facilitate technology exchanges and create synergies.



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Appendix

# 2024 Highlights

## Certifications



### Excellence in Employee Invention Promotion Certification

The "Excellence in Employee Invention Promotion" certification is awarded to companies that provide fair and adequate compensation for inventions made by employees in the course of their work. Aekyung Industrial received this certification for the third time, following previous recognitions in 2019 and 2022. To encourage employees to take the initiative and incentivize inventing at work, we have established a policy to provide compensation and rewards for employee inventions.

## Design Awards



### Two iF Design Awards 2024

Aekyung Industrial won two awards in the packaging design category at the International Forum (iF) Design Awards 2024. The Pro Powershot of our premium detergent brand LiQ ZeT and a product of our beauty and dental brand BYCOLOR were honored with awards, showcasing the excellence of our packaging design.



### Dual IDEA Design Award Winner

The International Design Excellence Awards (IDEA) is recognized as one of the world's top three design competitions, along with Germany's iF Design Awards and the Red Dot Design Awards. Established in the 1980s, North America's premier design competition honors industry-leading designs based on thorough evaluation criteria including design innovation, user benefit, and social responsibility. In the 2024 IDEA, Aekyung Innovation Center's Bycolor and LiQ Pro Power Shot were named a Finalist and a Bronze Award Winner, respectively. The LiQ Pro Power Shot was highly praised for its laundry detergent packaging design that creatively reinterprets the user experience, and the Bycolor Dental Series made it to the final stage with its attractive packaging that conveys a message targeting younger generations.



### Gold Award at the 2024 Pentawards

albis, Aekyung Industrial's premium brand for kids, won the Gold Award in the Home, Leisure & Other category at the 2024 Pentawards for its Kids Toothpaste. The packaging of albis Kids Toothpaste features colors that evoke the scent of the toothpaste, which is designed to stimulate children's interest in brushing their teeth. The cap, inspired by educational toys, was designed with geometric elements to ensure ease of use and convenient storage.

## Awards and Recognitions

### Minister of Health and Welfare Citation

At the 6th Cosmetics Day Awards in 2024, Aekyung Industrial was awarded the Minister of Health and Welfare Citation. This award recognized our contributions to the cosmetics industry, including: Establishing a foundation for product safety through rigorous safety assessments; promoting the development of the industry by serving a liaison between government agencies and industry stakeholders; developing standards for cosmetic labeling and advertising as a member of the Jump-Up K-Cosmetic Labeling and Advertising Committee; and strengthening public-private communication and sharing the latest industry information through participation in the Cosmetics Research Group of the Daejeon Regional Ministry of Food and Drug Safety.



### Minister of Trade, Industry and Energy Citation

Aekyung Industrial received the Minister of Trade, Industry and Energy Citation, the highest honor in the Unit Load System (ULS) Pallet category, at the 21st Korea Pallet and Container Industry Awards. The Korea Pallet and Container Industry Awards recognize companies that have made significant contributions to innovation in logistics and standardization of logistics systems. Aekyung Industrial was highly commended for its systemized internal operations based on the ULS and the overall efficiency achieved through logistics standardization.



### Minister of Health and Welfare Citation

A researcher from the Beauty Convergence Research Team at the Cosmetics Research Center received the Minister of Health and Welfare Citation at the 2024 Government Awards for the Advancement of Health and Medical Technology. The award was given in recognition of his significant contributions to the development and commercialization of innovative skincare materials, including: developing skin barrier-enhancing cosmetics using extracts of callus, a plant native to Ulleung Island; developing an anti-aging ingredient for hair registered in the international cosmetic ingredient database; and developing anti-wrinkle cosmetics using natural peptide-derived substances.





# STAKEHOLDER COMMUNICATION

We define our key stakeholders as employees, customers, shareholders/investors, partners, and local communities that directly or indirectly affect our business activities, and strive for mutual growth through active communication. Communication channels are operated for each stakeholder to gather their feedback and implement responsive actions accordingly.

|                       | Employees                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Customers                                                                                                                                                                                                                                                                                                                                                                                            | Shareholders/ Investors                                                                                                                                                                                                                                     | Partners                                                                                                                                                                                                                                               | Local Communities                                                                                                                                                                                                                                                            |
|-----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Communication channel | <ul style="list-style-type: none"><li>· Creating A Better Workplace Committee', Labor-Management Council</li><li>· 'Occupational Health and Safety Committee' for health and safety deliberations</li><li>· Report' channel, AK's Grievance Handling System</li><li>· 'Love &amp; Respect Day', Internal communication channel</li><li>· 'ON AEKYUNG', Group webzine</li><li>· 'AEKYUNG DOODRIM, Product idea suggestion channel</li><li>· Research achievements and technology exchange: Aekyung Academic Conference</li></ul> | <ul style="list-style-type: none"><li>· Corporate site and brand websites</li><li>· Social media channels (Instagram, Facebook, Post, Naver TV, YouTube, etc.)</li><li>· Aekyung Supporters 'AK Lover'</li><li>· Website for receiving voice of the customer (VOCs) and one-on-one consultations</li><li>· CRM Team dedicated to customer consultation and safe environments for consumers</li></ul> | <ul style="list-style-type: none"><li>· Annual General Meeting of Shareholders</li><li>· Homepage disclosures and announcements</li><li>· IR / Business Report / Audit Report / Sales Report / Sustainability Report and other disclosure reports</li></ul> | <ul style="list-style-type: none"><li>· Communication channel for partners, 'SRM System'</li><li>· Regular meetings with major partners</li><li>· 'Contractors' Association' for health and safety</li><li>· Subcontracting Review Committee</li></ul> | <ul style="list-style-type: none"><li>· Social contribution programs</li><li>· Employee volunteer activities</li></ul>                                                                                                                                                       |
| Key Interest/ Issue   | <ul style="list-style-type: none"><li>· Fostering good labor relations</li><li>· Improving the employees' work environment</li><li>· Addressing employees' grievances</li><li>· Internal communication channels and engagement</li><li>· Providing opportunities for growth and self-development</li></ul>                                                                                                                                                                                                                      | <ul style="list-style-type: none"><li>· Safe product use</li><li>· Providing Smooth and Prompt Information and Feedback</li><li>· Improving product/service quality</li></ul>                                                                                                                                                                                                                        | <ul style="list-style-type: none"><li>· Enhancing shareholder value</li><li>· Business Performance</li><li>· Providing transparent information about Aekyung</li></ul>                                                                                      | <ul style="list-style-type: none"><li>· Mutual Growth</li><li>· Fair Trade</li><li>· Supporting Suppliers' Sustainable Management</li></ul>                                                                                                            | <ul style="list-style-type: none"><li>· Donations, volunteering, and other social contribution activities</li><li>· Mutual growth with the local community</li><li>· Managing environmental impacts around our business sites</li><li>· Priority for hiring locals</li></ul> |
| Response Activities   | <ul style="list-style-type: none"><li>· Operating an Open Feedback Channel</li><li>· 'Organizing management-employee communication opportunities through 'Love &amp; Respect Day'</li><li>· Improving organizational culture and expanding employee benefits</li></ul>                                                                                                                                                                                                                                                          | <ul style="list-style-type: none"><li>· Responding to customer issues</li><li>· Surveying consumer satisfaction and claims satisfaction</li><li>· Receiving feedback on products and services</li><li>· Operating a customer idea suggestion program</li></ul>                                                                                                                                       | <ul style="list-style-type: none"><li>· Disclosing quarterly and annual results</li><li>· Establishing mid to long term dividend strategies</li></ul>                                                                                                       | <ul style="list-style-type: none"><li>· Operating the 'SRM System'</li><li>· Collaborative development of eco-friendly packaging materials</li><li>· Assessing Partner ESG and Linking Compensation to Results</li></ul>                               | <ul style="list-style-type: none"><li>· Operating and expanding social contribution programs</li><li>· Cleanup activities along the Chiseongcheon Stream near the Cheongyang Factory</li><li>· Activities to preserve and propagate native plants</li></ul>                  |

# ESG STRATEGY FRAMEWORK

## Execution and Management Organization for Sustainable Management

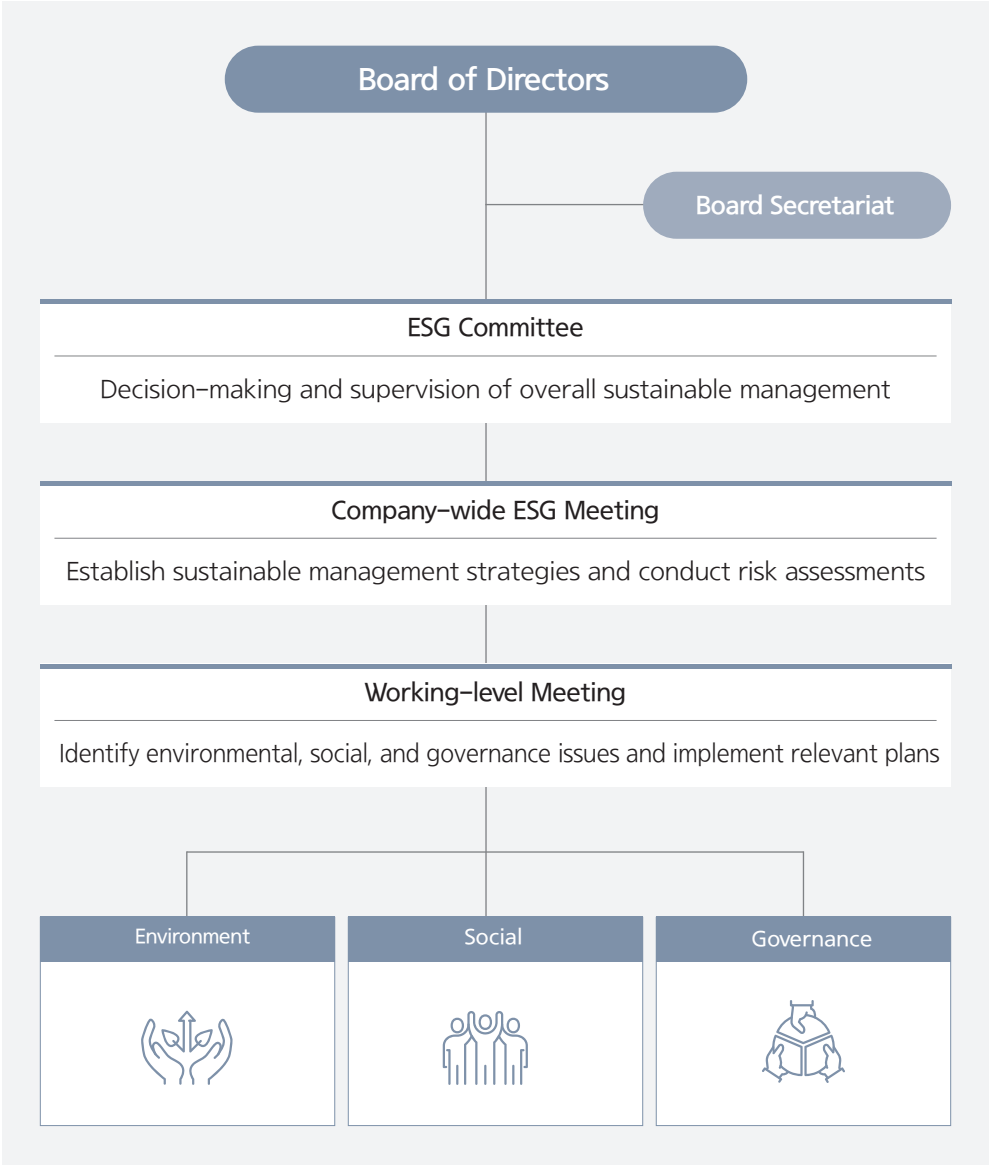
Aekyung Industrial has established a management framework for sustainability, with the ESG Committee under the Board of Directors as the highest decision-making body. The ESG Committee oversees all aspects of the company's sustainable management, including managing risks that may affect our business, such as climate change, carbon neutrality, resource circulation, water, soil, biodiversity, pollution, and chemicals, monitoring performance, and identifying measures to respond to these risks. In addition, we formed a working-level council in 2025 to ensure the effectiveness of the ESG Committee's work. Composed of team leaders responsible for ESG issues, the council formulates company-wide environmental, social and governance strategies and assesses risks. This working-level body meets twice a year to plan and discuss matters related to ESG response, sustainability reporting, planning and goal setting for the working-level body, and mid- to long-term strategies.

In addition, we have reorganized the working-level meeting of the ESG team and area-specific representatives, such as environment and supply chain. They now meet on a regular basis (monthly and quarterly) to better support the activities of the company-wide ESG meeting and the ESG Committee.

### ESG Committee Activities in 2024

The ESG Committee met twice in 2024 to report on and approve various sustainable management issues, including the publication of the 2023 Sustainability Report, the establishment of the ESG Council, the creation of a support organization for the Audit Committee, and the appointment of the Compliance Officer.

| Date             | Agenda    |                                               |
|------------------|-----------|-----------------------------------------------|
| July 31, 2024    | Reporting | Publication of the 2023 Sustainability Report |
| October 31, 2024 | Reporting | Establishment of the ESG Council              |
| October 31, 2024 | Reporting | Appointment of the Compliance Officer         |





# ESG STRATEGY FRAMEWORK

## ESG Strategy Framework

### ESG Strategic Goals : Transformation with ESG Challenges

| Categorization | Strategy Keywords                   | 3 Strategic Directions                                                                               | 9 Strategic Priorities                                                   | 17 Action Items                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Relevant UN SDGs                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|----------------|-------------------------------------|------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Environment    | Practice Zero Waste                 | Advancing the Clean Cycle Business Model through Green Transformation                                | Green TIE (Tec/Info/Edu) Expansion                                       | <div>· Reduce waste by managing waste management and strengthening recycling processes</div> <div>· Save energy by investing in renewable energy facilities by 2030</div> <div>· Participate in Climate Change Mitigation by Enhancing Capabilities for Managing Air Pollutants and Greenhouse Gas Emissions by 2030</div> <div>· Strengthen the integration of Green Transformation to enhance environmental training for employees</div> <div>· Establish a sustainable green supply chain by managing and supporting partners' environmental capabilities</div> <div>· Strengthening green business models by identifying and supporting green/recycled raw materials and products</div> <div>· Enhance AKGI(Aekyung Green Index) operations</div> <div>· Participate in expanding not only cosmetic plastics initiatives but also environmental initiatives</div> | <div></div>                                                                                                                                                                                      |
|                |                                     |                                                                                                      | Green Partnership Enhancement                                            | <div>· Strengthening green business models by identifying and supporting green/recycled raw materials and products</div>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|                |                                     |                                                                                                      | Green Value Experience Provision                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Social         | Valuable Partnership                | Building a coexistence and sustainability management system by strengthening community communication | Happy Employees' Community                                               | <div>· Reinforce a positive organizational culture through corporate culture innovation</div> <div>· Establish global standards for working environment and human rights management</div>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <div><br/></div> |
|                |                                     |                                                                                                      | Mutual Growth Partners Community                                         | <div>· Create a mutually beneficial supply chain by establishing systems and support programs that embrace partners</div>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|                |                                     |                                                                                                      | Collaborative Consumers Community                                        | <div>· Strengthen systems for product safety, quality management, and customer satisfaction</div>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|                |                                     |                                                                                                      | Co-prosperity Local Community                                            | <div>· Strengthen and encourage participation in corporate social responsibility programs involving employee</div> <div>· Promote social communication through the publication of reports from a non-financial perspective</div>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Governance     | Strengthening the Compliance System | Strengthen trusted ESG management by upgrading BOD leadership                                        | Organizing a BOD respected and ensured of its diversity and independence | <div>· Implement responsible management by strengthening the leadership and roles of BOD</div> <div>· Establish a global-level governance system by expanding diversity and ensuring independence of BOD</div>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <div></div>                                                                                                                                                                                                                                                                     |
|                |                                     |                                                                                                      | Establishing a BOD and audit organization with more expertise            | <div>· Strengthen ESG management execution by upgrading their expertise</div>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                           |

## DOUBLE MATERIALITY ASSESSMENT

Aekyung Industrial conducts a materiality assessment in accordance with the ‘GRI Standards,’ a set of guidelines for sustainability reporting, and reports on selected key issues that may impact our sustainability management. We ensured reliability through third-party verification of the process, evaluation, and results of selecting key issues, based on the four principles of inclusiveness, materiality, responsiveness, and impact. Evaluations were conducted by applying the double materiality concept under the ‘GRI Standards’, considering both financial materiality and socio-environmental materiality to identify the key/strategic issues. We have identified a total of ten material issues by evaluating the respective issues based on strategic business direction, social and environmental materiality, and stakeholder interests.

For more comprehensive management and substantial improvements, we have selected the development of environmentally-friendly products, the reduction of the use of plastic packaging materials and product safety as core issues among the ten material issues. We identify risks and opportunities where our business activities related to these three core issues have an impact on the environment and society, develop strategies to respond to them, and measure key performance in this regard.

We will continue to address ongoing financial and socio-environmental issues both internally and externally by implementing strategies that promote sustainable growth and socio-environmental value at Aekyung Industrial.

### Assessment Process



### Materiality Assessment Survey

| Period                                                                                                                              | Method                                                     |
|-------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------|
| December 16–20, 2024 (5 days): Internal and external stakeholders (excluding customers)<br>December 23–27, 2024 (5 days): Customers | Online Survey                                              |
|                                                                                                                                     |                                                            |
| Details                                                                                                                             |                                                            |
| Survey on Financial, Social, and Environmental Impacts of Stakeholders for Establishing Aekyung Industrial's ESG Strategic System   |                                                            |
|                                                                                                                                     |                                                            |
| Target                                                                                                                              |                                                            |
| Internal Stakeholders                                                                                                               | Employees, Affiliates, Shareholder, and Investors          |
| External Stakeholders                                                                                                               | Customers, Partners, Local Community, Media/Press, Experts |



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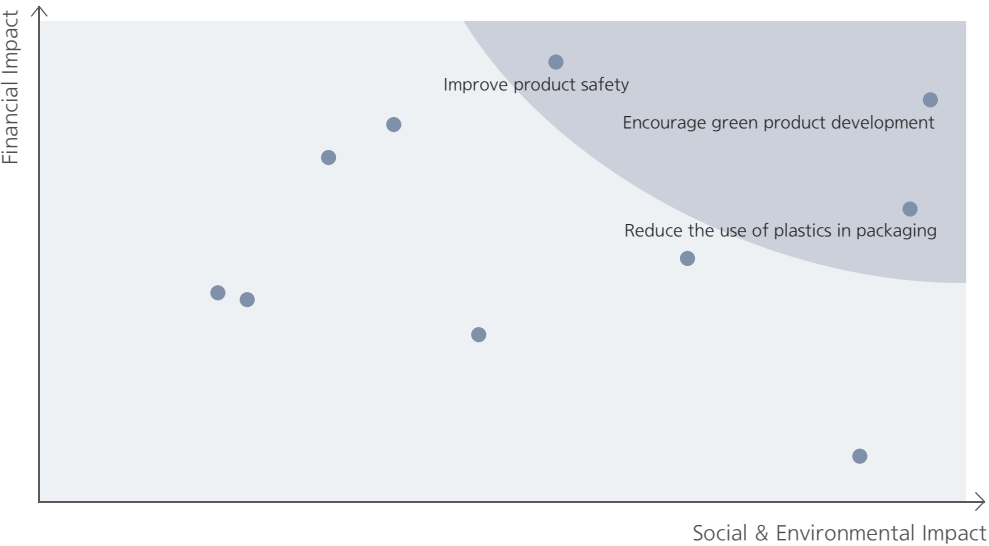
Appendix

## DOUBLE MATERIALITY ASSESSMENT

### Results

| Rank              | Issue pool                                                   | Socio–<br>environmental | Finance | GRI INDEX    |
|-------------------|--------------------------------------------------------------|-------------------------|---------|--------------|
| Critical Issue 1  | Encourage green product development                          | 3.71                    | 3.54    | GRI 301      |
| Critical Issue 2  | Reduce the use of plastics in packaging                      | 3.70                    | 3.46    | GRI 301      |
| Critical Issue 3  | Improve product safety                                       | 3.59                    | 3.57    | GRI 416      |
| Critical Issue 4  | Integrate financial and non–financial risk management        | 3.53                    | 3.53    | GRI 207      |
| Critical Issue 5  | Reduce greenhouse gas emissions                              | 3.63                    | 3.43    | GRI 302, 305 |
| Critical Issue 6  | Improve customer satisfaction                                | 3.51                    | 3.50    | GRI 416, 418 |
| Critical Issue 7  | Improve management transparency                              | 3.69                    | 3.28    | GRI 2        |
| Critical Issue 8  | Ensure fair trade compliance                                 | 3.56                    | 3.37    | GRI 206      |
| Critical Issue 9  | Strengthen health and safety training and management systems | 3.49                    | 3.40    | GRI 403      |
| Critical Issue 10 | Promote shared growth activities with suppliers              | 3.48                    | 3.40    | GRI 414      |

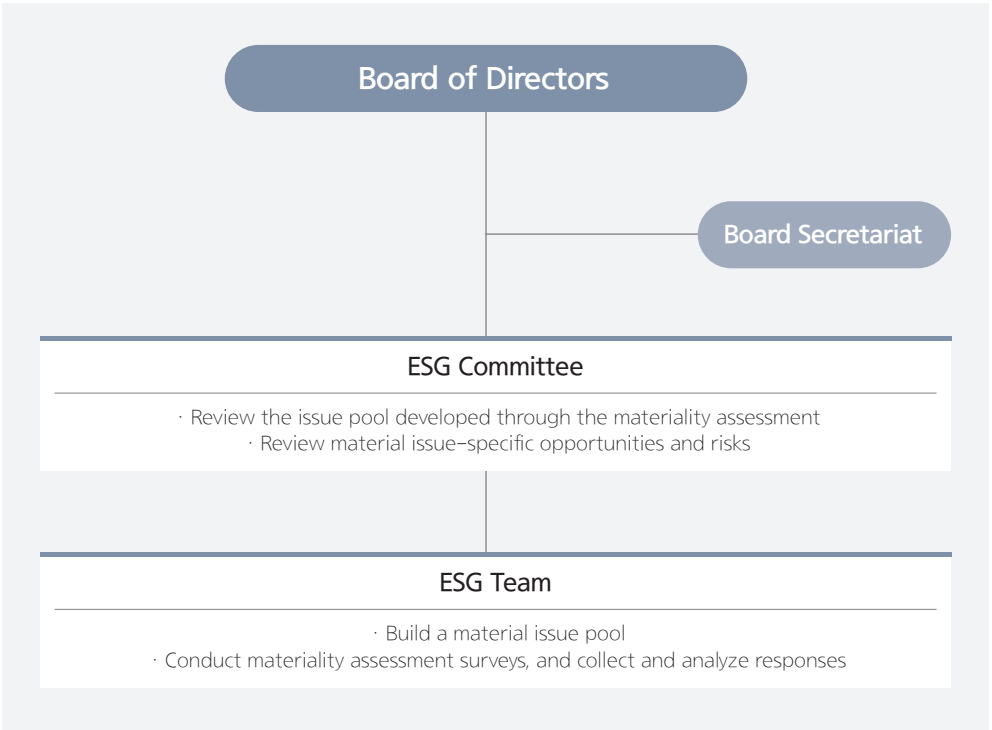
### Assessment Process



### Material Issue Management



### Governance



# DOUBLE MATERIALITY ASSESSMENT

## Material Issue Management

### Material Issue Analysis

| Critical Issue                                | Risk identification                                                                                                                                                                                                                                    | Opportunity identification                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Business case                                                                                                                                                                                                                                                                                                                                             | Business impact                                                                   | Business strategy                                                                                                                                                                                                                                                            | Performance target                                                                                                                                                                                                                                                                                                                                                 | Key achievements                                                                                                                                                                                                                                                                                 | Compensation for management                                                                                                                               |
|-----------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.<br>Encourage green product development     | <ul style="list-style-type: none"><li>Increased costs for developing environmentally friendly products</li></ul>                                                                                                                                       | <ul style="list-style-type: none"><li>Developing and applying green ingredients contributes to improving the company's image as a green company and encouraging customers to purchase relevant products.</li><li>Obtaining green product certification such as eco-label, carbon footprint, and low-carbon certificates contributes to the development of environmentally friendly products.</li></ul>                                                                                                                   | <ul style="list-style-type: none"><li>Increased awareness and demands from stakeholders such as regulators, investors and consumers to manage products' environmental performance</li></ul>                                                                                                                                                               | <ul style="list-style-type: none"><li>Cost</li><li>Revenue</li></ul>              | <ul style="list-style-type: none"><li>Expand product certification for eco-labels, carbon footprint, low-carbon products, etc.</li><li>Develop products with reduced environmental impact, such as biodegradable components and FSC-certified box packaging.</li></ul>       | <ul style="list-style-type: none"><li>Systems to promote the development of green, low-carbon certified products</li><li>Material (ingredients and packaging materials)-specific measurements of environmental impact and green material sourcing ratios</li></ul>                                                                                                 | <ul style="list-style-type: none"><li>Green product certification in 2024<br/>229 eco-labels</li><li>Green materials in 2024<br/>Total purchases: KRW 20.95 billion</li></ul>                                                                                                                    | <ul style="list-style-type: none"><li>Certification related to green and low-carbon products (number of certificates)</li></ul>                           |
| 2.<br>Reduce the use of plastics in packaging | <ul style="list-style-type: none"><li>Potential deterioration in product safety and increase in customer complaints due to reduced plastic use in packaging</li></ul>                                                                                  | <ul style="list-style-type: none"><li>Reducing the use of plastic helps improve the company's images that value the environment.</li><li>It also helps reduce costs related to recycling charges.</li></ul>                                                                                                                                                                                                                                                                                                              | <ul style="list-style-type: none"><li>Increased demand for products with reduced environmental impact from packaging materials</li><li>Global trends toward stricter climate change regulations</li><li>Continued growth in demand for alternative products and recycling due to increases in environmental charges on product containers, etc.</li></ul> | <ul style="list-style-type: none"><li>Cost</li><li>Revenue</li></ul>              | <ul style="list-style-type: none"><li>Solidify the link between profits and product development that considers eco-friendly consumer trends</li><li>Establish mid/long-term indicators and evaluation criteria that consider product sustainability</li></ul>                | <ul style="list-style-type: none"><li>Introduce a monitoring process for plastic use and substitution rates</li><li>Establish AKGI* management targets by product category and achieve them</li></ul> <div>① Maintain 5% share of Level VI products in cosmetics SKUs (by 2027)</div> <div>② Design all household necessities at Level V or higher (by 2027)</div> | <ul style="list-style-type: none"><li>Reduction of 410 tons of plastic use in 2024 through container lightweighting</li><li>Improved ratio of higher-AKGI level products</li></ul> <div>① Cosmetics Level II or higher: 7.28%</div> <div>② Household necessities Level II or higher: 45.2%</div> | <ul style="list-style-type: none"><li>Resource recycling activities (3R) performance</li></ul>                                                            |
| 3.<br>Improve product safety                  | <ul style="list-style-type: none"><li>Tangible losses such as decreases in sales and compensation for consumer damages</li><li>Intangible losses such as damage to the brand image and consumer trust, and a decline in corporate reputation</li></ul> | <ul style="list-style-type: none"><li>Products that have reduced the use of harmful substances below the statutory standard contribute to minimizing negative effects on the health of customers and employees.</li><li>Enhanced product safety reduces the likelihood of accidents to customers related to product safety.</li><li>Production of products that value consumer needs and safety, such as vegan cosmetics and cosmetics with minimal harmful substances, increases corporate value and profits.</li></ul> | <ul style="list-style-type: none"><li>Stricter laws and regulations, such as national quality standards</li><li>Accidents related to the use of harmful substances not only cause financial losses but also affect product liability and customer trust</li></ul>                                                                                         | <ul style="list-style-type: none"><li>Cost</li><li>Revenue</li><li>Risk</li></ul> | <ul style="list-style-type: none"><li>Apply global-level verification systems: Raw materials and ingredients control, safety evaluation, etc.</li><li>Develop advanced safety management process for the entire product life cycle from raw materials to marketing</li></ul> | <ul style="list-style-type: none"><li>Establish a response system for PIF regulations to meet the global standards</li><li>Enhance the internal safety verification system (AKSI) throughout the product development process</li></ul>                                                                                                                             | <ul style="list-style-type: none"><li>Number of product safety accidents in 2024: 0</li><li>Product safety-related violations of laws and regulations in 2024: 0</li></ul>                                                                                                                       | <ul style="list-style-type: none"><li>Proactive response through identification of global regulations and safety management process performance</li></ul> |





# Environment

- Environmental Management
- Climate Change Response
- AK Product Lifecycle Assessment
- Products with Reduced Environmental Impact
- Environmental Performance
- Environmental Protection Activity



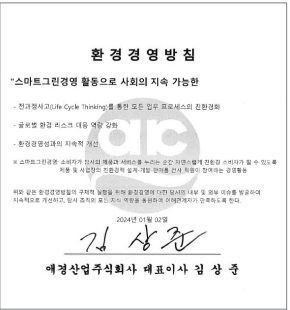
# ENVIRONMENTAL MANAGEMENT

## Environmental System

### Environmental Management System (ISO 14001)

Since 2005 Aekyung Industrial received the ISO 14001 international environmental management standard certification, it has maintained the certification through annual audits and triennial recertification audits.

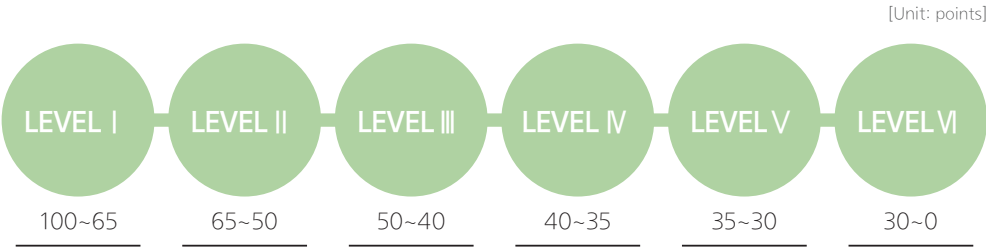
Our ISO-compliant environmental management system enables us to systematically manage company-wide environmental indicators. We also conduct environmental impact assessments of processes and products to proactively identify and minimize potential environmental impacts and implement various improvement activities.



### AKGI (AEKYUNG GREEN INDEX)

We apply an internal eco-friendly index (AKGI) to develop sustainable products, such as reducing the amount of plastic used and designing products that are easy to recycle. In line with the Ministry of Environment’s recycling policy, we have established evaluation criteria for the packaging and material structure of our products and use them to objectively evaluate the packaging designs.

In particular, we revised the AKGI index in 2023 to expand the scope of evaluations, rationalize the evaluation criteria, and reward evaluations of eco-friendly activities. By 2025, we aim to design all SKUs at Level 5 or higher for household products and maintain 5% of cosmetic SKUs at Level 6.



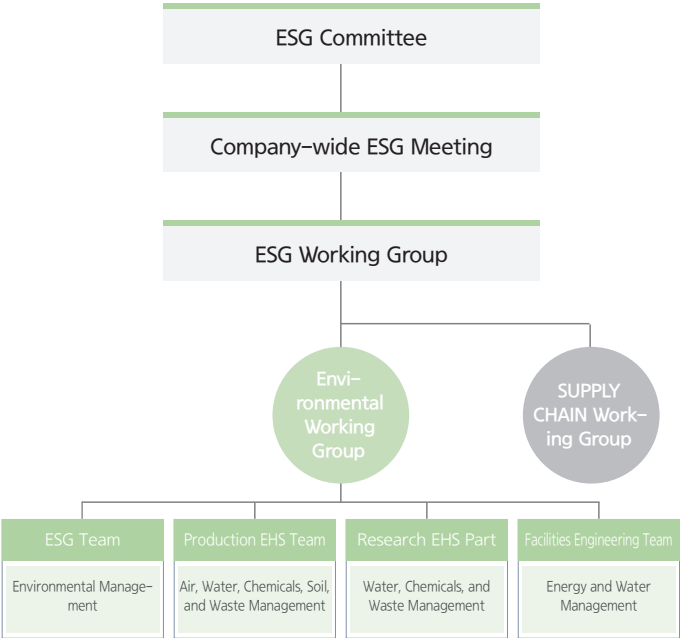
\* AKGI score (100 points) = Recyclability (40 points) + Eco-friendly resin (30 points) + Lightweight index (30 points)

### Environmental Management Goals

| Goals                   |                      |                    | 2022                                                                                            | 2027                                 | 2030                                                                                                       |
|-------------------------|----------------------|--------------------|-------------------------------------------------------------------------------------------------|--------------------------------------|------------------------------------------------------------------------------------------------------------|
| Resource<br>Circulation | Waste Recycling      |                    | 80% waste recycling target                                                                      | 93% waste recycling target           | 95% waste recycling target                                                                                 |
|                         | Optimize AKGI Levels | Household Products | Design all new model products developed after 2024 at Level 5 or higher                         | Design all SKUs at LEVEL 5 or higher | Apply AKGI to work processes for two years, then collect notable lessons learned and refine the AKGI code. |
|                         |                      | Cosmetics          | Maintain 5% of SKUs at LEVEL 6<br>*LEVEL 6 Products: Lip tints, concealers, mist, essence, etc. |                                      |                                                                                                            |

\* Waste recycling targets achieved ahead of schedule, hence revised targets for 2027 and 2030

### Environmental Management Organization



# ENVIRONMENTAL MANAGEMENT

## Environmental System

### Green Procurement Policy

|                                                                                                                         |                                                                                                                                                                |
|-------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Products certified with the environmental mark under the Act on the Development and Support of Environmental Technology | Products certified for recycling under the Act on the Promotion of Resource Conservation and Recycling                                                         |
| Waste-reducing products, including packaging units, lightweight products, refills, and container recovery               | Other green products such as fire-resistant materials, recycled products made from waste resources, products certified with foreign environmental labels, etc. |

### Green Purchasing Management

|                                                                                                                                                                                                                                                                                |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ① To continuously promote the company's green purchasing, information on the green purchasing policy, guidelines, evaluation items, evaluation methods, and other relevant details should be disclosed to the company's internal stakeholders and its suppliers.               |
| ② Suppliers should be evaluated for environmental friendliness. Evaluation criteria and visions for evaluating the environmental friendliness of items to be purchased should be elaborated, and relevant details should be recorded and maintained.                           |
| ③ Efforts should be made, in consultation with department heads responsible for the operation and maintenance of quality and environmental management systems, to discover suppliers and develop materials that contribute to the promotion of the company's green purchasing. |

### Environmental Law & Regulation Management

We monitor regulated areas of environmental management once a month and conduct semi-annual compliance assessments to identify non-compliance issues and establish improvement plans.

| Area of Management       | Details                                  | Managing Department                                             |
|--------------------------|------------------------------------------|-----------------------------------------------------------------|
| Environmental Management | Clean Air Conservation Act               | Production EHS Team                                             |
|                          | Water Environment Conservation Act       | Production EHS Team, Research EHS Part                          |
|                          | Chemical Substances Control Act          | Production EHS Team, Research EHS Part                          |
|                          | Soil Environment Conservation Act        | Production EHS Team                                             |
|                          | Waste Management Act                     | Production EHS Team, Research EHS Part, Logistics Strategy Part |
|                          | Chemical Registration and Evaluation Act | Research EHS Part                                               |

### Investing in Environmental

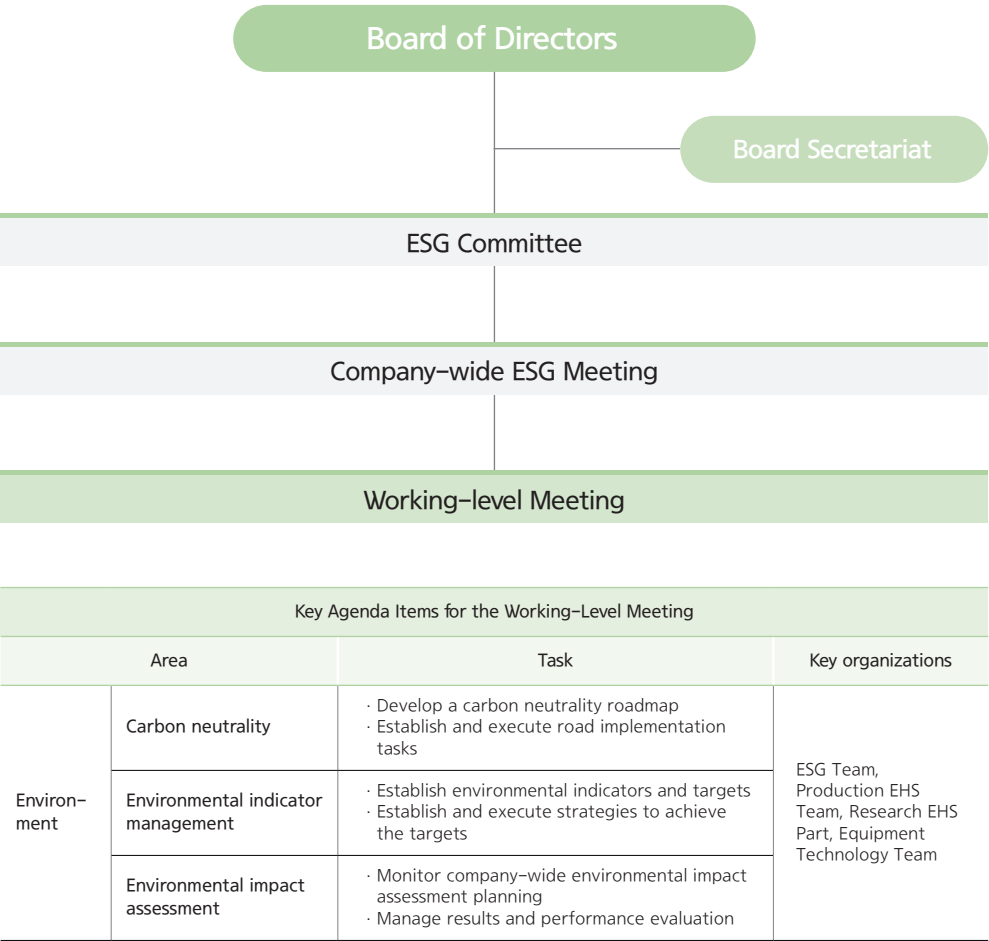
| Type | Investment Details                                                                                                                                     |
|------|--------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2022 | New construction of a wastewater treatment plant, TOC measurement device purchasing, etc.                                                              |
| 2023 | Wastewater treatment plant facility improvement (process line change), odor prevention facility installation (activated carbon adsorption tower), etc. |
| 2024 | Installation of oil containment barriers at feedstock receiving areas, replacement of active carbon, etc.                                              |

### Environmental Training

| Course                                                              | Category           |                                                                                                                                                                                                                                                                                        |
|---------------------------------------------------------------------|--------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Environmental impact assessment training (ISO)                      | Course completions | 25 people                                                                                                                                                                                                                                                                              |
|                                                                     | Length             | 1 hour                                                                                                                                                                                                                                                                                 |
|                                                                     | Topics             | Scope, frequency, and methods of environmental impact assessments and overall process (activities, processes, products)                                                                                                                                                                |
| Training for workers, managers, and handlers of hazardous chemicals | Course completions | 329 people                                                                                                                                                                                                                                                                             |
|                                                                     | Length             | 18 hours                                                                                                                                                                                                                                                                               |
|                                                                     | Topics             | · Hazardous chemicals and general chemical safety<br>· Standards for hazardous chemical handling facilities and self-inspection<br>· Chemical accident prevention plans, workplace risk analysis and safety management<br>· Evacuation and response in the event of chemical accidents |
| Environmental expert training                                       | Course completions | 3 people                                                                                                                                                                                                                                                                               |
|                                                                     | Length             | 30 hours                                                                                                                                                                                                                                                                               |
|                                                                     | Topics             | · Chemicals Control Act practice<br>· Special training for environmental technology professionals<br>· Carbon (greenhouse gas) emissions management training                                                                                                                           |

# CLIMATE CHANGE RESPONSE

## Governance



### The Role of the Board of Directors in Climate Change Response

In May 2023, Aekyung Industrial established the ESG Committee under the Board of Directors. The ESG Committee is responsible for the company's sustainable long-term growth by furthering its efforts in environmental, social, and governance (ESG) practices. The Committee oversees, reviews, and manages ESG-related policies, goals, and strategies.

### The Role of Management in Climate Change Response

Aekyung Industrial's management recognizes that climate change is a critical issue that affects not only the company's management but also the global community, and strives to identify risks and opportunities related to climate change. Executives directly and indirectly involved in environmental management are offered incentives linked to their environmental KPIs, thereby motivating them to achieve tangible results in this regard. Through this approach, Aekyung Industrial encourages its management to take ownership of environmental management and lead the organization toward sustainability.

| Target          | Incentive                                   | KPI                                                                                                                                                                                                                                                     |
|-----------------|---------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Production Part | Financial rewards linked to KPI achievement | <div>· GHG reductions<ul style="list-style-type: none"><li>– Consider introducing renewable energy facilities (solar, etc.)</li><li>– Reduce power consumption</li><li>– Reduce steam consumption</li><li>– Control air compressor loss</li></ul></div> |
| Research Part   |                                             | <div>· Develop green products and technologies</div>                                                                                                                                                                                                    |



# Climate Change Response

## Strategy

Aekyung Industrial created a pool of climate change risks and opportunities based on TCFD recommendations and analysis of industry trends, systems, and regulatory frameworks. We then conducted a materiality assessment of the likelihood and impact of each issue on a 5–point scale to evaluate its materiality, and categorized them into short–term, medium–term, and long–term issues. Based on the results of the materiality assessment, we prioritized these issues for systematic management. Aekyung Industrial has identified 16 climate–related material issues, including five opportunity factors, two physical risks, and nine transition risks.

| Type of risk  |                       | Material issue                                                                                       | Potential financial impact                                                                                                                                                                                                                                     | Response                                                                                                                                    |
|---------------|-----------------------|------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|
| Opportunity   | Resilience            | Mitigate cost fluctuation by diversifying power supply and demand                                    | · Stabilize supply and demand and mitigate cost fluctuation by concluding long–term renewable energy supply agreements                                                                                                                                         | · Establish renewable energy supply plans and conclude business agreements                                                                  |
| Opportunity   | Products and services | Promote product resource circulation                                                                 | · Expand sales of recyclable products to meet consumer demand for environmentally friendly products<br>· Reduce subsidiary materials costs by introducing a product upcycling system                                                                           | · Establish a product resource cycling system<br>· Expand refillable products                                                               |
| Opportunity   | Resource efficiency   | Improve industrial waste recycling                                                                   | · Reduce costs through reduction in waste disposal costs                                                                                                                                                                                                       | · Conduct due diligence on waste recycling service providers<br>· Monitor and apply waste recycling practices more broadly                  |
| Opportunity   | Energy                | Reduce energy consumption through efficiency improvement                                             | · Reduce cost through reduced energy consumption                                                                                                                                                                                                               | · Replace outdated and inefficient equipment with high–efficiency equipment<br>· Implement energy reduction campaigns                       |
| Opportunity   | Market                | Improve internal and external images by promoting and diversifying sustainable management activities | · Increase sales by enhancing the positive image of the brand, leading to increased product purchases by customers                                                                                                                                             | · Expand internal and external ESG campaigns and programs                                                                                   |
| Physical risk | Chronic               | Water shortage                                                                                       | · Increase research and development expenditures for water–saving products and technologies<br>· Cost increases due to water shortage                                                                                                                          | · Establish and expand water recycling systems<br>· Develop water–saving products and conduct mid– to long–term R&D on related technologies |
| Physical risk | Acute                 | Natural disasters (storms, floods, inundation, etc.)                                                 | · Increased restoration costs from damage to production facilities<br>· Business interruption and asset loss<br>· Decreased sales due to reduced factory uptime<br>· Increases in raw material costs and higher production costs due to extreme weather events | · Conduct regular emergency response training<br>· Establish natural disaster response manuals                                              |

# Climate Change Response

## Strategy

| Type of risk    |                   | Material issue                                                                              | Potential financial impact                                                                                                                                                                                                                                                                                                                                                                                                   | Response                                                                                                                                                                                                                                                                                                                                          |
|-----------------|-------------------|---------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Transition risk | Reputation        | Damage to reputation due to failure to implement a carbon neutrality roadmap                | · Decline in product consumption due to falling trust from consumers and other stakeholders<br>· Decline in investment and sales due to negative reputation resulting from failure to respond to climate change<br>· Increases in financing costs due to lower ESG ratings                                                                                                                                                   | · Establish practical greenhouse gas emission reduction strategies<br>· Disclose greenhouse gas emission reduction activities and performance<br>· Analyze ESG rating agencies' criteria and establish response strategies<br>· Leverage sustainable finance instruments such as the Green Bond                                                   |
|                 | Reputation        | Negative views to the company due to the lack of measures to address climate change         |                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                   |
| Transition risk | Policy/regulation | Power price rises                                                                           | · Increases in utility costs due to power price rises resulting from changes in national energy plans                                                                                                                                                                                                                                                                                                                        | · Apply fixed electricity rates through PPA agreements, etc.                                                                                                                                                                                                                                                                                      |
| Transition risk | Policy/regulation | Stricter regulations on packaging<br>* 1) Approximately KRW 1.99 billion                    | · Increases in R&D and materials sourcing costs for responding to packaging regulations<br>· Decline in product competitiveness due to increased customer response costs resulting from stricter domestic and international plastic regulations                                                                                                                                                                              | · Pursue the 3R(Reduce & Reuse & Recycle) strategy to develop packaging materials<br>· Apply the internal eco-friendly indicator system (AKGI) to the development and evaluation of product packaging materials<br>· Expand the development of sustainable products, such as reducing the use of plastics and developing easy-to-recycle products |
| Transition risk | Policy/regulation | Tighter regulations on greenhouse gas emissions disclosure                                  | · Subjected to regulation following the expansion of the scope of the carbon credit trading system<br>· Increases in costs for greenhouse gas emissions management and reduction                                                                                                                                                                                                                                             | · Continue to estimate greenhouse gas emissions and implement reduction plans                                                                                                                                                                                                                                                                     |
| Transition risk | Market            | Rising raw material prices                                                                  | · Higher material sourcing costs resulting from growing consumer demand for eco-friendly raw materials such as vegan products<br>· Rising raw material prices and higher sourcing costs due to supply chain carbon regulations                                                                                                                                                                                               | · Diversify and manage eco-friendly raw materials suppliers<br>· Monitor and manage carbon risks of key suppliers                                                                                                                                                                                                                                 |
| Transition risk | Market            | Growing trend toward eco-friendly consumption<br>* 2) Approximately KRW 3.8 billion         | · Decline in sales due to reduced demand for existing non-eco-friendly products<br>· Increases in certification costs associated with obtaining eco-friendly product certifications<br>· Growing demand for certified green products through lifecycle assessments                                                                                                                                                           | · Expand product categories with certifications such as eco-labels and low-carbon products<br>· Develop sophisticated environmental impact assessment techniques across the product lifecycle<br>· Develop products with reduced environmental impact through the use of biodegradable materials, FSC-certified packaging, etc.                   |
| Transition risk | Market            | Tighter eco-friendly standards in distribution channels                                     | · Decline in sales due to restrictions on product display and placement in distribution channels resulting from stricter green standards<br>· Long-term decline in market share due to declining consumer preference                                                                                                                                                                                                         | · Monitor green standards in domestic and overseas distribution channels<br>· Disseminate ideas for developing products that meet green standards throughout the company                                                                                                                                                                          |
| Transition risk | Technology        | Increased costs for developing eco-friendly products<br>* 3) Approximately KRW 13.6 million | · Increases in unit prices due to rising production costs resulting from the introduction of low-carbon processes, etc.<br>· Increases in examination and testing costs associated with obtaining eco-friendly certifications such as vegan and biodegradable<br>· Despite increases in initial investment costs, potential for sales growth and brand image enhancement through the expansion of eco-friendly product lines | · Expand the scope of green product certification and product lines<br>· Strengthen competitiveness in the market with the combination of eco-friendly processes, products and marketing strategies.                                                                                                                                              |

1)Estimated increase in costs resulting from the development of eco-friendly molds and packaging materials purchase  
2)Estimated increase in profits resulting from increased sales of green products  
    – Green product growth rate of 9.5%, which is the average annual growth rate for sustainable cosmetics estimated by global research firms. (\*Inkwoodresearch, beauty-and-personal-care-market)  
3)Estimated increase in certification costs due to increases in eco-friendly product certifications

# Climate Change Response

## Risk Management

Aekyung Industrial uses the Climate Change Response Framework to analyze local and international industry trends and systems, and identify the short, medium, and long-term impacts of climate change risks and opportunities on the company. The risk management process consists of four steps: identification, assessment, reporting to the Board of Directors and management, and the environmental council's response.

### Step 1 —————Identification of Factors

Research on domestic and international industry trends and regulations allowed us to systemically identify transition risks (market, policy, regulation, reputation, technology) and physical risks (chronic, acute).

### Step 2 —————Assessment

Identified risks were assessed on a 5-point scale based on likelihood and impact, and categorized as short-, medium- and long-term risks based on estimated timing. Risks were then prioritized based on the assessment results and discussion with relevant internal departments.

### Step 3 —————Response by the Environmental Council

The Environmental Council, a working-level consultative body, assesses climate change risks and establishes and monitors key tasks based on the assessment results.

### Step 4 —————Reporting to the Board of Directors and Management

For climate change and other ESG issues, the Environmental Council and the company-wide ESG meeting set strategies and consider risk factors. The results of these discussions are reported to the ESG Committee under the Board of Directors, the highest decision-making body. On this basis, the ESG Committee manages sustainability risks, reviews performance monitoring and response, and oversees overall sustainability management practices.

## Integrated Management System for Climate Change Risks

Aiming at the integrated management of ESG risks, which include not only climate change issues but also broader environmental, social and governance issues, Aekyung Industrial's framework for sustainable management consists of a working-level consultative body, company-wide ESG meeting and ESG Committee.

The company-wide ESG Meeting establishes ESG strategies based on identified risks, monitors tasks underway in the working council, and reports to the ESG Committee under the Board of Directors.

# Climate Change Response

## Indicators and Targets

We have established the NET ZERO 2050 ROAD MAP to achieve carbon neutrality. We are preparing and implementing various measures to reduce greenhouse gas emissions from our business activities. Aekyung Industrial monitors its greenhouse gas emissions in light of achieving these targets and is committed to achieving its 2050 net-zero goal.

### Mid to Long Term Goals

### 2050 | Achieve NET ZERO

2030

30% Reduction

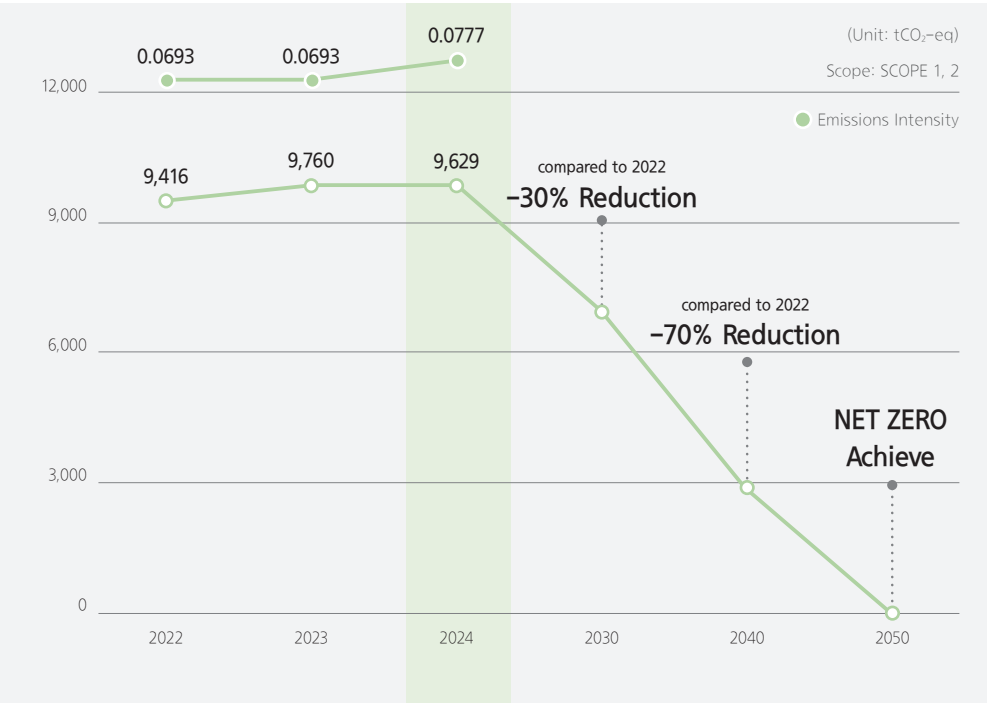
Achieve a 30% reduction in greenhouse gas emissions compared to 2022 levels

2040

70% Reduction

Achieve a 70% reduction in greenhouse gas emissions compared to 2022 levels

### Detailed Plan for Greenhouse Gas Emission Reduction



### Greenhouse Gas Emissions Reduction Strategies

#### Improve Facility Energy Efficiency

Replacing outdated piping in the production process minimized energy loss, and installing new air conditioning systems with high-efficiency inverters improved energy efficiency. As administrative measures, we have developed intermittent operation standards to prevent energy waste on non-operating days and ensure systemically structured operations and management.

#### Use Renewable Energy

In December 2023, we installed solar panels at the Aekyung R&D Center to replace existing energy sources and contribute to carbon emission reduction. Our Cheongyang Plant is considering a Power Purchase Agreement (PPA) and a solar hot water system aimed at increasing the use of renewable energy in its energy mix.

#### Expand Eco-Friendly Technology & Product Launches

In 2024, 229 products received eco-label certification. This represents our commitment to environmental protection through the expansion of environmentally friendly products and services. This will enable us to create a virtuous circle in which consumers can play their part in protecting nature by consuming our products.

### Greenhouse Gas Emissions (Scope 1, 2)

Unit : tCO<sub>2</sub>-eq

| Category  |                                | 2022    | 2023    | 2024    |
|-----------|--------------------------------|---------|---------|---------|
| Scope 1   | Cheongyang Plant               | 152.2   | 303.5   | 342.7   |
|           | Daejeon Plant                  | 85.9    | 55.7    | -       |
|           | Logistics Center               | -       | -       | -       |
|           | R&D Center                     | 61.5    | 49.5    | 44.3    |
|           | Aekyung Innovation Center      | -       | -       | -       |
|           | Head Office                    | 3.9     | 16.1    | 14.7    |
|           | Branch                         | -       | -       | -       |
|           | Total Direct GHG Emissions     | 303     | 424     | 401     |
| Scope 2   | Cheongyang Plant               | 7,316.8 | 7,770.9 | 8,008.7 |
|           | Daejeon Plant                  | 813.1   | 562     | 26.8    |
|           | Logistics Center               | 363.2   | 337.9   | 273.3   |
|           | R&D Center                     | 454.6   | 490.5   | 469     |
|           | Aekyung Innovation Center      | 62.4    | 69.3    | 77.1    |
|           | Head Office                    | 103     | 107.6   | 354.3   |
|           | Branch                         | -       | -       | 21.9    |
|           | Total Indirect GHG Emissions   | 9,113   | 9,336   | 9,231   |
| Scope 1+2 | Total Greenhouse Gas Emissions | 9,416   | 9,760   | 9,629   |
|           | Usage Intensity                | 0.0693  | 0.0693  | 0.0777  |



Introduce AK

Environment

Environmental Management

Climate Change Response

AK Product Lifecycle Assessment

Products with Reduced Environmental Impact

Environmental Performance

Environmental Protection Activity

Social

Governance

ESG Factbook

Appendix

AK PRODUCT LIFECYCLE ASSESSMENT

Aekyung Industrial only uses ingredients and raw materials whose efficacy, quality, and safety have been fully verified through decades of accumulated technology and strict standards. From an LCA (Life Cycle Assessment) perspective, we thoroughly assess our products from production through completion to ensure they are safe and suitable for both people and the environment. Additionally, we thoroughly monitor and analyze whether there are any adverse reactions or complaints even after product launch, and reflect them in our product improvements and development.

Raw Material Safety Assessment

- 1) Safety Inspections: Comply with raw material introduction process standards that exceed domestic and international standards.
- 2) Safety Assessment: Verify raw material safety through cytotoxicity, phototoxicity, and eye irritation substitution testing. (HET-CAM)

| Step 01                                                                                                                                                                                    | Step 02                                                                                                                                                          | Step 03                                                                                                                                                                                                                                                                                                                                                                       | Step 04                                                                                                                                                                                                                                                   |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Rigorous Ingredient Selection                                                                                                                                                              | Thorough raw material management                                                                                                                                 | Various Safety Assessments                                                                                                                                                                                                                                                                                                                                                    | Post-management                                                                                                                                                                                                                                           |
| <div><div>· Eliminate harmful ingredients and set strict formulation standards for each ingredient.</div><div>· Secure decades of ingredient research technology and database.</div></div> | <div><div>· Evaluate the safety analysis more thoroughly than actual regulatory standards.</div><div>– HET-CAM Test</div><div>– Skin Irritation Test</div></div> | <div><div>· Comply with global quality standards throughout the entire production process and conduct safety assessments in various perspectives.</div><div>– HET-CAM Test</div><div>– Sensitive Skin/Scalp Test</div><div>– Skin and Eye Irritation/Irritation Test</div><div>– Dermatologic Test</div><div>– Non-comedogenic Test</div><div>– Skin Allergy Test</div></div> | <div><div>· Monitor and collect/analyze adverse reactions and complaints that occur after product use.</div><div>· Systematically respond to customers and reflect product development/improvement based on our skin claim management system.</div></div> |

Product Safety Assessment

- 1) Product Safety Management: Ensure compliance with standards for heavy metals, phthalates, and parabens, as well as with strict internal safety control regulations.
- 2) Risk Assessment: Assess product safety based on exposure scenarios and expert opinions from safety assessment specialists.
- 3) Safety Assessment Considering Exposure: Depending on the level of exposure to the product, tests for skin irritation, sensitive skin irritation, and HET-CAM are performed for products with potential eye irritation concerns. For products that cannot be tested on the skin, cytotoxicity tests are also conducted.
- 4) Diverse Product Certification Labels: Earn public recognition and external credibility by utilizing a third-party certification system.

· Natural Organic Certification: Certification by the Ministry of Food and Drug Safety, products made with natural ingredients / Certified Product: a.solution Daily Relief Repair Cream.

· Eco-mark Certification: Products certified for eco-friendliness such as biodegradability / Certified Product: Dishwashing detergents such as Trio.

· Green Technology Product Certification: Green technology products certified for eco-friendliness /Certified Product: LABCCIN Kitchen Care Anti-bacterial Dishwashing Detergent.

· Vegan Certification & Halal Certification: Products containing no animal-derived ingredients and not subjected to animal testing at any stage of production / Certified Product: alp:ist.

Evaluation of Packaging Materials

Quantitatively evaluate packaging materials in terms of the 3R (Reduce, Recycle, Replace), a set of metrics that improve environmental performance.





# Products with Reduced Environmental Impact

## Reducing the Use of Plastics

Clean care brand point& has launched the Deep Clean Pore Cleansing Oil that thoroughly cleanses impurities from pores. The point& Deep Clean Pore Cleansing Oil effectively removes heavy makeup, cleanses 96% of impurities from pores, and helps balance skin oil and sebum. It gently and quickly dissolves impurities and sebum, leaving the skin feeling clean and refreshed without any residue. The point& Deep Clean Pore Cleansing Oil is formulated without animal ingredients and Vegan certified by the Korean Agency of Vegan Certification and Services. It also uses a 30% post-consumer recycled (PCR) PET container, demonstrating its commitment to skin health and the environment.



point& Deep Clean Pore Cleansing Oil

Vegan personal care brand alpist has launched the Vegan Cleansing Foam that cleanses impurities from pores and deeply moisturizes the skin.

alpist's Vegan Cleansing Foam is formulated without animal ingredients and Vegan certified by the Korean Agency of Vegan Certification and Services. It also uses a 50% PCR PET container, demonstrating its commitment to skin health and the environment.



alpist Vegan Cleansing Foam

point& has launched the Vege Cica Blackhead Cleansing Foam that thoroughly cleanses and leaves the skin feeling moist. The point& Vege Cica Blackhead Cleansing Foam has been tested to demonstrate a 25.6% improvement in blackheads and 99.4% cleansing of impurities with just one use. For safe daily use, it has undergone skin irritation tests and facial irritation tests to ensure it can be used comfortably without discomfort.



point& Vege Cica Blackhead Cleansing Foam

point& has launched the Vege Cica Purifying Water Tissue, a water-free cleansing wipe that thoroughly cleanses and leaves the skin feeling moist and refreshed. The point& Vege Cica Purifying Water Tissue has been tested to demonstrate a 97% cleansing of sunscreen products and 90% removal of particulate matter with just one use. For safe daily use, it has undergone skin irritation tests and facial irritation tests to ensure it can be used comfortably without discomfort.



point& Vege Cica Purifying Water Tissue

True to point&'s commitment to clean care, it is formulated without animal ingredients and vegan certified. Fully committed to clean beauty for skin health and the environment, it uses a vegan formulation and a 30% PCR PET container.

True to point&'s commitment to clean care, it is formulated without animal ingredients and vegan certified. In addition, it comes in a 50% post-industry recycled PP container.



# Products with Reduced Environmental Impact

## 2024 Green Products of the Year

The Korea Green Purchasing Network included two Aekyung Industrial products, a cosmetic and a dishwashing detergent, in the 2024 Green Products of the Year in recognition of their excellent environmental awareness and strong market appeal. In particular, a solution Essential Lotion also won the Consumer's Choice Popularity Award.

The a solution Extreme Rebarrier Essential Lotion is formulated with 100% natural ingredients and has been certified as a natural cosmetic by the Ministry of Food and Drug Safety. Furthermore, Aekyung Industrial achieved the remarkable distinction of winning the “Green Product of the Year” award nine times.



a solution Extreme Rebarrier Essential Lotion

Soonsaem Barehand Foaming Dishwashing Liquid

## 2024 Safe Life Award for Chemicals Reduction

Baking Soda from Aekyung Industrial's multipurpose cleaner brand Mom's Choice won the 2024 Safe Life Award for Chemicals Reduction. The Safe Life Award for Chemicals Reduction program is a voluntary initiative to control the safety of chemicals used in our daily lives by striving to meet qualification requirements, such as providing full disclosure of all ingredients used in their products.

The awards are given to select products that have undergone safety testing of all ingredients and have reduced or substituted harmful substances with raw materials that are less harmful to consumers. Mom's Choice Baking Soda was recognized for using food-grade ingredients and establishing and maintaining specifications that meet both food additive and household chemical product safety standards.



Mom's Choice Baking Soda

## Eco-Label Certified



Number of Eco-Label Products in 2024

55 Products



Number of Eco-Label Items in 2024

229 Items



Antibacterial TRIO



Trio Baking Soda Eco-Friendly Dishwashing Liquid with Lime Scent



Trio Grain Dishwashing Liquid with Korean Wheat



Soonsaem Citric Acid X Grapefruit



Soonsaem Baking Soda X Phytioncide



Soonsaem Barehand Foaming Dishwashing Liquid



LABCCiN Kitchen Care Antibacterial Dishwashing Liquid with Lemon Scent

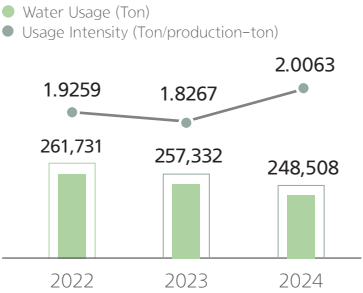


LABCCiN Kitchen Care Antibacterial Dishwashing Liquid with Apple Scent

# ENVIRONMENTAL PERFORMANCE

## Water Management

The Cheongyang Plant receives water that has undergone primary reverse osmosis (RO) filtration at the Jeongsan Agricultural Industrial Complex. The water then undergoes secondary RO treatment at our own facilities before being used for production. Although Aekyung Industrial's total water consumption decreased by 3% in 2024 compared to the previous year, the company's water consumption intensity increased by 9.83%. To address this, the Cheongyang Plant is pursuing a number of water efficiency activities, including the installation of a water reuse system.



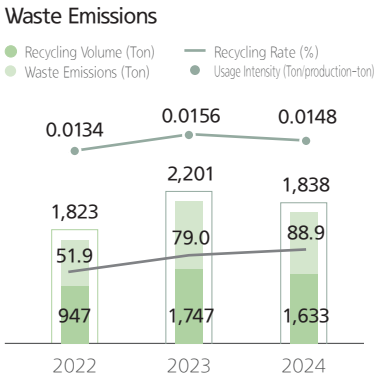
## Water Resource Risk and Water Stress Analysis of Domestic Operations

|               |                                                                                                                                                          |
|---------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|
| Analysis tool | Water Resources Institute (WRI) Aqueduct Water Risk Atlas                                                                                                |
| Criteria      | “High water resource risk facilities” are defined as business sites assessed as “High” or above in baseline water stress under physical risk indicators. |
| Subjects      | Aekyung Industrial's six facilities in Korea                                                                                                             |



## Waste Management

Aekyung Industrial established a new waste storage center at the Cheongyang Plant to improve the effective and clear classification and processing of waste. Waste is meticulously sorted within the process under the supervision of on-site environmental personnel, and related data is continuously monitored. To ensure compliance with waste management standards, we conduct regular on-site inspections and evaluations of existing and new waste treatment service providers. A process is in place to review which items are recycled and which are disposed of to prioritize recycling wherever possible.



In 2024, we updated treatment techniques to allow process sludge, a designated waste that negatively affects humans and was previously incinerated, to be used in agricultural production. We also transitioned unused powdered detergent products to be processed as intermediate recyclable waste. For the recycling of unused pallets, an issue identified in an environmental impact assessment, our logistics centers improved the process so that unused pallets could be recycled.

These continuous improvement efforts were rewarded with a 10.9p increase in the waste recycling rate compared to the previous year.

## Mid to Long Term Goals for Waste

| Category             | Unit | 2024  | 2027  | 2030  |
|----------------------|------|-------|-------|-------|
| Waste Emissions      | Ton  | 1,800 | 1,677 | 1,531 |
| Waste Recycling Rate | %    | 80    | 93    | 95    |

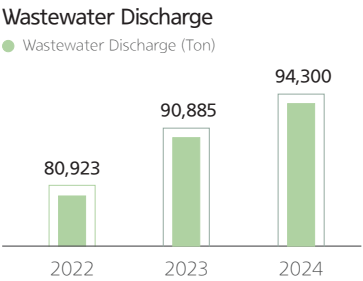
| Category    | Issue                                                                                                                                       | Response strategy                                                                                                              |
|-------------|---------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|
| Risk factor | Increases in waste emissions treatment costs following increases in waste<br>* Waste disposal costs account for 0.04% of sales (as of 2024) | Activities to improve waste recycling rates<br>- Review and monitor waste recycling processes, improve treatment methods, etc. |



# ENVIRONMENTAL PERFORMANCE

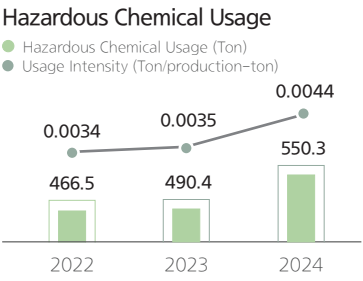
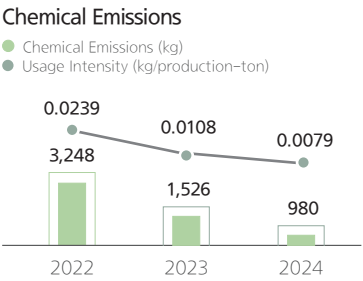
## Wastewater Management

Wastewater from production activities undergoes physical, chemical and biological treatment processes at our in-house wastewater treatment plant before being discharged to the public wastewater treatment plant at the Cheongyang Industrial Complex. In 2023, we invested KRW 100 million to expand water pollution prevention equipment at the Cheongyang Plant. We also maintain and upgrade relevant facilities and equipment to improve the efficiency of wastewater treatment. In 2024, an odor control cover was installed at the wastewater treatment plant to reduce the environmental impact on the local community. Aekyung Industrial remains committed to preventing water pollution from wastewater discharge and contributing to water quality. To this end, we strive for efficiency in wastewater treatment, strictly adhere to operational standards, and continue to improve related systems. In this way, we can prevent water pollution from being discharged as wastewater and protect water quality.



## Chemicals and Hazardous Substances Management

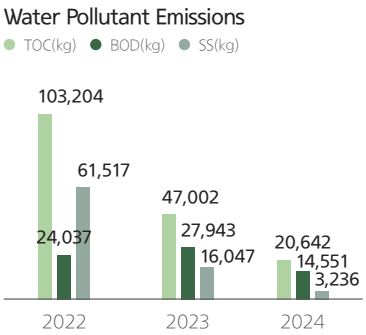
Aekyung Industrial continuously strengthens its chemicals management system to prevent accidents and ensure compliance with relevant regulations. When introducing new chemicals or replacing existing ones, we obtain the corresponding Material Safety Data Sheet (MSDS), consider their potential hazards based on technical documentation, and register the substance in the MSDS database for systematic management. Departments that handle hazardous chemicals are required to appoint a hazardous substance management officer and maintain thorough records in a hazardous substances management register. In 2024, we conducted comprehensive inspections of all facilities handling chemicals and hazardous materials and installed leak detection devices with point-type sensors on critical equipment to prevent spills. These efforts work in parallel with our pursuit of technology development and process improvements aimed at reducing the use of hazardous chemicals and regularly monitoring their use to ensure safe and efficient management.



## Water Pollutant Management

When discharging wastewater to public treatment facilities, we measure key indicators such as total organic carbon (TOC), biochemical oxygen demand (BOD) and suspended solids (SS). We have established internal operating standards that are significantly more stringent than the regulatory limits. A 42% lower limit applies for TOC and 40% for BOD and SS. In 2024, we invested in process equipment upgrades and achieved a 56.1% reduction in TOC emissions from the previous year.

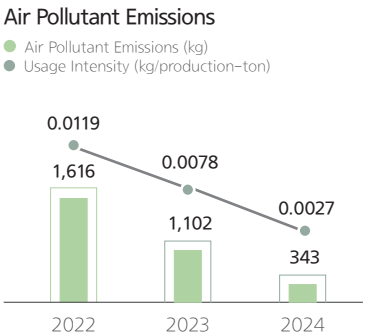
These efforts reflect our commitment to managing water pollutants and minimizing environmental impacts by preventing spills.



## Air Pollutant Management

For air pollutants, we apply internal standards that are more than 50% stricter than the legal requirements. In 2024, we installed IoT monitoring devices on all production line equipment to enable real-time monitoring and control of air pollutants.

We also removed deposits from exhaust pipes to promote airflow, resulting in a 13% reduction in dust emissions compared to the previous year. We take a comprehensive approach to improving air quality, striving not only to reduce air pollutants but also to control fugitive dust. We remain committed to further minimizing our environmental impact through systematic air quality management.



## ENVIRONMENTAL PROTECTION ACTIVITY

### Participation in External Initiatives

#### 2030 Cosmetics Plastic Initiative

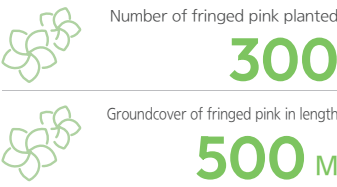
Aekyung Industrial has declared the “2030 Cosmetics Plastic Initiative” with the Korea Cosmetics Association to address the issue of plastic packaging in cosmetics and achieve a sustainable circular economy. Under the slogan “Beautiful Us, Beautiful Earth,” companies participating in the 2030 Cosmetics Plastic Initiative will execute a ten-point action plan to achieve four main goals: 100% elimination of non-recyclable products(RECYCLE), 30% reduction of petroleum-based plastics (REDUCE), promotion of refills(REUSE), and self-collection of sold containers (REVERSE COLLECT).

### Biodiversity Conservation Activities

#### Chiseongcheon Stream Cleanup to Protect Otter Habitats

Aekyung Industrial's Cheongyang Plant is working with the local community to clean up and protect the ecology of Chiseongcheon Stream, home to endangered wildlife such as otters and leopard cats. Located near the Cheongyang Plant, Chiseongcheon Stream is known for its high biodiversity conservation value. Employees of Aekyung Industrial joined forces with residents of Yeokchon-ri, Jeongsan-myeon and students of Jeongsan Middle School as part of the Samsam-Oh-Oh (in twos and threes) initiative to clean up Chiseongcheon Stream and improve the village landscape. They planted 300 phlox flowers along a 500-meter lilac path and 150 tulip bulbs along a 300-meter path around Jeongsan Middle School. In addition, the team collected trash around the stream as part of their efforts to keep Cheongyang Plant and Chiseongcheon Stream clean and beautiful. Our activities go far beyond beautification. Our commitment to biodiversity and cooperation with the younger generation helps to raise awareness of conservation, strengthen community ties, and ultimately pursue growth together with the community. Going forward, we will continue to expand our efforts in preserving the local ecosystem and promoting resident engagement, striving to create a sustainable local environment for both people and nature.

#### Planting protected plant species



### Internal Campaigns

#### Aetom Day (Aekyung-Tumbler Day)

The 10th day of every month is designated as a day to use tumblers. On this day, employees are encouraged to reduce their use of disposable items by earning double Green Points at the company's cafe, “Café Fourteen”.

\* The 10th day of every month is designated as a day to use tumblers. On this day, employees are encouraged to reduce their use of disposable items by earning double Green Points at the company's cafe, “Cafe 14.”

#### Development of Products Using Native Plants

When purchasing raw materials, Aekyung Industrial ensures compliance with laws and regulations related to Access and Benefit Sharing (ABS) of genetic resources. We ask our suppliers to clarify the use of genetic resources and, if necessary, request Prior Informed Consent (PIC) and Mutually Agreed Terms (MAT) documents. This helps avoid legal risks related to biodiversity and contributes to biodiversity conservation. We also conduct research into the sustainable use of biological resources and apply the results to new product development. In 2024, we developed a cosmetic product that strengthens the skin barrier using extracts from Gynostemma Pentaphyllum, a plant native to Ulleungdo to not only differentiate our products but also expand biodiversity conservation activities by promoting the use of plant resources.

| Native Plant Based Products |                                                   |
|-----------------------------|---------------------------------------------------|
| Type                        | Product                                           |
| 1                           | a.solution 4HA Turnover Peeling Pad               |
| 2                           | a.solution Heartleaf Trouble Cleansing Foam       |
| 3                           | .solution a.solution Heartleaf Trouble Toner Pads |

[Products launched in 2024]

  
Introduce AK

  
Environment

  
Social

Organizational Culture

Health and Safety Management

Product Safety

Sustainability Management Of Supply Chain

Enhancing Customer Value

Information Security

Local Community

Human Rights Management

  
Governance

  
ESG Factbook

  
Appendix



# Social

- Organizational Culture
- Health and Safety Management
- Product Safety
- Sustainability Management of Supply Chain
- Enhancing Customer Value
- Information Security
- Local Community
- Human Rights Management



# ORGANIZATIONAL CULTURE

## Worker Diversity

### Mid to Long Term Goals for Worker Diversity (Unit : %)

| Category                                      | 2025 | 2030 |
|-----------------------------------------------|------|------|
| Female Employees Rate                         | 38   | 40   |
| Foreigner Employees Rate                      | 1.0  | 1.2  |
| Mandatory Employment of Disabled Persons Rate | 3.1  | 3.1  |

### Hiring Female Talent

Aekyung Industrial actively recruits female professionals with skills that meet the needs of the consumer goods industry, such as cosmetics and household products. As of the end of 2024, 38.8% of our employees are women, holding various working-level and managerial positions.

| Percentage of female managers by position |      |      |
|-------------------------------------------|------|------|
| Category                                  | Unit | 2024 |
| Executive                                 | %    | 30.0 |
| Leader (team/part)                        |      | 19.8 |
| Junior (G2)                               |      | 64.4 |

### Hiring Global Talent

Aekyung Industrial hires global talent to expand its business in overseas markets such as China, Japan, and the United States.

Percentage Of International Employees In 2024



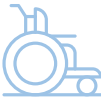
1.2 %

### An In-house Cafe to Create Jobs for People with Disabilities

In May 2018, we established 'Modurak Aekyung Industrial', a subsidiary-type standard workplace for people with disabilities, to promote employment and provide stable jobs. In August of the same year, we opened CAFE FOURTEEN, an in-house caf staffed by employees with disabilities.



Number of Employees with Disabilities In 2024



31 Persons

### Organizational Culture Improvement Campaign

As a strategy to foster talent, we launched the 'Colorful AK' campaign to foster an organizational culture that increases worker diversity and builds an organizational culture that maximizes creativity. This campaign served as a springboard for further commitments to workforce diversity and non-discrimination on the basis of gender, disability and nationality, among others. We will continue to implement the campaign to ensure that our organization is represented by a broader spectrum of the workforce.

### Awareness Training for Employees

Companies operating in the jurisdiction of the Republic of Korea are required by law to provide training to promote a sound and ethical workplace culture. In full compliance with this requirement, Aekyung Industrial conducts mandatory training for all employees on topics such as sexual harassment in the workplace and disability awareness.



## ORGANIZATIONAL CULTURE

### Employee Competence Enhancement Program

| Program                                                | Details                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|--------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Newcomer Training                                      | We offer training for new employees in the first and second half of the year, aiming to convey information about Aekyung’s identity and business. The training enhances their understanding of Aekyung Industrial’s organizational culture and job roles to support them in adapting swiftly.                                                                                                                                                                                                                                                              |
| Special Leadership Lectures                            | We invite renowned external personalities and experts to give special monthly lectures. Experts on leadership and business trends provide insights from different perspectives to executives and company leaders.                                                                                                                                                                                                                                                                                                                                          |
| Operation of an E-learning Platform                    | We have opened an e-learning platform to develop our employees’ competencies. Our platform provides more than 2,000 online training sessions which are categorized into leadership, job, global (foreign language), life insight, qualification exam preparation courses, and mandatory legal training. In consideration of the business characteristics of Aekyung Industrial, we actively support the development of individual competencies by regularly updating our training offerings in the fields of marketing, global competence, and leadership. |
| Language Education Support                             | We offer various types of programs to help our employees improve their language skills. For employees with global roles, we provide support for them to improve their language skills systematically and intensively through group foreign language classes, one-on-one tutoring, and other methods. In addition, we offer telephone- and video-based foreign language courses, online and offline language training, and language test fee support programs for all employees who wish to improve their language skills.                                  |
| Generative AI (ChatGPT) Training                       | Aekyung Industrial provided hands-on training designed to help employees make the most of generative artificial intelligence (AI) at work. Focusing on developing work-ready skills, course topics included: “Creating Your Own Custom ChatGPT,” “Building a News Crawler using ChatGPT,” and “Visualization and Machine Learning with ChatGPT.”                                                                                                                                                                                                           |
| Basic Training on In-House IT & Infrastructure Systems | New employees at Aekyung Industrial receive basic training on IT and infrastructure systems to help them improve productivity and work strategically. The onboarding training program for new hires covers topics such as digital collaboration tools, information security, accounting processes, and invoice processing.                                                                                                                                                                                                                                 |

### Employee Benefits

#### Flexible Work Arrangements

Aekyung Industrial has implemented flexible work arrangements, as described below, to improve productivity by creating a work environment that allows employees to choose when and where they work most effectively.

|                            |                                                                                                                                                                                                                                              |
|----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Flexible Working Hours     | Employees can decide when they want to start and end their workday within the 40-hour workweek limit, which is calculated based on the average of the workweek in a given month.                                                             |
| Flexible Work Arrangements | Employees may have flexibility in determining their work hours in a given week (within the 40-hour limit), calculated as an average over a period of time (2 weeks, 3 months, or 3-6 months).                                                |
| Presumed Hours Worked      | If it is difficult to accurately calculate the actual hours worked by employees who spend some or all of their time away from the office, such as on a business trip or on secondment, they are presumed to have worked the normal workweek. |
| Discretionary Work         | Where it is reasonable for employees to determine the nature of their work or duties, the company may consider them to have worked the normal workweek by written agreement with the employee’s representative.                              |
| Telecommuting              | Employees can work some or all of their hours away from the office.                                                                                                                                                                          |

#### Maternity Protection

Aekyung Industrial offers a range of maternity protection programs. These include reduced working hours during pregnancy and maternity leave. Pregnant employees are entitled to paid leave for prenatal medical check-ups. We are also committed to providing a family-friendly work environment, such as paid nursing breaks and reduced work hours during childcare periods, to help employees balance their work and childcare responsibilities. Other work-life balance benefits include fertility treatment and menstrual leave.

#### Work-Life Balance

Aekyung Industrial is committed to the work-life balance of its employees. The "Sandwich Day" and "Year-End Refresh Day" programs encourage employees to focus on work during the day and rest and recharge at night. We also have a “Family Day,” which allows employees to leave work one hour early once a month at their own discretion.

# ORGANIZATIONAL CULTURE

## Employee Communication

### L&R Day

At Aekyung Industrial, we celebrate Love and Respect (L&R) Day twice a year as an opportunity to build consensus on where we are today and look to the future with a shared vision. An L&R Day event consists of two sessions: the Love session, where we discuss current issues related to our brands and businesses, what we have achieved and where we want to be; and the Respect session, where we take an in-depth look at our business performance and the challenges ahead from various perspectives, including ESG. The L&R Day events are livestreamed to ensure that all employees can participate regardless of their location, establishing L&R Day as a platform for deepening understanding, empathy and communication among employees.

### Juniors Salon

At Aekyung Industrial, the Juniors Salon program helps junior-level new hires build relationships and smoothly integrate into the company. The program consists of various activities, including one-day classes on culture, art, careers, and many other topics, a tea party, and meals to allow them to relax from work-related stress and engage in open-hearted communication. These gatherings provide a meaningful platform for employees at similar stages of their careers to better understand each other and encourage each other to grow together.

### New Year Celebration

All Aekyung Industrial employees celebrate the New Year together, reflecting on the past year and sharing each other's New Year's resolutions. The theme of the 2024 New Year's party was "Good Job 2023 and Welcome 2024". The celebration began with a video highlighting what happened in 2023, followed by a welcome message for new employees, remarks from new promotions and leadership, and New Year's greetings from the CEO. The New Year's party is how we at Aekyung Industrial celebrate and encourage each other, strengthen unity, and reaffirm our shared vision for the New Year.

### Town Hall Meetings by Division

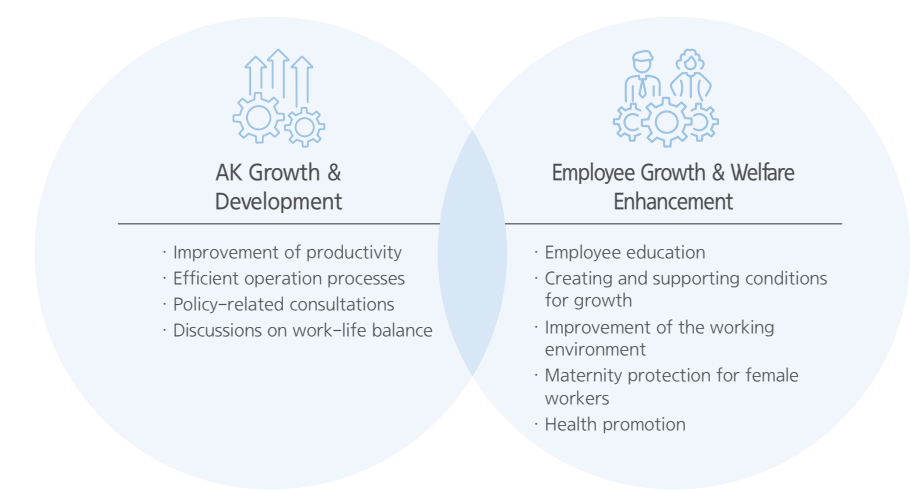
Each division of Aekyung Industrial holds quarterly town hall meetings to build mutual consensus and understanding. These meetings serve as a platform that promotes open communication, allowing divisions to share key performance updates with and hear opinions from employees. They also provide a valuable opportunity to recognize each other's efforts and strengthen bonds among team members.

### Idea Suggestion Center for Employees, 'Aekung DOODRIM'

In order to create a happy workplace, successful product development, and increased work efficiency based on the participation and communication of a large number of employees, we operate the Idea Suggestion Center for Employees, where employees share their ideas. To recognize this as a space where Aekyung and internal employees can dream of and share a better future, we held a suggestion event, and employees who made valuable suggestions were rewarded with a small cash prize as a token of our love and respect.

### Committee for Creating a Better Workplace

We operate the Committee for Creating a Better Workplace (Hereinafter referred to as the Committee), a body where employees gather and communicate to create a better company. The committee members participate in the process of improving the productivity and quality of working life, which are joint goals of labor and management, and promote the rationalization of labor policies. Following the revision of the Act on Promotion of Worker Participation and Cooperation, we have improved the selection method of the committee members and will continue make additional improvements to foster healthy labor-management relations. In 2024, the number of labor union members was 257, representing 29.8% of the total number of eligible employees (eligible employees: 861). Employees are free to join or leave the labor union at any time, and we ensure that no discrimination or disadvantageous outcome occurs.



# HEALTH AND SAFETY MANAGEMENT

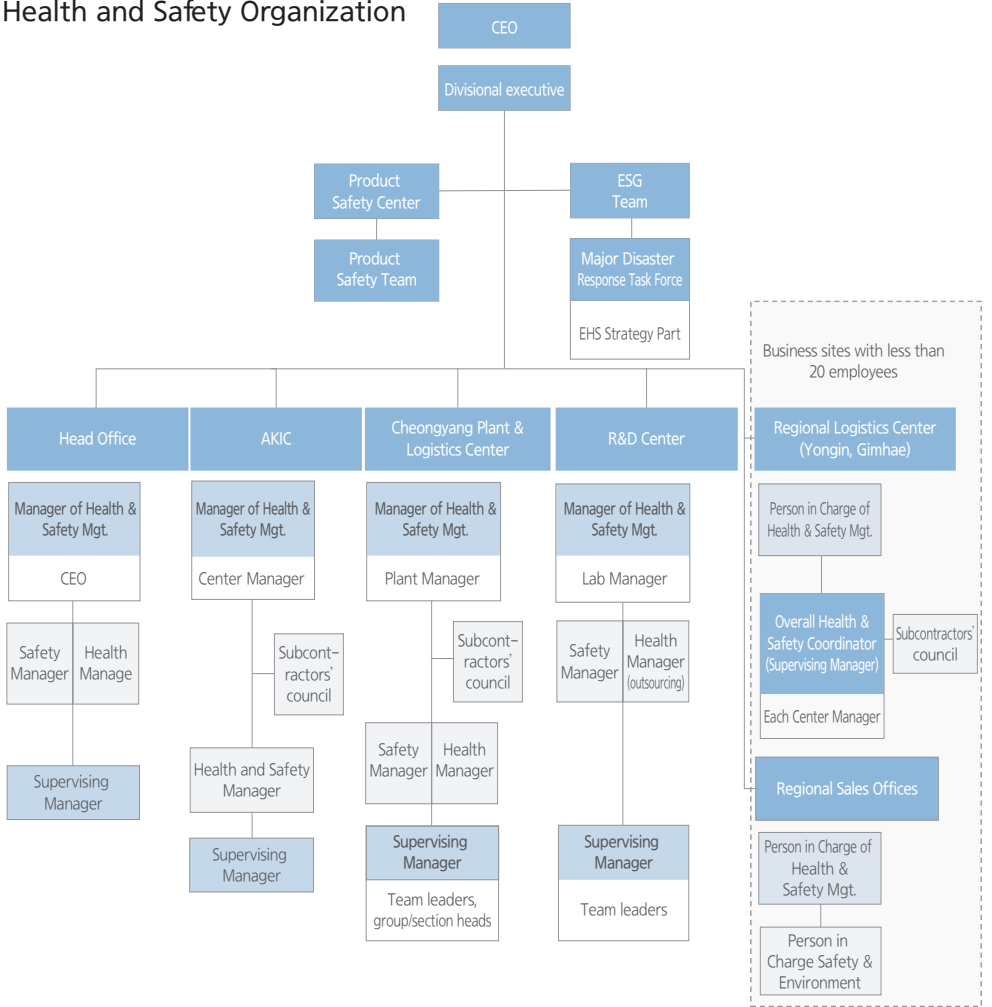
To prevent various risks and accidents, we have established a health and safety management policy and operate a dedicated organization to strengthen health and safety. We are committed to raising safety levels by establishing processes and providing health and safety training to prevent safety accidents. We also convene the Occupational Health and Safety Committee on a quarterly basis to directly communicate with employees about health and safety in the workplace.

## Mid to Long Term Goals

| Cate-gory | Item                 | Detailed Item                         | Goals and Detailed Plan                                                                                                                                                                                                                                                 |                                                              |                                                              |
|-----------|----------------------|---------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------|--------------------------------------------------------------|
|           |                      |                                       | 2023                                                                                                                                                                                                                                                                    | 2024                                                         | 2025                                                         |
| Safety    | 1) Safety Diagnosis  | ① kplace safety inspection            | At least twice a year                                                                                                                                                                                                                                                   | At least twice a year                                        | At least twice a year                                        |
|           |                      | ② Safety inspection results           | [Completion rate] 92% or more                                                                                                                                                                                                                                           | [Completion rate] 94% or more                                | [Completion rate] 95% or more                                |
|           | 2) Safety Prevention | ① Implementation of improvement plans | *Conduct safety inspections (such as inspections on the Serious Accidents Punish-ment Act) at least twice a year to improve our safety management system                                                                                                                |                                                              |                                                              |
|           |                      | ② Safety internalization training     | [Implementation rate] 85% or more                                                                                                                                                                                                                                       | [Implementation rate] 90% or more                            | [Implementation rate] 95% or more                            |
| Health    | 1) Health Checkup    | ① Checkup Rate                        | [Checkup rate] 92% or more                                                                                                                                                                                                                                              | [Checkup rate] 93% or more                                   | [Checkup rate] 94% or more                                   |
|           |                      | ② Results                             | *We actively monitor the implementation of improvement plans that were derived as results of safety inspections and risk assessments at workplaces in the previous year for continuous implementation of improvement plans.                                             |                                                              |                                                              |
|           | 2) Health Education  | ① CPR Training                        | [Proportion of Observed Employees] 40% or less                                                                                                                                                                                                                          | [Proportion of Observed Employees] 39% or less               | [Proportion of Observed Employees] 38% or less               |
|           |                      |                                       | [Proportion of Employees with Abnormal Findings] 15% or less                                                                                                                                                                                                            | [Proportion of Employees with Abnormal Findings] 14% or less | [Proportion of Employees with Abnormal Findings] 14% or less |
|           |                      |                                       | *We induce a decrease in the proportion of observed employees and employees with abnormal findings by operating health programs(quitting smoking, diet, etc.) at least twice a year                                                                                     |                                                              |                                                              |
|           |                      |                                       | [Completion rate] 50% or more                                                                                                                                                                                                                                           | [Completion rate] 65% or more                                | [Completion rate] 80% or more                                |
|           |                      |                                       | *Cardiopulmonary resuscitation (CPR) training is regularly conducted for all employ-ees as a mandatory training to prepare for emergency situations. – The training completion rate standard is for those who have completed training at least once within three years. |                                                              |                                                              |

## Safety and Health Promotion Structure

### Health and Safety Organization



# Health and Safety Management

## Safety and Health Promotion Structure

### Occupational Safety and Health Committees

At Aekyung Industrial, Occupational Safety and Health Committees and Laboratory Safety Management Committees serve as channels to gather and consider employee input on safety and health issues. In 2024, these committees held nine meetings to discuss concrete plans and measures to keep our workplace safe. Topics included workplace environment assessments, AK Safety Day and Globally Harmonized System (GHS) hazard labels.

| Facility    | Key Agenda                                                                                                                                                                                                                                                                                      |
|-------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Common      | <ul style="list-style-type: none"><li>Establishment of a safety and health management plan</li><li>Establishment and revision of workplace safety and health regulations</li><li>Employee safety and health training</li><li>Employee health examinations</li><li>Healthcare programs</li></ul> |
| Head Office | <ul style="list-style-type: none"><li>Establishment and revision of company safety and health regulations</li><li>AK Safety Day (annual safety event)</li><li>Introduction of EHS IT</li></ul>                                                                                                  |
| Plants      | <ul style="list-style-type: none"><li>Safety inspection for new hazardous machinery and equipment</li><li>Plant working environment measurements</li><li>Regular risk assessment</li></ul>                                                                                                      |
| R&D Center  | <ul style="list-style-type: none"><li>Precision laboratory safety inspection</li><li>Installing separate storage spaces for everyday clothes and laboratory clothes</li><li>Attaching GHS warning labels to raw materials sent for analysis</li></ul>                                           |

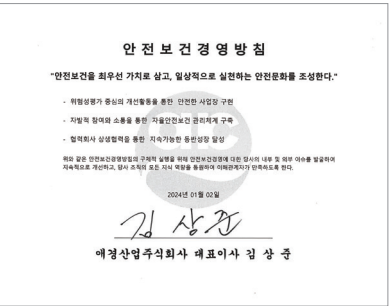
| Category              | Occupational Safety and Health Committee                                              |            | Laboratory Safety Committee                             |
|-----------------------|---------------------------------------------------------------------------------------|------------|---------------------------------------------------------|
|                       | Head Office                                                                           | Plants     | R&D Center                                              |
| Legal Ground          | Occupational Safety and Health Act                                                    |            | Act on the Establishment of Safe Laboratory Environment |
| Members               | Chairperson (Co–Chairpersons), Employer Representatives, and Employee Representatives |            |                                                         |
| Meeting cycle         | Quarterly                                                                             | Quarterly  | Annually                                                |
| Meetings held in 2024 | 4 meetings                                                                            | 4 meetings | 1 meeting                                               |
| Total                 | 9 meetings                                                                            |            |                                                         |

### EHS LETTER



In addition to the legally required health and safety training, we publish the EHS LETTER monthly to provide employees with information on Environment (E), Health (H), and Safety (S) initiatives.

### Health and Safety Management Policy



### Health and Safety Management System 'ISO 45001'

Aekyung Industrial obtained ISO 45001 international certification for safety and health management systems in 2023 and has maintained the certification through annual audits. This allows us to position ourselves as a reliable partner that faithfully meets the needs of our customers. We are also committed to continuous improvement of our safety and health management system according to the Plan, Do, Check, and Act (PDCA) cycle.



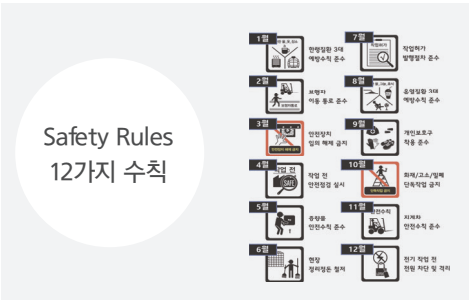
### Introduction of an EHS IT System

In order to ensure compliance with increasingly stringent occupational health and safety regulations and avoid overlooking significant opportunities for improvement, Aekyung Industrial officially launched its EHS Portal in July 2024. This digital system enables the management of on-site inspection results and work permit applications on mobile devices. It also serves as a text alert system for emergency response. With the EHS Portal, we have further strengthened company-wide safety and health monitoring and improved data-driven safety and health management.



### Enactment of AK Safety Rules

The AK Safety Rules provide a set of 12 core safety principles tailored to Aekyung Industrials' operations. These rules have been communicated throughout the company in an easy-to-understand pictogram format. In addition, our monthly in-house newsletters cover monthly safety topics and include checklists that can be used for on-site inspections. Developing customized safety rules helps create a safety-first culture in the workplace and communicates our workplace safety policy to visitors and suppliers to prevent accidents.





# Health and Safety Management

## Safety Activities

### Safety Day Activities

Aekyung Industrial's Cheongyang Plant celebrated AK Safety Day, an initiative to promote workplace health and safety. It aims to communicate the company's EHS policies to employees and improve safety and health standards at all worksites. Now in its fourth year, the 2024 AK Safety Day featured a variety of activities, including safety and health training, an overview of the newly launched EHS Portal, EHS best practices and awards, the announcement of the winners of the EHS slogan contest, a demonstration of the fall prevention roadshow, and on-site safety inspections.



### Emergency Drills

We conduct emergency evacuation drills at each business site to minimize damage and ensure the safety of our employees in the event of an emergency. In addition to joint training with fire departments at our manufacturing sites, we conduct a variety of fire drills to improve employee preparedness, including hands-on firefighting drills and training on how to wear protective equipment during evacuation.



Head Office

Cheongyang Plant

R&D Center

Logistics Center

### Safety Culture Internalization Training

To promote safety and health awareness among employees and internalize a culture of safety, we provide annual special training for all managers and supervisors.

In its second year, the 2024 safety culture internalization training consisted of a lecture on the importance of safety culture and a survey on employee safety awareness. Regional training was also provided to ensure that the AK Safety Rules are effectively incorporated into their practice.



Training at the plant



Training at the R&D center

### Near Miss Accident Identification System

We are implementing the 'Near Miss Accident Identification System' to prevent accidents and enhance employee safety awareness by identifying potential accident risks. The Near Miss Accident Identification System was rolled out across the company in 2024, and those who identify near misses are rewarded based on the level of risk associated with the incidents.

|                            |             |
|----------------------------|-------------|
| Plant                      | 1,136 Cases |
| R&D Center                 | 40 Cases    |
| Head Office/AKIC/Logistics | 17 Cases    |

\* Number of identification

### Strengthening the Fire Safety Management System

In response to a series of recent large-scale fire incidents across the country, Aekyung Industrial has strengthened its fire safety management system throughout 2024. To this end, the company's EHS department has established and implemented an annual fire safety plan, which has led to improvements in various areas, including the identification and management of fire-prone areas, the creation of an operations manual for fire safety managers, and the development of a comprehensive fire equipment management plan.



# Health and Safety Management

## Health Activities

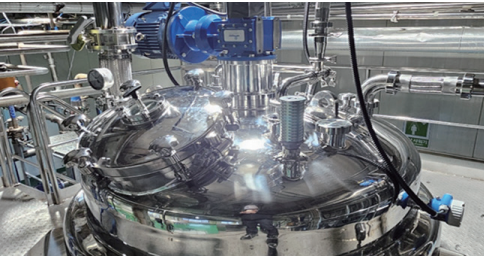
### Musculoskeletal Hazard Assessment

We conducted a quantitative assessment to measure the musculoskeletal risk to our suppliers' employees who perform physically demanding tasks such as loading in our logistics centers. The results showed that they were exposed to "acceptable" levels of physical stress. Nevertheless, we took proactive measures to prevent musculoskeletal disorders among these employees, such as introducing a stretching routine and providing musculoskeletal support equipment.

| Category                | Partners  | Tasks evaluated                              |
|-------------------------|-----------|----------------------------------------------|
| Yongin Logistics Center | AJP, KBCI | Forklift loading and unloading (driving)     |
|                         |           | Picking (heavy lifting)                      |
|                         |           | Wrapping                                     |
|                         | KBCI      | Regular Order (free gift picking)            |
|                         |           | DPS picking                                  |
| Gimhae Logistics Center | KCP       | Packaging (barcode printing, buffer filling) |
|                         |           | Forklift loading and unloading (driving)     |
|                         |           | Picking (heavy lifting)                      |
|                         |           | Cargo loading and unloading                  |

### Improving Local Exhaust Ventilation Systems

We have added more ventilation systems to processes that use harmful chemicals in our facilities and taken steps to increase the velocity of the air being drawn in to minimize the exposure of our employees to harmful substances.



Installation of direct exhaust line



Installation of an arm hood in the measuring room

### Employee Health Management(Healing Terrace)

We operate a Healing Terrace for our employees as a space for healing that provides everything from basic wound care to counseling for mental health. This program provides health counseling on the results of health check-ups, follow-up care for those with potential health problems, lifestyle management through blood pressure and blood sugar monitoring, and health education. Ongoing health check-ups and follow-up care help prevent work-related injuries and underlying diseases.

### Smoking Cessation Program

Recognizing the growing importance of creating a smoke-free workplace, Aekyung Industrial launched a smoking cessation program in cooperation with the Seoul Smoking Cessation Support Center. The program consisted of company-wide smoking cessation events and lectures open to all employees of group companies, emphasizing the importance of quitting smoking.



Quit Smoking Campaign Poster

### Weight management Programs

Obesity is one of the most common chronic diseases among people today. To help our employees take better care of their health, we have introduced weight management programs tailored to each site. These include yoga and meditation classes and low-calorie snacks. Healthy weight management contributes to a healthy corporate culture.

### CPR Training

We conducted theoretical and practical training on CPR and AED training for employees at each workplace, providing practical education to prevent incidents effectively.

- \* CPR(cardiopulmonary resuscitation)
- \* AED(automated external defibrillator)

PRODUCT SAFETY

Product Safety Development Process

Aekyung Industrial has established a process to create products that consumers can trust and use through proactive safety and quality management from raw materials to sales, and we integrate this process into the production process for all products.

In addition, we conduct checks on essential matters through an internal product safety/labeling/advertising review process (Product Safety Guide) for household goods and cosmetics.

Regarding our main product line, namely skin care products, we strive to develop safe products by establishing guidelines for labeling and advertising and continuously educating our employees in marketing, R&D, CRM, quality control, and design centers.

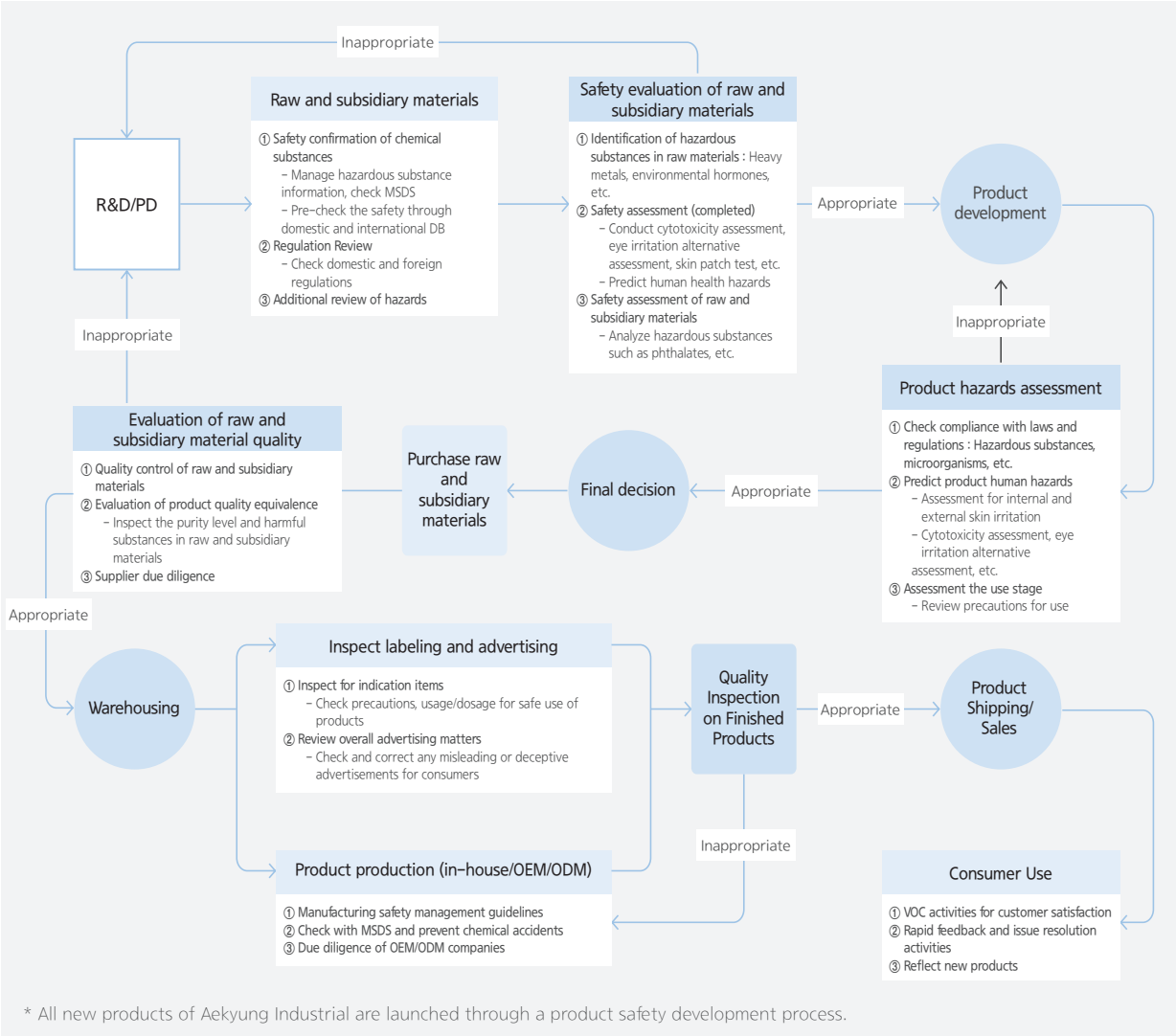
\* Number of violations of laws and voluntary regulations concerning product and service information and labeling in 2024: 0

\* Number of violations of regulations related to marketing communications in 2024: 0

\* Number of violations of regulations on the safety and health impact of products and services in 2024: 0

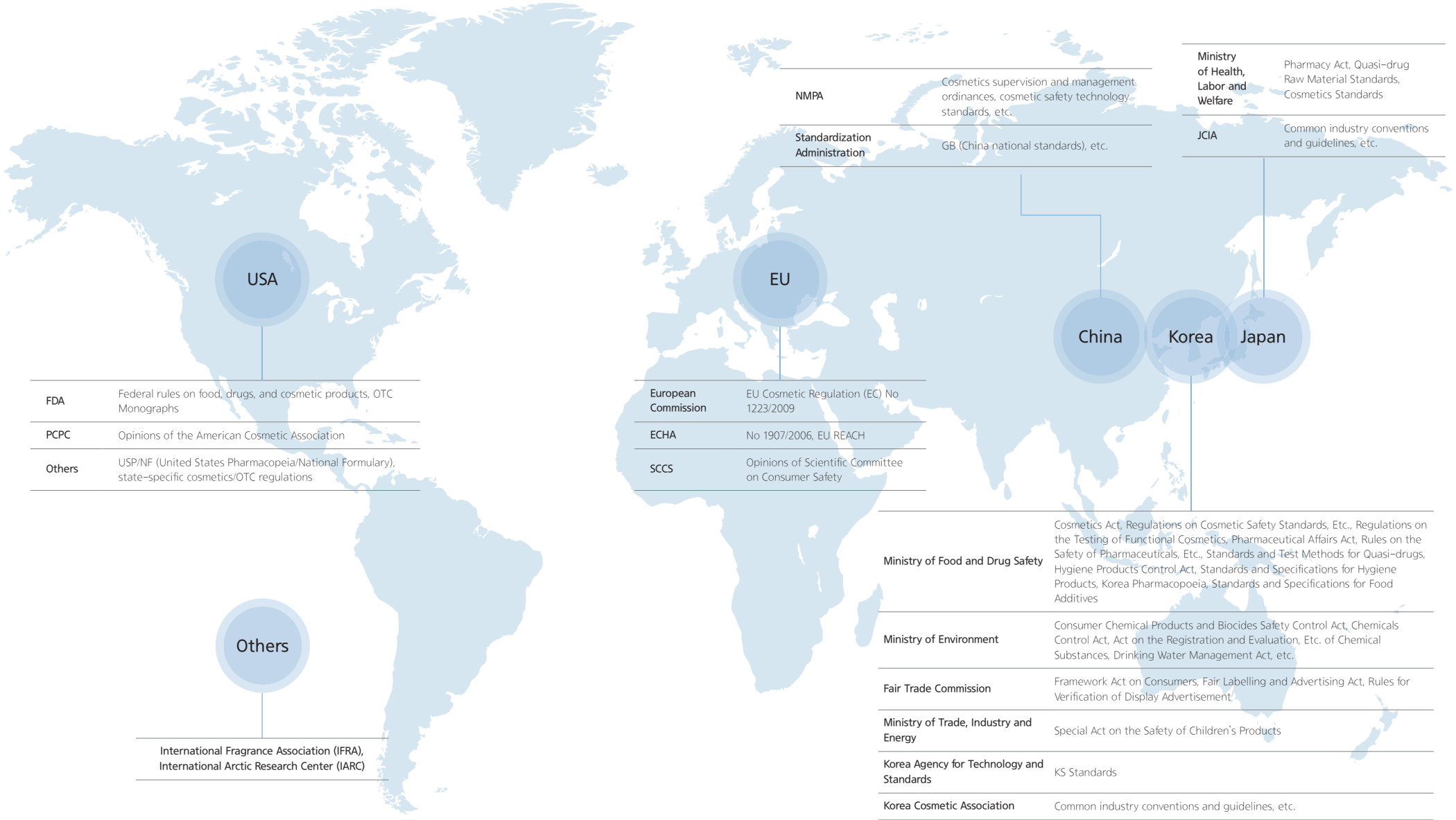
Principles

Through proactive and rigorous pre-checks, we provide consumers with safe products they can trust and rely on.



# Product Safety

## Product Safety Management Regulations



# SUSTAINABILITY MANAGEMENT OF SUPPLY CHAIN

## Supply Chain Sustainability Assessment

Aekyung Industrial conducts sustainability assessments of its suppliers. This process includes assessments of quality and on-time delivery, as well as a final assessment that includes ESG issues. The ESG assessment uses a checklist that covers five key areas: labor, health and safety, environment, ethics, and management systems. The results are communicated to suppliers, and we work with the relevant departments to provide follow-up support to ensure their sustainability practices.

| Category                           | Unit  | 2022 | 2023 | 2024 |
|------------------------------------|-------|------|------|------|
| Initial assessment (new)           | Cases | 19   | 25   | 44   |
| Regular assessment (re-assessment) |       | 27   | 57   | 70   |

### Assessment Criteria

The baseline assessment is conducted for new suppliers at the request of R&D or relevant departments and is based on three key criteria: the supplier checklist, management and pricing, and ESG performance. Existing suppliers are assessed periodically in terms of quality, delivery, price competitiveness and ESG practices. The results of each assessment are weighted and aggregated to determine the supplier's overall score in the final assessment.

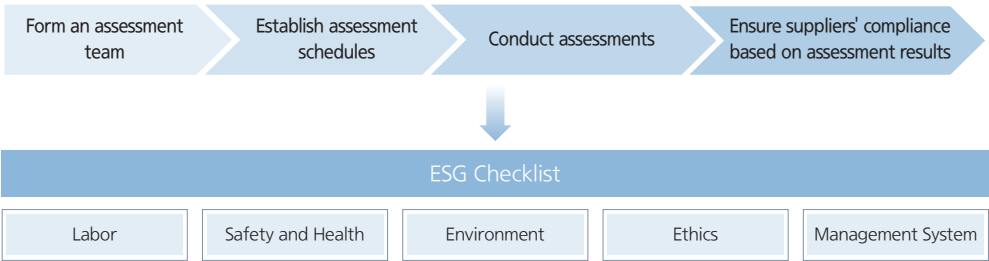
| Initial Assessment | Assessment Criteria  |                      |     |
|--------------------|----------------------|----------------------|-----|
|                    | Supplier Check Sheet | Management & Pricing | ESG |

| Regular Assessment | Assessment Criteria |          |                 |     |
|--------------------|---------------------|----------|-----------------|-----|
|                    | Quality             | Delivery | Competitiveness | ESG |

\* Weighting for initial and regular assessments subject to change following the revision of the supplier regulations in 2025.

### Assessment Process

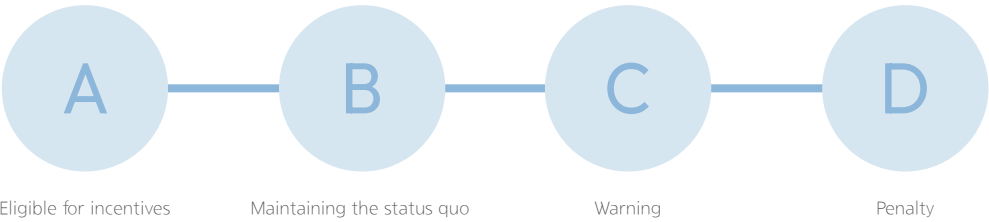
The supply chain sustainability assessment follows the process outlined below. First, the assessment team notifies suppliers in writing of the criteria and procedures at least 30 days prior to the start of the assessment. As a rule, all assessments are conducted through on-site visits, with the exception of document-based assessments. To be eligible for further consideration, companies must score a minimum of 60 points in the initial assessment.



### Supplier Management Based on the Assessment Results

Supplier assessment results are used to reward or penalize suppliers as part of efforts to encourage self-directed improvement. High performers are designated strategic partners and are entitled to incentives, i.e., priority in volume allocation. Low performers are required to form an improvement council. They may be excluded from new product orders and their order volumes may be reduced for three months. Depending on the outcomes of their improvements, terms may be adjusted or the partnership may be terminated.

#### Rating and Management standards





## SUSTAINABILITY MANAGEMENT OF SUPPLY CHAIN

### Supplier Support

#### Early Holiday Payment

Every year, we make early cash payments to our partners to ease the financial burden before the holidays. For Lunar New Year and Chuseok in 2024, we made early payments of KRW 22.1 billion to 81 and 87 partners, respectively. Many suppliers are suffering from financial constraints due to persistent price increases and interest rate hikes. Aekyung Industrial strives to help them overcome their financial challenges and achieve mutually beneficial shared growth.

|                | Support Amount   | Number Of Suppliers Supported |
|----------------|------------------|-------------------------------|
| Lunar New Year | 6.8 billion KRW  | 81 suppliers                  |
| Chuseok        | 15.3 billion KRW | 87 suppliers                  |

#### Grievance Channel for Partners

We have created a dedicated communication channel in the form of the ‘SRM System’ for our partners to ensure smooth communication. We review and manage suggestions and ideas from our partners to promote win-win cooperation and strengthen competitiveness.

| Category              | Unit  | 2022 | 2023 | 2024 |
|-----------------------|-------|------|------|------|
| Number of Suggestions | Cases | 4    | 1    | 0    |
| Processing completed  |       | 4    | 1    | 0    |
| Processing progress   |       | 0    | 0    | 0    |

\* New suppliers evaluated 100%



#### Occupational Safety and Health Training for Suppliers

Aekyung Industrial conducts annual occupational safety and health (OSH) training for its suppliers. In 2024, the training program focused on safe forklift operation and risk assessment. To this end, our safety managers visited 41 suppliers to conduct a one-hour session covering forklift safety guidelines and accident case studies, followed by a hands-on risk assessment. For suppliers working at our facilities, we hold monthly supplier council meetings to discuss their safety concerns and, where specific issues arise, to address and resolve them through collaboration.



#### Quality Training for Partners

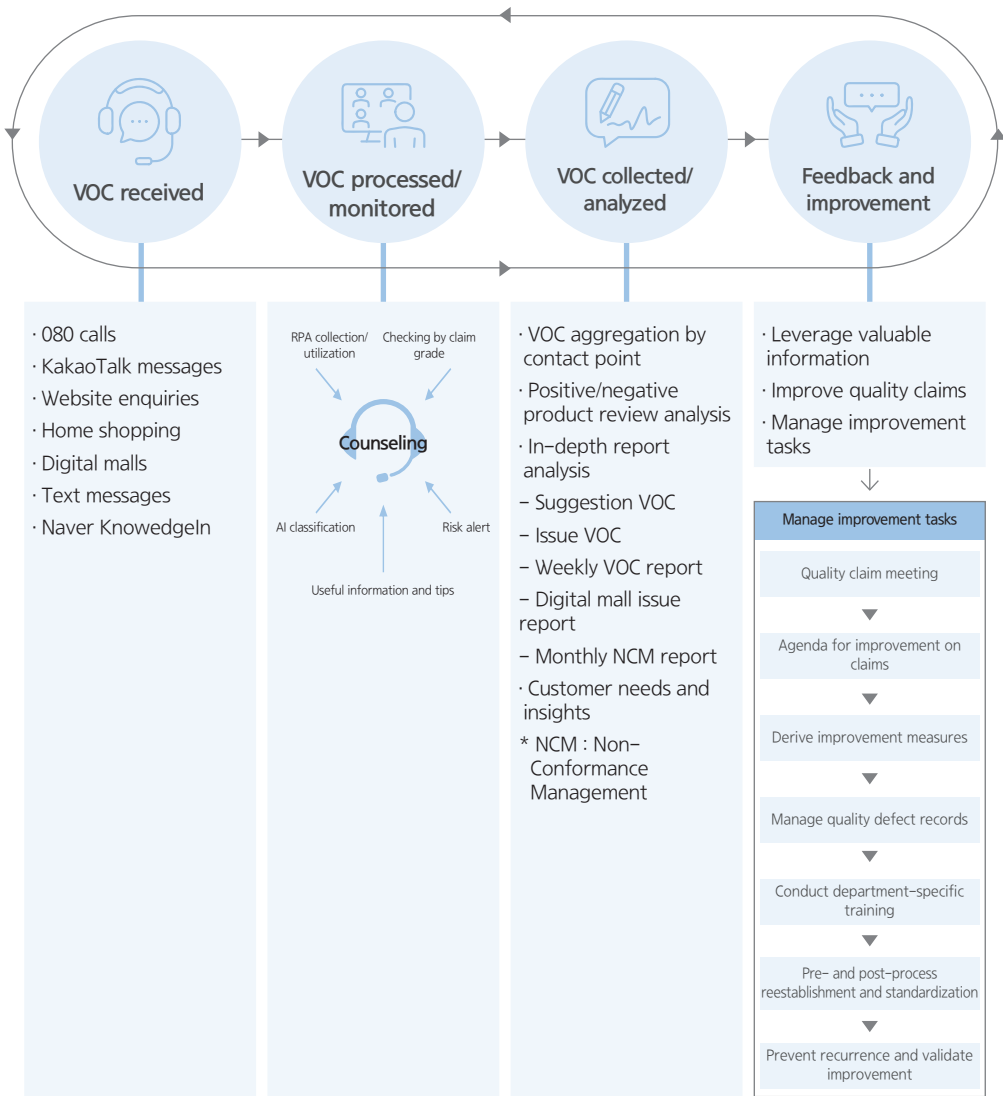
| Company | Main Item                        | Date                    | Training Details                                                                                             |
|---------|----------------------------------|-------------------------|--------------------------------------------------------------------------------------------------------------|
| S***    | Toothpaste cases                 | 2024.02.28              | Quality Audit (site management, process management, quality document review)                                 |
| Y***    | Pouch                            | 2024.03.15 / 2024.11.12 | Pouch quality improvement and stabilization                                                                  |
| H***    | Toothpaste cases                 | 2024.03.29              | Quality Audit (site management, process management, quality document review)                                 |
| P*****  | Toothpaste tube                  | 2024.04.29 / 2024.10.31 | Toothpaste tube quality improvement and stabilization                                                        |
| P*****  | Pouch                            | 2024.04.30              | Quality Audit (site management, process management, quality document review)                                 |
| T****   | Container for cosmetics          | 2024.05.29              | Quality Audit (site management, process management, quality document review)                                 |
| L**     | Container for cosmetics          | 2024.06.05              | Quality Audit (site management, process management, quality document review)                                 |
| U**     | Pouch                            | 2024.07.11              | Pouch quality improvement and stabilization                                                                  |
| H*      | Container for fluid/hair product | 2024.07.16              | New Packaging Material Supplier Quality Audit (site management, process management, quality document review) |
| T***    | Packaging box                    | 2024.07.24              | Quality Audit (site management, process management, quality document review)                                 |
| E**     | Container for fluid/hair product | 2024.07.25              | Plastic container quality improvement and stabilization                                                      |
| T****   | Container for fluid/hair product | 2024.08.28              | Quality Audit (site management, process management, quality document review)                                 |
| E**     | Container for fluid/hair product | 2024.09.30              | Quality Audit (site management, process management, quality document review)                                 |
| U*****  | Pump cap                         | 2024.10.17              | Pump cap quality improvement                                                                                 |
| S**     | Pump cap                         | 2024.11.15              | Quality Audit (site management, process management, quality document review)                                 |
| E**     | Toothpaste tube                  | 2024.11.25              | Quality Audit (site management, process management, quality document review)                                 |

#### Co-development of Eco-Friendly Packaging Materials

| Item                  | Product                 | SKU | Company                               | Development Details                                                        |
|-----------------------|-------------------------|-----|---------------------------------------|----------------------------------------------------------------------------|
| WOOLSHAMPOO/LQ/point& | Container               | 34  | E****,D*,T*                           | Use PIR materials containers                                               |
| AGE20'S / point&      | Pact external container | 33  | H*,L**,H****,Y****,T****,M*****,Y**** | Use PCR materials containers                                               |
| AGE20'S               | Air cap                 | 1   | Y****                                 | Use PCR tube cap                                                           |
| point&                | Point foams             | 5   | N****,G****                           | Use PCR tube cap                                                           |
| point&                | Cleansing tissues       | 1   | J**                                   | Use PCR pouch                                                              |
| Showermate            | Body Wash 1.2           | 2   | T*                                    | PET to PE performance-based pricing: 50% price reduction                   |
| LABCCIN               | Hand wash               | 6   | P*****                                | Change container material (PET → HDPE)                                     |
| TISLO                 | Body cases              | 9   | S***                                  | FSC certified foldable boxes                                               |
| TRIO                  | Pump cap                | 1   | S**                                   | Use All PP pump cap                                                        |
| BLACK FORET           | Anti-hair loss shampoo  | 4   | D*                                    | AL containers, removable labels: excellent recyclability                   |
| 샤/Showermate /KERASYS | Shampoo, Body           | 11  | E****,T***                            | Transparent PET container, one-touch cap: Moderate recyclability           |
| Showermate            | Body containers         | 7   | T*                                    | Colored PET container (hard to recycle) → Colorless PET container (normal) |
| Showermate            | Body Wash 1.2           | 3   | T*                                    | Change from PET to PE                                                      |
| alpist                | Cleansing foam          | 2   | G****                                 | 50% PCR applied                                                            |

ENHANCING CUSTOMER VALUE

Customer Management Process



Customer Management

Customer Satisfaction Management

In order to prevent customer churn and secure customer loyalty, we are working to improve our shortcomings by conducting satisfaction surveys not only for customers who have suffered inconveniences but also for customers who have called our customer service hotlines.

| Category                               | 2022 | 2023 | 2024 |
|----------------------------------------|------|------|------|
| Customer Satisfaction after Claim      | 4.6  | 4.7  | 4.7  |
| Customer Satisfaction after Counseling | 4.7  | 4.7  | 4.7  |

(On a 5.0-point scale)

Claim Customer Management

Activities to Strengthen Customer Satisfaction Management after Complaints. We actively listen to customer feedback to improve our products. We strive to foster a positive relationship with our customers through continuous customer care, such as sending out improved products to customers who have filed complaints.



Providing Information and Tips

We provide information related to the use of our products, as well as informative tips that can be useful in everyday life, to ensure the safety and convenience of our customers.

Creating a Safe Consumption Environment

In celebration of White Cane Safety Day on October 15, the Household Goods Industry Council donated six types of Braille tags and related products to the visually impaired. The Household Goods Industry Council is an initiative of Aekyung Industrial in cooperation with the Korea Consumer Agency to promote a safe environment for consumers and prevent everyday accidents.

Now in its third year, White Cane Safety Day aims to help people with visual impairments, who often have difficulty distinguishing between similarly shaped household items, safely navigate their daily lives by easily identifying the items they need.

The Braille tags distributed during the event are made of hygienic, reusable silicone and feature a removable design that allows them to be used on different types of products.



# ENHANCING CUSTOMER VALUE

## Customer Management

### Continuous Product Innovation



Dr. Rooteer Beer Yeast Anti-Hair Loss Shampoo

Kerasys has launched Dr. Rooteer Beer Yeast Anti-Hair Loss Shampoo to address hair loss, one of the most common concerns of aging, and help maintain a healthy scalp and hair. Dr. Rooteer Beer Yeast Shampoo provides an all-in-one hair care solution for scalp health, hair nutrition, and hair loss prevention. Beer yeast extract is rich in biotin, vitamins, and proteins that are effective for scalp care. They help improve protein absorption to enhance overall hair vitality. In addition, niacinamide, salicylic acid and panthenol – approved by the Ministry of Food and Drug Safety as functional ingredients – help to alleviate hair loss.



albis Kids Toothpaste

Premium kids brand albis has launched a new toothpaste for kids formulated to suppress Candida albicans and Mutans streptococci, microbes that cause tooth decay in children. Designed specifically for the care of milk teeth, the Kids Toothpaste targets mutans streptococci, the leading cause of tooth decay, and Candida albicans, which is commonly found in children's cavities. Research has shown that Candida albicans, a fungus, is a major contributor to tooth decay in children and that the presence of Mutans streptococci and Candida Albicans significantly accelerates tooth decay. Albis Kids Toothpaste is the first toothpaste in Korea to be shown to have dual inhibitory effects on both mutans streptococci and Candida albicans in an in vitro anti-biofilm study conducted by a dental school. The study showed that the product was 2.27 times more effective against these microbes than the control group.



BYCOLOR's 3 Teeth Whitening Products

BYCOLOR has launched three at-home teeth whitening products. BYCOLOR Teeth Whitening Care is formulated to whiten yellowed teeth and help achieve a radiant smile. It provides an easy and cost-effective at-home whitening solution for time-sensitive consumers. The Teeth Whitening Care line is available in three product formulations to meet different levels of whitening needs: the Whitening Tooth Brightener for daily care, the Whitening Polisher as an extra whitening booster and the Special Whitening Care Set, which provides intensive whitening for special care routines.

### Continuous Design Development

True to its design philosophy of "Designing the Future of Customers", Aekyung Industrial develops and proposes customer-centric product designs under the initiative of the AK Innovation Center (AKIC).

#### 2024 LUNA X ANKOKOANKO

In collaboration with ANKOKOANKO, LUNA has developed a special winter package for its Long-lasting Tip Concealer.



#### 2024 AGE20'S X oh,lolly day!

Under the banner of "Easier Suncare Happier Summer," AGE20's teamed up with oh, olly day! In 2024 to develop designs that make a variety of sun care products stand out and look more visually appealing.







# ENHANCING CUSTOMER VALUE

## Customer Management

### Customer Communication



#### AGE20'S Offline Event in Vietnam

On March 8, Aekyung Industrial celebrated International Women's Day with a special AGE20'S event in Ho Chi Minh City, Vietnam. This was the brand's second local offline event since its launch in 2019. Aimed at increasing brand awareness in the Vietnamese market, the event was attended by more than 150 guests, including AGE20'S local brand models, prominent Vietnamese beauty influencers, and key distribution partners.



#### AGE20'S New Product Seminar in Japan

AGE20'S held a product seminar in Tokyo, Japan to celebrate the launch of AGE20'S Veil Nudy Essence Pact Glow, a product launched exclusively for the Japanese market. This was the brand's first product showcase in Japan, where 100 guests, including local beauty influencers and distributors, were invited to showcase the brand's position and achievements as a leading makeup brand in China and other global markets.



#### AGE20'S Launch Event for New Premium Line "Spotlight" in China

Targeting global consumers, AGE20'S launched its premium line "Spotlight" in the Chinese market. The launch event welcomed 300 guests, including local distributors and influencers, and showcased the new Spotlight product line and the Tailored Essence Pact launched earlier this year.



#### 2024 Seoul Beauty Week

Aekyung Industrial was selected as an official K-beauty partner of 2024 Seoul Beauty Week, demonstrating its role as a leader in the global K-beauty wave. We showcased our brands, including AGE20'S, a.solution, Point&, and ONE THING, and welcomed visitors to our brand booths during 2024 Seoul Beauty Week, providing them with hands-on K-beauty experiences.



#### AGE20'S & LUNA Pop-Up Store in Seongsu

AGE20'S and LUNA opened a joint pop-up store in Seongsu, Seoul. AGE20'S created a pop-up to showcase its brand story to spread K-beauty around the world, with a special focus on its signature product, AGE20'S Essence Pact, which has sold over 200 million units in 28 countries over the past 11 years. LUNA's popup was organized as an interactive space that visualized and provided an opportunity to experience its flagship products such as the Tip Concealer, Hyper Mesh Foundation, and Conceal Blender Palette.



#### LUNA Pop-Up Store in Osaka

LUNA opened its third local pop-up store of the year in Osaka, Japan. The space was designed to strengthen the brand image through various interactive experiences, including a test zone for LUNA's signature products, the Blur Cover Cushion and the Long-Lasting Tip Concealer, a large dummy photo zone with 15x magnified product displays signed by brand ambassador Sakura of LE SSERAFIM, and an event zone to boost consumer engagement.

INFORMATION SECURITY

Aekyung Industrial is committed to information security, with 4.5% of the total IT management personnel dedicated to information security and 7.6% of the total IT budget invested.

We have conducted differentiated training for each target group, including information protection officers and general employees, and are preventing information leakage by activating autonomous personal information protection and improving the level of personal information protection through training. We are also striving to strengthen information security capabilities by conducting information protection activities for effectively addressing increasingly sophisticated cyberthreats.

\* Number of violations and leaks of the Personal Information Protection Act of 2024: 0 cases

Information Security Personnel (Unit : people)

| Category                         |          | 2024 |
|----------------------------------|----------|------|
| Information Technology Personnel |          | 67   |
| Information Security Personnel   | Internal | 1    |
|                                  | External | 2    |
|                                  | Total    | 3    |

Investment in Information Security

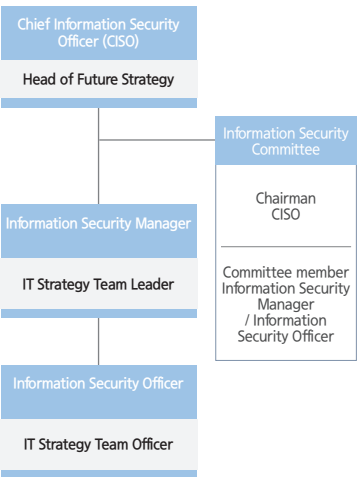
| Category                                                        | 2024              |
|-----------------------------------------------------------------|-------------------|
| Investment in Information Technology                            | KRW 8,147,920,757 |
| Investment in Information Security                              | KRW 622,908,112   |
| Information technology to information security investment ratio | 7.6%              |

Information Security Policy

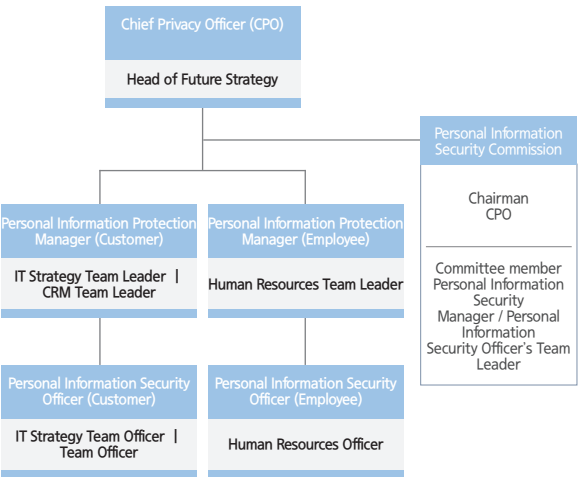
Aekyung Industrial's Information Security Policy consists of the Personal Information Management Plan and ten subordinate instructions (Information Security Organization Operations Instructions, Information Asset Management Instructions, and Personnel Security Instructions, etc.). The IT Strategy Team conducts an annual review of information security legislation and the latest IT trends within and outside the company, and updates the policy accordingly. Once reviewed, all updates are communicated to all employees to ensure awareness and compliance. In 2024, seven major policy updates were revised following management meetings, in addition to the standard policy updates.

Information Security Organization

Information Security Organization Chart



Personal Information Security Organization Chart



- 1 Increased monitoring of all employees and formalized monthly log analysis.
- 2 Blocked file transfers through personal messenger services.
- 3 Restricted decryption access for employees scheduled to leave the company and implemented secure data transfers using encrypted USB sticks.
- 4 Implemented stricter security measures for departments that handle personal information.
- 5 Updated the system policy for blocking harmful websites.
- 6 Strengthened file server control in the Design Center.
- 7 Discussed tighter control over network access.

Other measures to ensure robust information security include the addition of a one-time password (OTP) for VPN access and the separation of access rights.

# INFORMATION SECURITY

## Information Security Process

### 1) Personal Data Breach

#### Personal Data Breach Reporting and Handling Procedures

- ① Monitoring of external intrusion incidents and receipt of breach indicators
- ② Compilation of a security incident report (overview of the incident) upon notification
- ③ Convening relevant department personnel or requesting analysis from external entities
- ④ Formation of an Incident Response Task Force (TFT) based on the incident severity
- ⑤ Handling incidents through emergency convening of the Information Security Committee, agenda presentation, and determination of response
- ⑥ Reporting of leaked information details and actions taken to the Korea Internet & Security Agency
- ⑦ Notification of breach incident details to affected data subjects, as stipulated under Article 34(1) of the Personal Information Protection Act
- ⑧ Development and implementation of corrective and preventive measures to address the cause of personal data leakage
- ⑨ Dissemination of case studies and prevention education among all employees

### 2) Security Incident

#### Post-incident Checklist

- ① Check for creation of new accounts
- ② Change password files, and check password types and properties
- ③ Check for access mode changes in specific files
- ④ Check for system utility changes and modifications
- ⑤ Check additional information leakage status in case of information breach incidents

#### Actions to take Post-incident

- ① Prepare temporary measures → preventive measures to avoid recurrence
- ② Apply system environment settings or security patches
- ③ Maintain and manage all records until the completion of corrective measures for reported security incidents
- ④ Collect, store, and manage evidence related to the security incident for legal action
- ⑤ Analyze and manage statistics based on types of security incidents occurred
- ⑥ Use results for security education and development of future security measures

## Information Security Activities

- 1. Subscription to indemnity insurance for personal information security
- 2. Proactive discovery and response to infrastructure and security system vulnerabilities
- 3. Consulting for pre-inspection of information security disclosure
- 4. Provision of company-wide information security training programs
- 5. Operation of internal bulletin boards for enhanced security management
- 6. Proactive response to security threats (pre-emptive blocking of hacker group IOCs, blocking of leaked IP addresses)
- 7. Flow control system (DLP) upgrade
- 8. Implementation of VPN OTP and separation of privileges
- 9. Ongoing inspection process such as monthly monitoring and monitoring of retiring employees strengthened
- 10. Malicious email mock drills

### 2024 Information Security Incident Response Training

In order to prevent information leakage, Aekyung Industrial conducted phishing email response training for all employees in 2024. The training was conducted in two rounds. Employees who clicked on the simulated phishing email in the first round received a follow-up message to raise awareness about spam and phishing risks. Those who repeated the action in the second round were required to complete a training course provided by the Korea Internet and Security Agency. To encourage all employees to be prepared and keep confidential information safe, a reward was given to the employee who reported the phishing attempt the fastest.

### Information Security Training

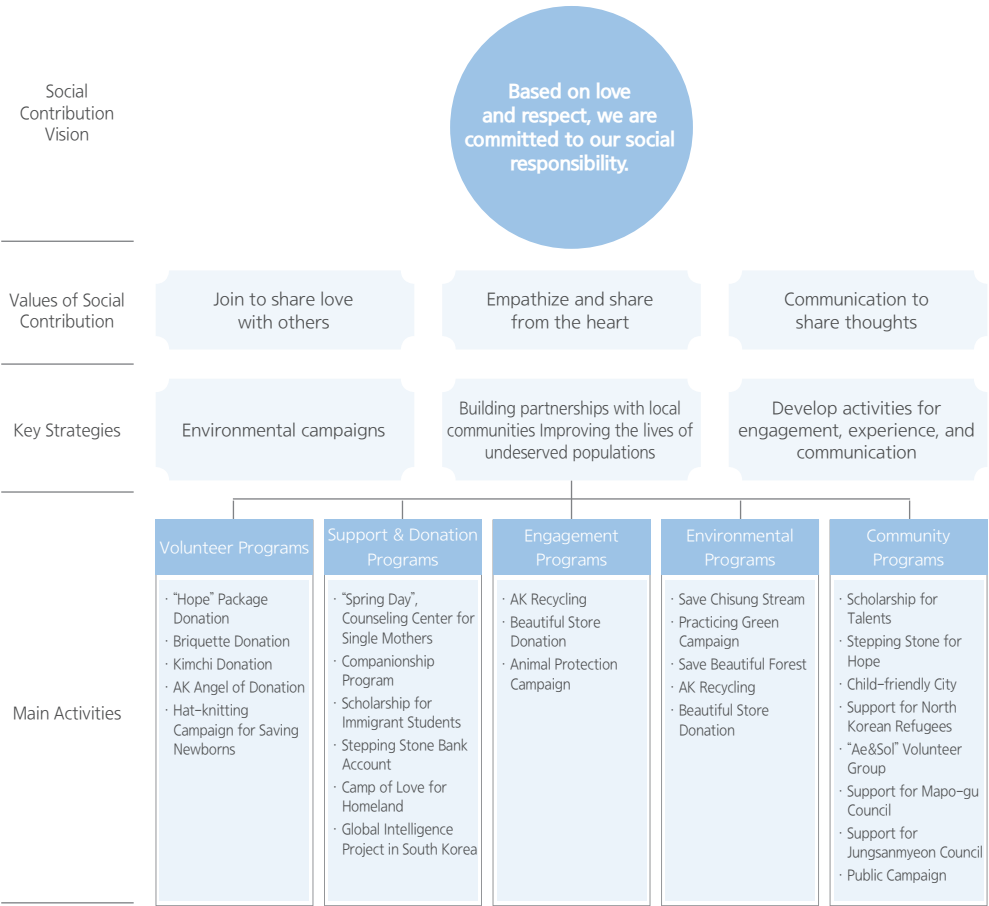
| Category          | Personal Information Training                                                                                                                                                                                                                                                                                                                                                                                                                          | Security Training for New Employees                                                                                                                                       | Malicious email mock drills                                                                                                                                                                                    |
|-------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Target Audience   | Employees and new hires                                                                                                                                                                                                                                                                                                                                                                                                                                | Employees who have been with the company for less than six month                                                                                                          | Those affected by malicious emails sent as part of regular mock drills                                                                                                                                         |
| Education Content | (1) Understanding and case studies of personal information<br>(2) Definition of information and communications service providers, and personal information handlers<br>(3) Recent cases of personal information leakage<br>(4) Considerations for each stage of personal information processing<br>(5) Provision and outsourcing of personal information to third parties<br>(6) Processing of sensitive information and unique identification numbers | (1) Information security policy overview<br>(2) Current information security system guidelines<br>(3) IT monitoring/auditing<br>(4) Recent information security incidents | (1) Understanding personal information<br>(2) Precautions for handling or processing personal information<br>(3) Personal information laws and regulations<br>(4) Precautions for using email, messengers, etc |

## LOCAL COMMUNITY

### Mid to Long Term Goals



### Social Contribution Policy

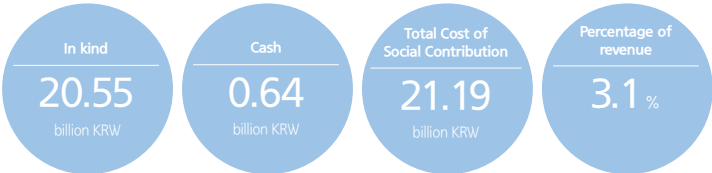


### Social Contribution Activities

#### Main Activities

| Name Of Activity                                                             |                                                           |
|------------------------------------------------------------------------------|-----------------------------------------------------------|
| "Spring Day", Counseling Center for Single Mothers                           | Collecting used batteries and expired medicines           |
| Eoulim Sports Festival                                                       | Environmental restoration project                         |
| Healing Camp for Single-Parent and Multicultural Families                    | Heating support for underserved families: "Briquette Run" |
| Cheering Packages                                                            | Kimchi Donation                                           |
| Book donations                                                               | Making packages of hope                                   |
| Healing Camp with Childcare Facilities                                       | Making woobies                                            |
| Cheering Packages for Talented Students                                      | Stepping Stone for Hope                                   |
| Cheering Packages                                                            | Mapo Youth History Tour                                   |
| Stepping Stone Bank Account                                                  | Support for Senior Citizens' Day in Mapo District         |
| Support for young adults' independence                                       | Support for cleaning up Hongdae Street                    |
| Cultural outreach for people with developmental disabilities: "Happy Outing" | Support for Chungnam Province's local projects            |
| Sanitary product donations for women with disabilities                       | Clean Project                                             |
| Employment support for people with disabilities                              | Disability awareness campaign                             |
| Support for the production of Braille tags for people with visual impairment | Jeju International Marathon/Save the Children Marathon    |
| Supply of dementia prevention educational materials                          | Menstrual Hygiene Day                                     |
| Detergent refill station: "Earth"                                            | 2080 dental health campaign                               |
| Global Intelligence Project in South Korea                                   | Gifts for Armed Forces Day                                |
| Support for the Open Doctors                                                 | Korea Senior Job Fair                                     |
| AK Recycling                                                                 | In-kind donations to welfare organizations                |
| Aekyung Special Exhibition (Beautiful Store)                                 | Donation of returns from distributors                     |
| Let's Walk Together                                                          | Emergency relief supplies                                 |

#### Amount



#### Number of Social Contribution Programs





LOCAL COMMUNITY

Social Contribution Activities

Achievements through Shared Growth with the Community

Third edition of Happy Outreach

Beneficiaries **830** Persons

The 3rd Happy Outreach for People with Developmental Disabilities

Aekyung Industrial, in collaboration with the non-profit organizations People for Sharing Hope and Bodum Volunteers, organized the third edition of Happy Outreach, a cultural initiative for people with developmental disabilities. Launched in 2022, the initiative revolves around film screening programs to guarantee the right to cultural engagement for people with developmental disabilities. This year's event was attended by 830 people, including people with developmental disabilities from 33 welfare centers in Mapo, Eunpyeong, and Seodaemun Districts. To accommodate different tastes and schedules, we prepared four screenings of two films. As a token of appreciation, Aekyung Industrial's household product gift sets were also distributed to the audiences.

Donation of supplies for young women in Seoul

Beneficiaries **500** Persons

Home Essentials Worth KRW 120 Million Delivered to Young Adults

Aekyung Industrial joined forces with the Seoul Metropolitan Government and People for Sharing Hope to support young women who are preparing for independence after leaving adolescent care facilities and who depart the facilities at the age of 18 (or up to 24 upon request) to stand on their own feet. As part of this initiative, we donated personal hygiene products and bathroom essentials worth KRW 120 million to 500 young women living in Seoul.

Agreement-signing ceremony to provide scholarships to children and young adults under the Didim Seed Savings Account Initiative.

Beneficiaries **200** Persons

KRW 720 Million Donated to the Didim Seed Savings Account Initiative

Aekyung Industrial, the non-profit organization People for Sharing Hope, and the Community Chest of Korea signed an agreement to provide scholarships under the government's Didim Seed Savings Account Initiative. This initiative is designed to help children from underprivileged backgrounds build foundational financial assets to cover their education, employment, and housing expenses as they transition into adulthood. Under the agreement, Aekyung Industrial and People for Sharing Hope will provide KRW 720 million over the next six years. The funds will be distributed through the Community Chest of Korea, with KRW 50,000 being deposited monthly into the Didim Seed accounts of 200 children nationwide.

Eoulim Sports Festival

Beneficiaries **230** Persons

Eoulim Sports Festival for Underprivileged Children and Families

Aekyung Industrial and People for Sharing Hope co-hosted the Eoulim Sports Festival for underprivileged children and families at the No-on Sports Complex in Gwangmyeong, Gyeonggi Province. The event celebrated May, the Month of the Family, with the goal of creating meaningful memories and fostering emotional connections among vulnerable families. The Eoulim Sports Festival was attended by 230 people, including children from seven institutions, including Paju Nursery School, Jeongsan Regional Children's Center and Intree.

# HUMAN RIGHTS MANAGEMENT

## Human Rights Management Policy

At Aekyung Industrial, we uphold our corporate philosophy of ‘Love’ and ‘Respect’ as our highest values, loving and respecting all stakeholders including employees, customers, shareholders/ investors, partners, and the local community in accordance with human rights principles.

### Principles of Human Rights

1

**Non–Discrimination**  
Employees shall not discriminate against others based on gender, religion, disability, age, nationality, skin color, academic ability, or any other grounds, and will foster an organizational culture that respects the diversity of employees.

2

**Working Hours Compliance**  
We comply with labor laws regarding working hours and strive to provide all employees with opportunities for capability development, enhancing quality of life, and a conducive work environment for job performance.

3

**Humane Treatment**  
We respect all workers and prohibit inhumane practices such as harassment, discrimination, threats, and unreasonable proposals in the workplace that trigger physical or mental distress.

4

**Prohibition of forced and child labor**  
We do not tolerate forced labor that contradicts the free will of employees, and we strictly prohibit child labor.

5

**Freedom of Association and Collective Bargaining**  
We recognize the freedom of association guaranteed by labor laws and ensure the right to collective bargaining, providing adequate communication opportunities to all employees.

6

**Industrial Safety**  
We create a work environment where employees can work in a safe and healthy environment, conduct regular inspections, and continuously strive to mitigate physical and mental risks and prevent safety incidents.

7

**Protection of Personal Information**  
We rigorously protect the personal information of all stakeholders and do not disclose or use information for purposes other than those approved by individuals.

8

**Fair Compensation**  
We conduct fair evaluations and determine compensation based on performance criteria.

# HUMAN RIGHTS MANAGEMENT

## Human Rights Management Policy

### Human Rights Grievance Channel (Reporting)

Aekyung Industrial operates a reporting system to handle human rights-related complaints.

All stakeholders of Aekyung Industrial can report violations through this system, which includes transparent procedures and informant protections.



Reporting Link: <https://www.aekyung.co.kr/report>

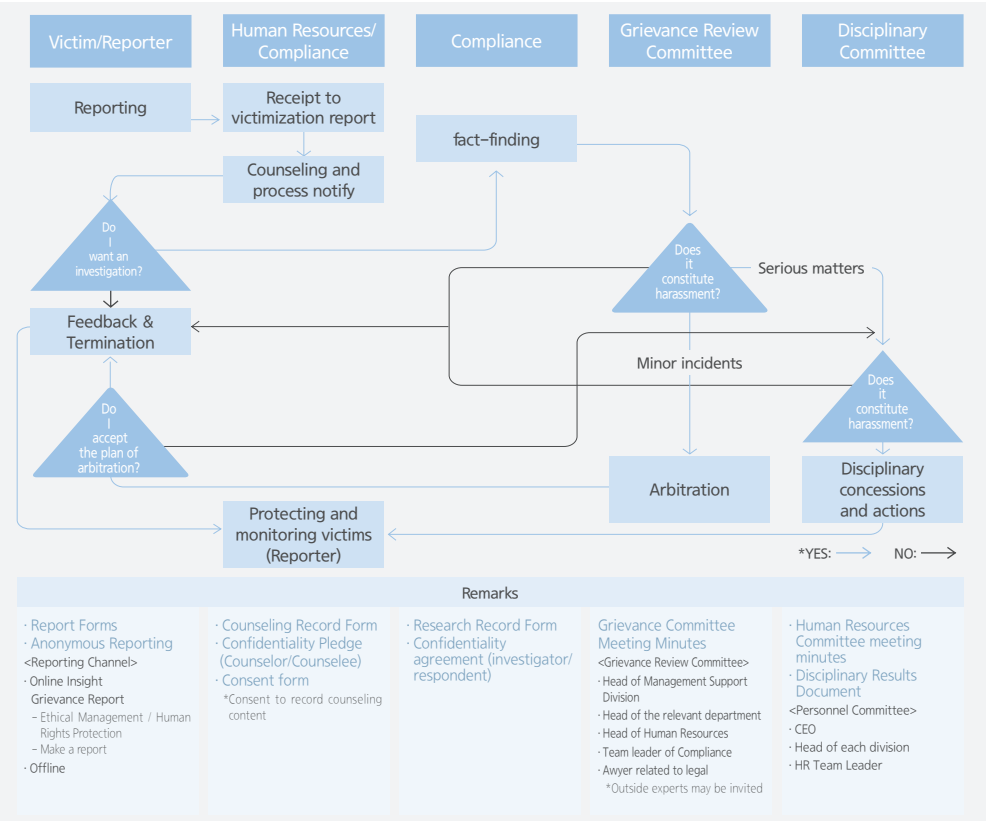


In 2024, there were a total of six reports made through our human rights grievance channel, 'Jebohagi' system, and all six cases were handled under grievance system process. There were no disciplinary actions or punishments in this regard.

(Unit : Cases)

| Category   |                      | 2024 |
|------------|----------------------|------|
| Grievances | Sexual harassment    | 1    |
|            | Bullying/power abuse | 2    |
|            | Others               | 1    |
| Corruption |                      | 2    |

### Grievance System Process

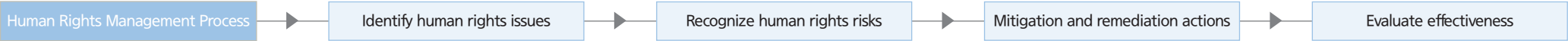


# HUMAN RIGHTS MANAGEMENT

## Human Rights Management Policy

### Human Rights Risks Management

Aekyung Industrial identifies human rights risks and implements remedial measures for each human rights issue. We also manage human rights risks by evaluating their effectiveness according to the current situation.



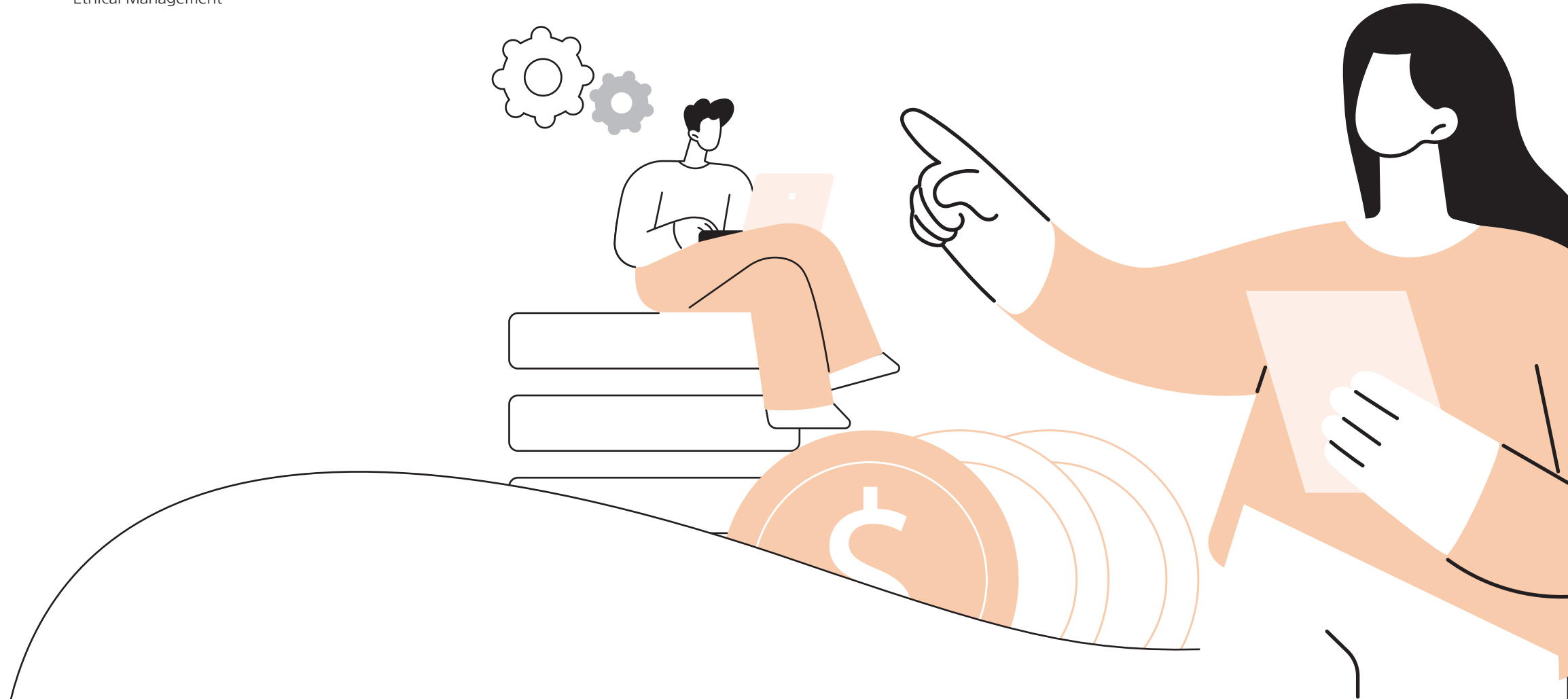
| Stakeholders      | Category                                        | Risk Factors                                                                                                           | Mitigation and remediation actions                                                                                                                                                                | Evaluate effectiveness                                                                                                                                                  |                                           |      |         |                |      |      |
|-------------------|-------------------------------------------------|------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|------|---------|----------------|------|------|
|                   |                                                 |                                                                                                                        |                                                                                                                                                                                                   | Details                                                                                                                                                                 | Review Items                              |      | Unit    | Current Status |      |      |
|                   |                                                 |                                                                                                                        |                                                                                                                                                                                                   |                                                                                                                                                                         |                                           |      |         | 2022           | 2023 | 2024 |
| Employees         | No Discrimination                               | Performance appraisal and compensation, gender, disability, national origin, and parental leave use and return-to-work | · Operate an organizational culture enhancement, ‘Color AK’<br>· Provide disability awareness training<br>· Fertility Treatment Leave, Family Care Leave, and Reduced Work Hours during Pregnancy | Awareness-raising campaigns and anti-discrimination activities for vulnerable groups have led to an increase in the percentage of female employees from 37.9% to 38.8%. | Employee gender ratio                     | Male | %       | 63.3           | 62.1 | 61.2 |
|                   |                                                 |                                                                                                                        |                                                                                                                                                                                                   | Female                                                                                                                                                                  |                                           | 36.7 |         | 37.9           | 38.8 |      |
|                   | Working Hours Compliance                        | Employee Working Hours Management                                                                                      | · Flexible working hour arrangements                                                                                                                                                              | Flexible working hour arrangements contribute to preventing issues related to non-compliance with working hour regulations.                                             | Number of legal working hour violations   |      | Cases   | 0              | 0    | 0    |
|                   | Sexual harassment and bullying in the workplace | Physical, Verbal, and Visual Sexual Harassment                                                                         | · Operate a reporting center for sexual harassment and harassment in the workplace (AK Grievance System)<br>· Conduct regular prevention training                                                 | Prevent labor issues by building employee awareness of sexual harassment and bullying in the workplace.                                                                 | Number of sexual harassment reports       |      |         | 0              | 0    | 1    |
|                   |                                                 | Inappropriate behavior, including name-calling, verbal abuse, and assault, and harassment of unfair work instructions  |                                                                                                                                                                                                   |                                                                                                                                                                         | Number of bullying reports                |      |         | 2              | 0    | 2    |
|                   | Prohibition of forced and child labor           | Forced Labor                                                                                                           | · Forced labor/child labor prohibited by law                                                                                                                                                      | Ensure compliance and eradicate forced labor and child labor.                                                                                                           | Forced Labor                              |      |         | 0              | 0    | 0    |
|                   |                                                 | Child labor                                                                                                            |                                                                                                                                                                                                   |                                                                                                                                                                         | Child labor                               |      |         | 0              | 0    | 0    |
|                   | Freedom of association                          | ColHealth and Safetylective bargaining agreements                                                                      | · Free to join and leave<br>· Prevention of Disadvantage/discrimination                                                                                                                           | Guarantee freedom of association by ensuring the right to collective bargaining and preventing disadvantages and discrimination.                                        | Union Membership Rate                     |      | %       | 30.2           | 30.7 | 29.8 |
| Health and Safety | Industrial accident management                  | · Workplace safety inspections (Safety Walk, etc.)<br>· Safety culture internalization training                        | Maintain a three-year risk factor improvement rate of 95% or higher through workplace safety inspections.                                                                                         | Safety Walk improvement rate                                                                                                                                            |                                           | 96.5 |         | 100            | 99.0 |      |
| Customers         | Information Security                            | Personal Information leakage Management                                                                                | · Implementation of personal information protection and information security training                                                                                                             | Prevent personal information leaks through personal information protection and information security training.                                                           | Number of personal information leaks      |      | Cases   | 0              | 0    | 0    |
| Partners          | Partners Supply Network Management              | Partner Labor Rights                                                                                                   | · Conducting safety training for partners and managing partner injury rates                                                                                                                       | Accident rate reduced from 2023 through safety training for suppliers. (0.42% to 0.02%)                                                                                 | Partner Injury Rate                       |      | %       | 0.55           | 0.42 | 0.02 |
|                   |                                                 | Unfair Trade                                                                                                           | · Operating channels to report unfair behavior                                                                                                                                                    | Prevent unfair trade through whistleblowing channel operations.                                                                                                         | Number of unfair trade reporting          |      | Cases   | 0              | 1    | 0    |
| Local Communities | Local Community coexistence                     | Protecting marginalized groups in the welfare blind spot                                                               | · Conducted cultural sharing events for people with developmental disabilities                                                                                                                    | Bring benefits to people with disabilities through cultural events and activities.                                                                                      | Number of beneficiaries with disabilities |      | Persons | 700            | 854  | 830  |
|                   |                                                 | Air pollution, water pollution, odor, etc.                                                                             | · Control emissions below statutory limits<br>· Establish an environmental complaint response process                                                                                             | Prevent environmental complaints by controlling emissions below statutory limits.                                                                                       | Number of environmental complaints        |      | Cases   | 0              | 1    | 0    |





# Governance

Governance  
Integrated Risk Management  
Ethical Management



## GOVERNANCE

### Current Composition of the Board

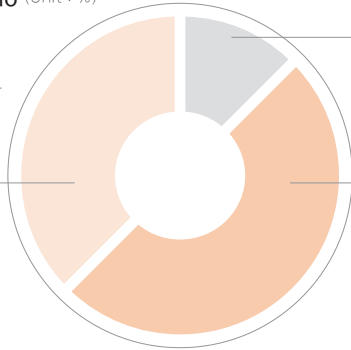
The Board of Directors consists of 8 members: 4 inside directors, 3 outside directors, and 1 other non-executive director. The Board is constituted with the appointment of all directors, and the Chairman of the Board is determined by the articles of incorporation, with the CEO serving as Chairman.

The company appoints directors who possess suitable qualifications and capabilities for corporate management through compliance with legal procedures such as the Commercial Code. Directors are appointed through shareholders' meetings based on their independence, diversity, and expertise, with a term of 3 years as stipulated by the articles of incorporation. The Board operates according to the "Board Operation Regulations," resolving matters stipulated by laws, articles of incorporation, delegated by shareholders' meetings, and important issues regarding company management policies and execution.

Board Composition Ratio (Unit : %)

- Inside Director
- Outside Director
- Other Non-executive Director

37.5



12.5

50.0

### Details of the Board of Directors

| Category                                   | Inside Director                                       |                                                           |                                                                                  |                                                                            | Outside Director                                                       |                                           |                                         | Other Non-executive Director                                             |
|--------------------------------------------|-------------------------------------------------------|-----------------------------------------------------------|----------------------------------------------------------------------------------|----------------------------------------------------------------------------|------------------------------------------------------------------------|-------------------------------------------|-----------------------------------------|--------------------------------------------------------------------------|
| Name/<br>Date of Birth                     | Chai Dongseok (M) /<br>1964. 05                       | Kim Sangjoon (M)* /<br>1972. 11                           | Ahn Jungtae (M) /<br>1976. 03                                                    | Jeong Changwon (M) /<br>1967. 11                                           | Min Joonki (M) /<br>1961. 03                                           | Song Heumrae (M) /<br>1961. 09            | Park Hyungmyeong(M) /<br>1962. 01       | Lee Janghwan (M) /<br>1974. 05                                           |
| Position                                   | (Present) Aekyung Industrial Co., CEO (Vice-chairman) | (Present) Aekyung Industrial Co., CEO (Managing Director) | (Present) Aekyung Industrial Co., Ltd. Head of Household Goods Business Division | (Present) Aekyung Industrial Co., Ltd. Director of the Production Division | (Present) Sungmoon Accounting Corporation, Certified Public Accountant | (Present) Geoseong Eleccom Vice President | (Present) Law firm KIM CHANG LEE Lawyer | (Present) AK Holdings Co. Financial Team Leader, CFO (Managing Director) |
| Initial Appointment Date                   | 17.09                                                 | 23.03                                                     | 23.03                                                                            | 24.03                                                                      | 19.12                                                                  | 19.12                                     | 23.03                                   | 22.03                                                                    |
| Term of Office                             | 23.03 – 26.03                                         | 23.03 – 26.03                                             | 23.03 – 26.03                                                                    | 24.03 – 27.03                                                              | 22.03 – 25.03                                                          | 22.03 – 25.03                             | 23.03 – 26.03                           | 22.03 – 25.03                                                            |
| Audit Committee                            |                                                       |                                                           |                                                                                  |                                                                            | ●                                                                      | ○                                         | ○                                       |                                                                          |
| Internal Transaction Committee             |                                                       |                                                           |                                                                                  |                                                                            | ○                                                                      | ●                                         | ○                                       |                                                                          |
| Independent Directors Nomination Committee |                                                       | ○                                                         |                                                                                  |                                                                            | ○                                                                      | ○                                         |                                         |                                                                          |
| ESG Committee                              |                                                       |                                                           |                                                                                  |                                                                            | ○                                                                      | ○                                         | ●                                       |                                                                          |

● Chairman ○ Member

\* Chairman of the Board of Directors

[ As of December 31, 2024 ]

## GOVERNANCE

### Board Operating Principles

#### Principles of Independence, Diversity, and Expertise

The board of directors operates independently from management and controlling shareholders by adhering to the guidelines for the independence of outside directors to avoid conflicts of interest. This ensures that candidates with special relationships are restricted from being appointed as outside directors, and directors with special interests are prohibited from exercising voting rights on resolutions. Directors are appointed from various fields essential for corporate decision-making, including management, accounting, finance, and law to enhance the board's expertise. The board maintains a diverse board composition, and is composed of members chosen across a wide age range, to ensure a multidisciplinary mindset that is not biased toward a particular field to encourage diversity. All directors at Aekyung Industrial are subject to performance evaluations, and the results of these evaluations are used to determine compensation and decisions regarding reappointment.

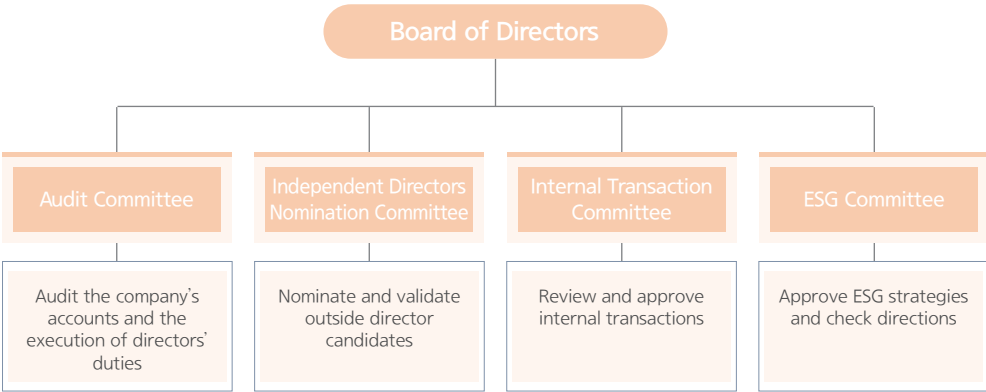
#### Independence Guidelines for Outside Directors

- ① Directors, executives and employees engaged in the business of the company or directors, auditors, executives and employees engaged in the business of the company within the last two years.
- ② The shareholder, spouse, and direct and linear descendants, in the case where the largest shareholder is a natural person.
- ③ Directors, auditors, executives, and employees, in the case where the largest shareholder is a corporation.
- ④ Spouses, and direct and linear descendants of directors, auditors, and executives.
- ⑤ Directors, auditors, executives, and employees of the Company's parent company or subsidiaries.
- ⑥ Directors, auditors, executives, and employees of the corporations with significant interests such as business transactions with the Company.
- ⑦ Directors, auditors, executives, and employees of other companies where the Company's directors, executives, or employees also hold positions as directors or executives.
- ⑧ Minors, persons under limited guardianship, or persons under unrestricted guardianship.
- ⑨ A person who has been declared bankrupt and has not been rehabilitated.
- ⑩ A person who has been sentenced to imprisonment or higher, and two years have not passed since the execution of the sentence has ended or the execution has been exempted.
- ⑪ A person who has been dismissed or discharged from office in violation of the law (Article 34, Paragraph 3 of the Enforcement Decree of the Commercial Act) prescribed separately by the Presidential Decree.
- ⑫ The person (the largest shareholder) and his/her specially related persons (specially related persons, Article 34 (4) of the Enforcement Decree of the Commercial Act) if the number of shares owned by the person (the largest shareholder) and his/her specially related persons (specially related persons, Article 34 (4) of the Enforcement Decree of the Commercial Act) is the largest based on the total number of shares issued excluding non-voting shares as a shareholder of a listed company.
- ⑬ A shareholder (major shareholder), spouse, and direct and linear descendants who owning more than 10/100 of the total number of issued shares, excluding non-voting shares, regardless of whose name it is in, or who exercises de facto influence on major management matters of a listed company, such as the appointment and dismissal of directors, executives, and auditors.
- ⑭ Any other person designated by presidential decree who may find it difficult to faithfully perform the duties of an outside director or may affect the management of a listed company (Article 34 (5) of the Enforcement Decree of the Commercial Code).

### Board Organization

#### Operation of Board-affiliated Committees

We have established and operate four committees under the BOD: the Audit Committee, the Independent Directors Nomination Committee, the Internal Transaction Committee, and the ESG Committee. Each committee appoints its members based on the expertise, experience, and roles of directors, and operates a supporting organization to effectively conduct committee functions.



| Category                                   |         | Unit     | Status |
|--------------------------------------------|---------|----------|--------|
| Audit Committee                            | Opening | Meetings | 5      |
|                                            | Agenda  | Cases    | 10     |
| Independent Directors Nomination Committee | Opening | Meetings | 0      |
|                                            | Agenda  | Cases    | 0      |
| Internal Transaction Committee             | Opening | Meetings | 3      |
|                                            | Agenda  | Cases    | 5      |
| ESG Committee                              | Opening | Meetings | 2      |
|                                            | Agenda  | Cases    | 3      |

# GOVERNANCE

## Board Organization

### Audit Committee

The Audit Committee operates to enhance management transparency, comprising three external directors with no special relationships with the company. A qualified accountant serves as the committee chair, reinforcing expertise in committee operations.

### Independent Directors Nomination Committee

The Independent Director Nomination Committee recommends candidates based on laws, articles of incorporation, and board regulations. It ensures the independence of external directors and evaluates their capabilities to determine if they are suitable for a global corporation, recommending them at the shareholders' meeting.

#### Appointment Process of Outside Director



### Internal Transactions Committee

The Internal Transactions Committee ensures transparency and fairness in internal transactions based on the regulations on transactions with established internal stakeholders. The committee is composed predominantly of external directors to promote independence within the roles of preventing and monitoring improper support practices within affiliates to enhance operational transparency.

### ESG Committee

To fulfill our corporate responsibilities regarding social and environmental impacts of business activities, we established the ESG Committee within the BOD in May 2023. For sustainable management, the ESG Committee proposes strategies and policy directions related to ESG, oversees risk management and ESG performance monitoring, and serves as the highest decision-making body.

## Supporting Organizations for the Board and Outside Directors

### Board Secretariat

To ensure that the functions of the Board of Directors and its committees are carried out efficiently, we have established a Board Secretariat consisting of six employees from relevant sectors (one division head, one team leader, and four team members) to support the Board.

### Compliance Team

The Compliance Team consists of five employees (one team leader and four staff members). The team is responsible for collecting and reporting data related to the Audit Committee, monitoring compliance with business processes and overseeing the implementation of company-wide internal control systems.

## Compliance Officer

The Board of Directors appointed a Compliance Officer on October 31, 2024, to ensure compliance with internal legal compliance standards and other regulations and to improve internal processes.

| Category                   |                           | Checklist and Task                                                                                         | Results                                                                      |
|----------------------------|---------------------------|------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|
| Risk identification        | Vulnerability analysis    | Review company-wide contract signing process                                                               | Identified contract-related risks and established improvement measures       |
| Risk management            | Institutional improvement | Form a task force for the improvement of company regulations and guidelines and review company regulations | Established improvement plans for delegation and decision-making regulations |
| Risk management            | Fact-finding              | Reinforce discipline during the holiday season and communicate compliance messages                         | Monitored and provided guidance on working practices                         |
| Compliance internalization | Training for improvement  | Share contract process review results and provide training for leaders                                     | Shared necessary improvement tasks and provided guidelines                   |

| Category                | Department (team)  | Number of employees | Position (length of service)                                     | Key activities                                                                                                                                                     |
|-------------------------|--------------------|---------------------|------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Supporting organization | Legal Affairs Team | 4                   | Team leader and 3 members (average length of service 5.0 years)  | · Corporate legal risk advice and response<br>· IP and corporate asset protection and operation<br>· Compliance monitoring and training                            |
|                         | Compliance Team    | 5                   | Team leader and 4 members (average length of service 11.4 years) | · Ethical management and anti-corruption review<br>· Compliance and legal regulation training<br>· Company-wide internal control management and improvement review |



## GOVERNANCE

### Compensation for Directors and Auditors

#### Compensation Determination Criteria

The compensation limit for directors and audit committee members is set by resolution at the shareholders' meeting pursuant to Article 388 of the Commercial Code.

We evaluate and determine compensation within the approved limit based on responsibilities, delegated tasks, and performance outcomes approved by the shareholders' meeting. The salary of registered directors is determined comprehensively, taking into account the duties, position, nature of delegated tasks, and outcomes of delegated tasks in accordance with the Regulations on Executive Personnel Management. Bonuses are determined based on the company's performance during the period and executive performance evaluations in accordance with the Employment Incentive Payment Regulations. In addition, benefits including health checkups, accident insurance, and support for children's tuition are provided in accordance with the Regulations on Management of Executive Benefits. The salary of the Audit Committee members is paid within the compensation limit considering the nature of the delegated tasks, without separate performance bonuses or welfare benefits.

#### Compensation Amount

| Shareholders' Meeting Approval Amount | Category             | Number of Members | Unit        | Amount |
|---------------------------------------|----------------------|-------------------|-------------|--------|
|                                       | Registered Directors | 8                 | million KRW | 6,500  |

\* Number of registered directors includes all directors who were newly appointed or resigned during the year.

| Includes all directors and auditors | Category                                                           | Number of Members | Unit        | Total Compensation | Average Compensation / Persons |
|-------------------------------------|--------------------------------------------------------------------|-------------------|-------------|--------------------|--------------------------------|
|                                     | Registered Directors (excludes outside directors, audit committee) | 5                 | million KRW | 2,664              | 533                            |
|                                     | Audit committee members                                            | 3                 |             | 210                | 70                             |

\* Number of registered directors includes all directors who were newly appointed or resigned during the year

| By Individual | Position | Unit        | Total Compensation |
|---------------|----------|-------------|--------------------|
|               | CEO      | million KRW | 1,761              |

\* Current compensation of individuals receiving annual payments exceeding 500 million KRW

### Current Shareholders

| Category                                 | Number of shares | Shareholding percentage |
|------------------------------------------|------------------|-------------------------|
| Largest Shareholders and Related parties | 16,672,578       | 63.13%                  |
| 1. AK Holdings                           | 11,904,812       | 45.08%                  |
| 2. Aekyung Asset Management              | 4,767,766        | 18.05%                  |
| Employee Stock Ownership Association     | 496,618          | 1.88%                   |
| Treasury Shares                          | 1,217,367        | 4.61%                   |
| Others                                   | 8,023,372        | 30.38%                  |
| 1. Domestic Organizations and Foreigners | 1,829,506        | 6.93%                   |
| 2. Individual Shareholders               | 6,193,866        | 23.45%                  |
| Total                                    | 26,409,935       | 100.00%                 |

### Dividend Policy

In order to enhance shareholder value and improve shareholder return, Aekyung Industrial determines the dividend policy by comprehensively considering its investments, financial structure, dividend stability, and dividend rate, among other factors.

Since listing, we have implemented a dividend policy with a payout ratio of over 20%. Under our current dividend policy from 2023 to 2025, we pay dividends at a dividend ratio of 30% with the aim to enhance shareholder value by providing predictability in the amount of dividends payable.

These payout ratios are calculated as the ratio of total cash dividends paid to the current net income attributable to the owner of the controlling company in the consolidated financial statements. We plan to continue to pursue a balanced dividend policy, taking into account future investments for growth and shareholder value.

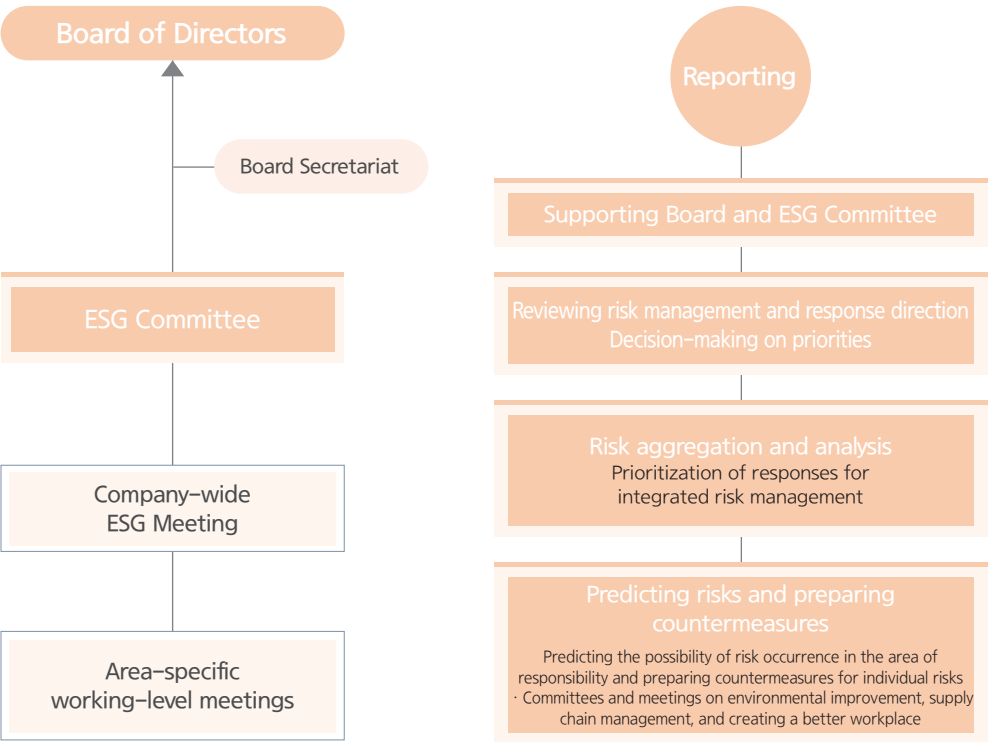
# INTEGRATED RISK MANAGEMENT

## Integrated Risk Management

The Head of Integrated Risk Management chairs the ESG Committee and aims to establish a proactive management system by defining risks by category (financial, business, ESG, etc.) and establishing countermeasures to respond to mid to long-term risks. The ESG Committee, established in May 2023 under the Board of Directors, oversees the integrated risk management organization. Its responsibilities include fulfilling corporate responsibility for social and environmental impacts, building a sound governance system and advancing ESG management.

### Risk Reporting System

Corporate risks are not independent but interconnected. Thus, we prepare and implement measures for an efficient risk response by aggregating individual risks and considering them in an integrated manner from various perspectives, including ESG and business.



## Tax Payment

Aekyung Industrial complies with tax laws and systems in each country following our global business expansion and pays taxes to fulfill our corporate responsibility. The responsible department monitors tax policies, predicts and evaluates risks, and devises response strategies to prevent practices such as tax avoidance and evasion. Transparent tax payments are crucial activities through which the company contributes to local communities and supports national finances. We are committed to complying with tax laws and enhance tax risk management, ensuring transparency in corporate operations by disclosing these efforts to our stakeholders.

|                             | Category                                | Unit | 2022           | 2023           | 2024           |
|-----------------------------|-----------------------------------------|------|----------------|----------------|----------------|
| Corporate taxes paid status | Net income before corporate tax expense | KRW  | 22,750,105,839 | 59,427,475,005 | 55,793,772,099 |
|                             | Corporate tax expense                   |      | 6,067,993,487  | 10,822,863,524 | 13,295,224,950 |

\* Based on consolidated statements; including corporate tax paid by AK (Shainghai) Trading  
\* No global corporate tax payment for Aekyung Industrial

## Internal Accounting Management System

In 2024, our internal accounting manager evaluated the operation status of the internal accounting management system.

The independent auditor audited our internal accounting management system based on the “Conceptual Framework for Design and Operation of the Internal Accounting Management System” issued by the Steering Committee of the Internal Accounting Management System and expressed a qualified opinion that it was effectively designed and operated from a materiality perspective as of December 31, 2024.

# INTEGRATED RISK MANAGEMENT

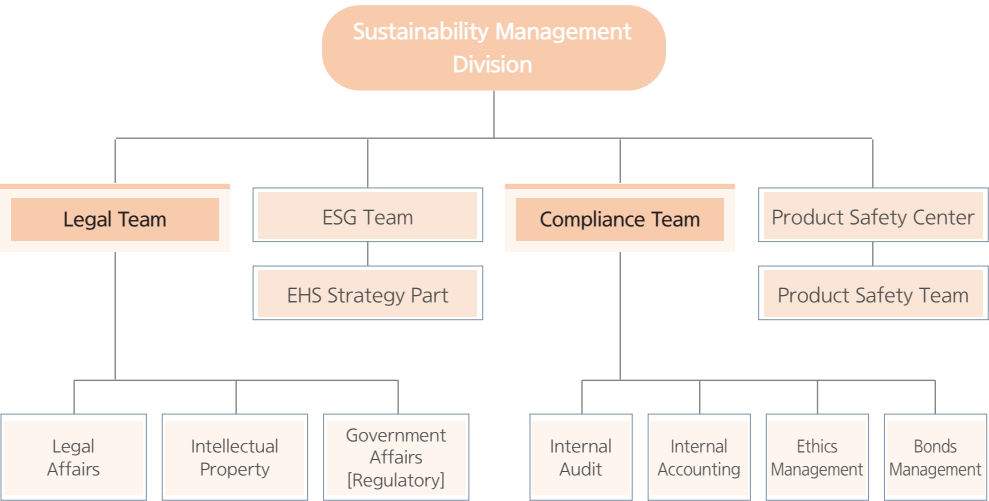
## Financial/Non-financial Risks

Aekyung Industrial has established an integrated risk management system by consolidating previously siloed risk management functions. We define the impact of each non-financial and financial risk and establish response strategies accordingly.

| Category            | Risk                           | Definition and impact                                                                                                                                                                                                                                                                                                                                                                                                               | Response                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Relevant department                                |
|---------------------|--------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|
| Non-financial risks | Climate and environmental risk | <ul style="list-style-type: none"><li>· Risks arising from natural disasters such as typhoons, floods, and droughts</li><li>· Risks related to local and international policies and regulations for climate change response</li><li>· Risks related to investors' demand for climate change response disclosure</li><li>· Risks related to the environment, such as accidents resulting from environmental law violations</li></ul> | <ul style="list-style-type: none"><li>· Established the NET ZERO 2050 ROAD MAP and Strategy for climate change response</li><li>· Monitored the possibility of inclusion in the greenhouse gas regulatory framework and local and international trends and regulations</li><li>· Made disclosure of environmental performance in the sustainability report</li><li>· Pursued environmental management through ISO 14001 environmental impact assessments</li></ul> | ESG Team                                           |
|                     | Resource circulation risk      | <ul style="list-style-type: none"><li>· Risks related to microplastics and increased plastic use from packaging waste</li><li>· Risks related to inadequate resource cycling due to mislabeling of recyclable packaging materials</li><li>· Risks arising from inadequate response to growing demand for sustainable packaging</li></ul>                                                                                            | <ul style="list-style-type: none"><li>· Applied the Aeyung Green Index (AKGI) as an internal green indicator to develop sustainable products by reducing the use of plastics and developing easy-to-recycle products</li><li>· Conducted biannual SKU reviews based on the separation labeling guidebook</li><li>· Pursued development based on the 3R principles (Recycle, Reduce, Replacement)</li></ul>                                                         | PD Team                                            |
|                     | Human rights risk              | <ul style="list-style-type: none"><li>· Risks related to violations of human rights protection obligations in accordance with local and international standards</li><li>· Risks related to employee health and safety resulting from workplace bullying and sexual harassment</li></ul>                                                                                                                                             | <ul style="list-style-type: none"><li>· Implemented a human rights grievance channel</li><li>· Conducted workplace bullying and sexual harassment prevention training for all employees</li></ul>                                                                                                                                                                                                                                                                  | Compliance Team<br>HR Team                         |
|                     | Customer risk                  | <ul style="list-style-type: none"><li>· Risks that may arise from customer complaints about product misuse or negligence caused by failure to respond to product recalls and growing inquiries received through digital channels</li></ul>                                                                                                                                                                                          | <ul style="list-style-type: none"><li>· Collected customer complaints and improved products accordingly</li><li>· Surveyed customers to identify their needs and make implements accordingly</li><li>· Established an internal digital task force and a response monitoring system to improve customer service quality</li></ul>                                                                                                                                   | CRM Team                                           |
|                     | Safety risk                    | <ul style="list-style-type: none"><li>· Risks related to workplace safety and the environment that may arise from business operations</li><li>· Risks related to damage to the company's external image due to safety and environmental accidents</li></ul>                                                                                                                                                                         | <ul style="list-style-type: none"><li>· Operated the Safety Walk initiative to prevent serious occupational and environmental accidents</li><li>· Conducted regular emergency response drills for all employees</li><li>· Conducted safety culture internalization training to internalize safety culture</li></ul>                                                                                                                                                | ESG Team                                           |
|                     | Supply chain risk              | <ul style="list-style-type: none"><li>· Supply chain management crisis risks due to supply chain due diligence and other global regulations</li><li>· Risks arising from dependence on specific suppliers leading to supply disruptions in the event of internal issues</li></ul>                                                                                                                                                   | <ul style="list-style-type: none"><li>· Established a supply chain ESG evaluation system and conducted regular evaluations</li><li>· Responded to supply risks by managing supplier lists and diversifying suppliers</li></ul>                                                                                                                                                                                                                                     | Procurement Team<br>ESG Team                       |
|                     | Raw materials risk             | <ul style="list-style-type: none"><li>· Risks associated with high volatility of materials prices, availability, and quality</li><li>· Risks related to increases in raw material prices in response to international issues</li></ul>                                                                                                                                                                                              | <ul style="list-style-type: none"><li>· Reviewed raw materials stability to ensure sustainable supply</li><li>· Established a pricing policy to defend against raw material price increases</li></ul>                                                                                                                                                                                                                                                              | Procurement Team<br>Management Planning Team       |
|                     | Information security risk      | <ul style="list-style-type: none"><li>· Risks associated with major system failures such as personal information leaks, hacking, viruses, malware affecting the company's information assets</li></ul>                                                                                                                                                                                                                              | <ul style="list-style-type: none"><li>· Conducted personal information protection training</li><li>· Conducted regular information protection training to prepare for information leaks</li></ul>                                                                                                                                                                                                                                                                  | IT Strategy Team                                   |
|                     | Quality risk                   | <ul style="list-style-type: none"><li>· Major risks related to product quality management</li></ul>                                                                                                                                                                                                                                                                                                                                 | <ul style="list-style-type: none"><li>· Managed product quality through product safety development processes encompassing raw material procurement to sales</li></ul>                                                                                                                                                                                                                                                                                              | Quality Control Team<br>Product Safety Team        |
|                     | Compliance risk                | <ul style="list-style-type: none"><li>· Risks that may arise from legal violations</li><li>· Risks of product, safety, health, and environmental violations</li></ul>                                                                                                                                                                                                                                                               | <ul style="list-style-type: none"><li>· Conducted compliance training for employees to ensure compliance</li><li>· Conducted regular legal monitoring for each department</li></ul>                                                                                                                                                                                                                                                                                | Compliance Team<br>Product Safety Team<br>EHS Team |
|                     | Ethical risk                   | <ul style="list-style-type: none"><li>· Risks related to legal sanctions and reputational damage arising from unethical conduct (corruption, bribery, conflicts of interest, etc.) by employees</li></ul>                                                                                                                                                                                                                           | <ul style="list-style-type: none"><li>· Collected an ethics pledge from employees and ensured compliance with four major practices for fair trade</li></ul>                                                                                                                                                                                                                                                                                                        | Compliance Team<br>Procurement Team                |
| Financial risks     | Planning risk                  | <ul style="list-style-type: none"><li>· Risks associated with changes in industry and market trends</li><li>· Risks of a decline in cosmetics exports due to worsening international political conditions surrounding China</li></ul>                                                                                                                                                                                               | <ul style="list-style-type: none"><li>· Identified strategic risks through management review meetings and reported to management</li><li>· Focused growth in a second key export market outside China</li></ul>                                                                                                                                                                                                                                                    | Management Planning Team                           |
|                     | Investment risk                | <ul style="list-style-type: none"><li>· Risks associated with new investments</li></ul>                                                                                                                                                                                                                                                                                                                                             | <ul style="list-style-type: none"><li>· Operated an internal investment review committee for preliminary risk reviews.</li></ul>                                                                                                                                                                                                                                                                                                                                   | IR Team                                            |
|                     | Accounting fraud risk          | <ul style="list-style-type: none"><li>· Risk of embezzlement or other accounting fraud by employees</li></ul>                                                                                                                                                                                                                                                                                                                       | <ul style="list-style-type: none"><li>· Expanded consolidated accounting management systems</li><li>· Monitored small subsidiaries' financial statements and ratios</li></ul>                                                                                                                                                                                                                                                                                      | Accounting Team                                    |

# ETHICAL MANAGEMENT

## Ethical Management Organization Chart



## Ethics Charter

- 1 We respect the law and social norms and do not engage in any kind of illegal or inappropriate behaviors.
- 2 We prioritize trust with our customers and work hard to ensure that they're satisfied with our products and services.
- 3 We respect our shareholders' rights and raise our corporate value through transparent and efficient business operation.
- 4 We promote diversity and cooperation and do not tolerate unfair discrimination in our workplace.
- 5 We promote fair trade and competition, and mutual benefits as well as healthy markets.
- 6 We fulfill our social responsibilities as a corporate citizen.

## Code of Ethics

“All employees of Aekyung Industrial are required to contribute to our society by thinking ahead and improving people’s quality of life based on love and respect. To serve as our guiding principles for fulfilling our corporate social responsibilities and primary roles, we have established the following Ethics Charter.”

**Compliance with laws**

- Compliance with domestic and international laws and regulations
- Use of inside information
- Prevention of sexual harassment
- Anti-corruption
- Protection of the company properties and information
- Prohibition of gifts and entertainment

**Obligations toward customers**

- Maintaining trust with customers
- Customer satisfaction

**Obligations toward shareholders**

- Respect for shareholders' rights
- Equal treatment
- Active communication

**Obligations toward employees**

- Fair treatment
- A safe and healthy work environment

**Obligations toward competitors and suppliers**

- Fair competition
- Fair trade

**Basic Ethics for Employees**

- Ethical corporate culture
- No conflict of interest
- Political activities
- Compliance with the code of ethics

# ETHICAL MANAGEMENT

## Workplace Anti-Sexual Harassment / Anti-Bullying Prohibition Policy

We rigorously handle and manage workplace sexual harassment and bullying in accordance with our internal standard guidelines (company policy).

- We consistently conduct preventive education and promotion to foster a healthy organizational culture.
- We ensure the confidentiality and safety of the victim (or reporter).

- We protect the perpetrator (or alleged perpetrator) until the act of sexual harassment or bullying is confirmed.
- We continuously monitor and manage to prevent secondary damage and recurrence.

### Workplace Anti-Sexual Harassment Policy

We prohibit employees from taking advantage of their position or relationship in the workplace to cause another employee or stakeholder to feel sexual humiliation or intimidation, including by conduct of a sexual nature, or to take an adverse employment action against them because of their failure to comply with requests of a sexual nature or other conduct.

1

Determining Workplace Sexual Harassment

- ① Victim's Subject Circumstances: Judgment based on the victim's perspective, not the perpetrator's intent.
- ② Consideration of Social Norms: Acts that would intuitively cause a reasonable persons in the same situation to feel sexually humiliated or disgusted.
- ③ Case-by-case determination: Determined by considering all circumstances and records as a whole, including the relationship of the parties, location, etc.
- ④ Other: Whether the act was repetitive, whether the target was specific, and whether there was an expression of refusal.

2

Reporting and Consultation Process

- ① File an online or in-person report through the 'AK Grievance System'
- ② Counseling process: AK Grievance System (Refer to page 62).

3

Disciplinary and Corrective Measures

- ① Conduct a thorough investigation through the Grievance Review Committee and make judgments on major or minor issues, followed by the implementation of appropriate disciplinary actions.
- ② After the resolution of the incident, support and monitor the victim for protection and prevention of secondary damage and recurrence.

### Workplace Anti-Bullying Policy

We prohibit employees from taking advantage of their position or relationships in the workplace to cause physical or mental distress to other employees or to worsen their work environment by exceeding the appropriate scope of work.

1

Determining Workplace arassment

- ① Taking advantage of a position of superiority or relational advantage in the workplace: Judged based on the rank/position structure, job competence, and influence within the workplace.
- ② Exceeding the appropriate scope of work: Determined by assessing the necessity of the work from a societal standpoint and the nature of the conduct.
- ③ Causing physical/mental distress or worsening the work environment: Determined by evaluating whether the individual's ability to perform is impaired.

2

Reporting and Counseling Process

- ① File an online or in-person report through the 'AK Grievance System'.
- ② Counseling process: AK Grievance System (Refer to page 62)
- ③ Provide victims with necessary information such as relevant laws, investigations, and handling procedures during the counseling process to give them the option of other alternative remedies.

3

Disciplinary and Corrective Measures

- ① Conduct a thorough investigation through the Grievance Review Committee and make judgments on major or minor issues, followed by the implementation of appropriate disciplinary actions.
- ② Appropriate measures such as changing the employee's workplace, ordering paid leave, etc. when workplace harassment is confirmed, upon confirmation of workplace harassment.
- ③ After the resolution of the incident, provide support for and monitor the victim for protection and prevention of additional harm and recurrence.



Introduce AK

Environment

Social

Governance

ESG Factbook

Economic performance

Environmental Data

Social Data

Governance Data

Appendix



# ESG Factbook

- Economic performance
- Environmental Data
- Social Data
- Governance Data



# ECONOMIC PERFORMANCE

## Consolidated Financial Statements

[Unit: KRW]

[Unit: KRW]

| Category                           | 2022            | 2023            | 2024            |
|------------------------------------|-----------------|-----------------|-----------------|
| Assets                             |                 |                 |                 |
| I .Current Assets                  | 275,603,610,012 | 268,472,581,367 | 295,771,084,439 |
| Cash and cash equivalents          | 120,443,188,331 | 65,172,406,594  | 23,328,229,173  |
| Accounts receivable                | 51,208,168,750  | 63,686,042,069  | 71,676,087,200  |
| Other current receivables          | 2,769,459,992   | 3,141,582,867   | 64,418,077,451  |
| Other current financial assets     | 19,964,671,474  | 50,369,798,459  | 32,365,239,457  |
| Inventory                          | 79,017,254,301  | 78,126,954,585  | 93,724,012,046  |
| Other current assets               | 2,200,867,164   | 2,990,864,793   | 2,305,552,200   |
| Estimated assets for sale          |                 | 4,984,932,000   | 4,984,932,000   |
| Current derivatives assets         |                 |                 | 2,968,954,912   |
| II .Non-current Assets             | 207,036,005,342 | 213,900,014,107 | 203,580,383,666 |
| Other non-current receivables      | 4,147,609,314   | 4,518,492,344   | 4,404,020,820   |
| Other non-current financial assets | 2,008,734,247   | 3,010,657,637   | 3,010,657,637   |
| Joint enterprise investment stocks | 608,896,480     | 181,739,552     |                 |
| Tangible Assets                    | 140,685,853,700 | 147,347,337,720 | 147,020,987,747 |
| Intangible Assets                  | 17,552,690,980  | 13,487,445,669  | 12,214,701,108  |
| Right-of-use asset                 | 25,956,224,217  | 24,875,036,721  | 23,920,731,650  |
| Investment in real estate          | 2,517,897,980   | 2,517,897,980   | 2,517,897,980   |
| Other non-current assets           | 2,565,416,378   | 1,579,076,126   | 1,178,490,066   |
| Deferred tax assets                | 4,365,621,311   | 2,959,701,017   | 2,913,061,239   |
| Derivatives assets                 | 1,216,630,247   | 2,535,375,269   |                 |
| Net defined benefit assets         | 5,410,430,488   | 10,887,254,072  | 6,399,835,419   |
| Total assets                       | 482,639,615,354 | 482,372,595,474 | 499,351,468,105 |

| Category                                                     | 2022            | 2023년            | 2024             |
|--------------------------------------------------------------|-----------------|------------------|------------------|
| Liabilities                                                  |                 |                  |                  |
| I .Current liabilities                                       | 116,975,836,193 | 90,410,809,063   | 94,267,395,263   |
| Accounts payable                                             | 40,355,549,117  | 42,874,196,320   | 42,905,968,571   |
| Other payable liabilities                                    | 33,046,729,573  | 35,265,970,714   | 38,176,790,205   |
| Short-term borrowings                                        | 23,092,000,000  | 683,000,000      | 2,200,000,000    |
| Current lease liabilities                                    | 936,860,592     | 793,482,016      | 848,049,495      |
| Current corporate tax liabilities                            | 8,225,211,990   | 4,535,194,871    | 7,503,220,325    |
| Other current liabilities                                    | 1,894,522,873   | 6,087,122,759    | 2,407,761,179    |
| Current provisional liabilities                              | 9,424,962,048   | 171,842,383      | 205,776,158      |
| Current non-controlling interests liabilities                |                 |                  | 19,829,330       |
| II . Non-current liabilities                                 | 6,690,083,825   | 4,335,067,509    | 4,473,050,386    |
| Long-term lease liabilities                                  | 1,042,936,465   | 1,028,061,727    | 989,731,501      |
| Non-current lease liabilities                                | 1,926,863,998   | 2,550,771,020    | 3,483,318,885    |
| Non-controlling interests liabilities                        | 3,720,283,362   | 756,234,762      |                  |
| Total Liabilities                                            | 123,665,920,018 | 94,745,876,572   | 98,740,445,649   |
| Equity                                                       |                 |                  |                  |
| I. Equity attributable to shareholders of the Parent Company | 358,342,616,186 | 387,142,792,818  | 400,419,281,776  |
| Share capital                                                | 26,409,935,000  | 26,409,935,000   | 26,409,935,000   |
| Capital surplus                                              | 143,348,035,807 | 143,348,035,807  | 143,419,838,931  |
| Other capital items                                          | (9,986,585,577) | (19,902,353,969) | (30,990,720,682) |
| Accumulated other comprehensive income                       | 320,530,673     | 295,704,060      | 854,079,071      |
| Retained earnings                                            | 198,250,700,283 | 236,991,471,920  | 260,726,149,456  |
| II . Non-controlling interest equity                         | 631,079,150     | 483,926,084      | 191,740,680      |
| Total equity                                                 | 358,973,695,336 | 387,626,718,902  | 400,611,022,456  |
| Total liabilities and equity                                 | 482,639,615,354 | 482,372,595,474  | 499,351,468,105  |

## Economic performance

### Consolidated Statement of Comprehensive Income [Unit: KRW]

| Category                                                 | 2022            | 2023            | 2024            |
|----------------------------------------------------------|-----------------|-----------------|-----------------|
| I . Sales                                                | 610,410,753,107 | 668,866,951,127 | 679,076,572,242 |
| II . Cost of Sales                                       | 341,994,114,297 | 354,139,481,206 | 363,604,706,971 |
| III. Gross Profit                                        | 268,416,638,810 | 314,727,469,921 | 315,471,865,271 |
| IV. Selling and administrative expenses                  | 229,377,844,654 | 252,789,655,938 | 268,646,941,870 |
| V. Operating income                                      | 39,038,794,156  | 61,937,813,983  | 46,824,923,401  |
| 1. Other profit                                          | 4,916,232,416   | 4,971,473,752   | 10,782,215,616  |
| 2. Other expenses                                        | 20,665,886,718  | 16,483,649,813  | 7,207,071,638   |
| 3. Financial income                                      | 5,249,435,886   | 12,201,412,433  | 7,741,080,573   |
| 4. Financial expenses                                    | 5,605,373,267   | 2,772,418,422   | 2,215,106,301   |
| 5. Gains or losses from equity method                    | (183,096,634)   | (427,156,928)   | (132,269,552)   |
| VI. Income before income tax                             | 22,750,105,839  | 59,427,475,005  | 55,793,772,099  |
| VII. Income tax expenses                                 | 6,067,993,487   | 10,822,863,524  | 13,295,224,950  |
| VIII. Net income for the period                          | 16,682,112,352  | 48,604,611,481  | 42,498,547,149  |
| Equity Attributable to Owners of Parent Company          | 16,556,833,753  | 48,751,764,547  | 42,560,565,997  |
| Non-controlling interests                                | 125,278,599     | (147,153,066)   | (62,018,848)    |
| IX. Other comprehensive gain                             | 4,961,147,912   | (1,910,742,773) | (3,360,662,010) |
| Gain or loss on overseas operations translation          | (126,413,081)   | (24,826,613)    | 558,375,011     |
| Remeasurement factors of net defined benefit liabilities | 5,087,560,993   | (1,885,916,160) | (3,919,037,021) |
| X. Total comprehensive income                            | 21,643,260,264  | 46,693,868,708  | 39,137,885,139  |
| Equity Attributable to Owners of Parent Company          | 21,517,981,665  | 46,841,021,774  | 39,199,903,987  |
| Non-controlling interests                                | 125,278,599     | (147,153,066)   | (62,018,848)    |
| Earnings per share                                       |                 |                 |                 |
| Basic earnings per common share (Unit : KRW)             | 632.0           | 1,897.0         | 1,689.0         |
| Diluted earnings per common share (Unit : KRW)           | 632.0           | 1,894.0         | 1,689.0         |

### Economic Value

| Category                   |                   | Details           | Unit                  | 2022  | 2023  | 2024  |
|----------------------------|-------------------|-------------------|-----------------------|-------|-------|-------|
| Direct economic value      |                   | Total sales       | KRW<br>100<br>million | 6,104 | 6,689 | 6,791 |
| Distributed economic value | Total             | Operating costs   |                       | 1,736 | 1,868 | 2,047 |
|                            | Employees         | Wage              |                       | 468   | 547   | 512   |
|                            |                   | Benefits          |                       | 80    | 102   | 117   |
|                            |                   | Training expenses |                       | 10    | 11    | 10    |
|                            | Shareholders      | Dividend          |                       | 52    | 81    | 149   |
|                            | Government        | Income tax        |                       | 61    | 108   | 133   |
|                            | Suppliers         | Purchases         |                       | 2,955 | 3,138 | 3,383 |
|                            | Local communities | Donations         |                       | 238   | 191   | 212   |
| Reserved economic value    |                   |                   |                       | 504   | 643   | 228   |

## ENVIRONMENTAL DATA

### Eco-friendly Product

| Category                           | Unit        | 2022   | 2023   | 2024   |
|------------------------------------|-------------|--------|--------|--------|
| Number of Green Products           | Items       | 52     | 58     | 55     |
| Sales of Green Products            | million KRW | 53,631 | 53,662 | 40,301 |
| Proportion of Green Products Sales | %           | 8.8    | 8.0    | 5.9    |

\* Green products: Environmental mark (eco-label certification, etc.), low-carbon product certification, carbon footprint certification, LOHAS, and more (excluding green technology products)

### Eco-friendly Purchasing

| Category                           | Unit        | 2022  | 2023  | 2024  |
|------------------------------------|-------------|-------|-------|-------|
| Eco-friendly Purchases Amount      | billion KRW | 5.81  | 9.99  | 20.95 |
| Total Purchase Amount              |             | 295.5 | 313.8 | 338.3 |
| Proportion of Ecofriendly Purchase | %           | 2.0   | 3.2   | 6.2   |

\* Based on eco-friendly purchases: Cost of purchasing eco-friendly packaging materials (PIR, PCR, FSC-certified boxes, etc.)  
\* Based on total purchases: Raw materials/packaging materials, products, toll processing, etc.

### Plastic Usage

| Category               | Unit | 2022  | 2023  | 2024   |
|------------------------|------|-------|-------|--------|
| Plastic Usage          | Ton  | 7,600 | 9,172 | 10,280 |
| Plastic Reduction (3R) |      | 160   | 348   | 410    |

\* Plastic usage: Amount of synthetic resin (plastic) used, excluding iron, aluminum, glass, etc., subject to recycling fees  
\* 3R: Reduce, Reuse, Recycle

### Environmental Management Emission Target and Performance

| Category       |                 | Unit                 | 2024    |
|----------------|-----------------|----------------------|---------|
| Greenhouse Gas | Emission Target | tCO <sub>2</sub> -eq | 9,662   |
|                | Emissions       |                      | 9,629   |
| Waste          | Emission Target | Ton                  | 1,800   |
|                | Emissions       |                      | 1,838   |
| Energy         | Usage Target    | TJ                   | 180     |
|                | Usage           |                      | 175     |
| Water          | Usage Target    | Ton                  | 254,758 |
|                | Usage           |                      | 248,508 |

### Greenhouse Gas Emissions

| Category  |                              | Unit                             | 2022    | 2023    | 2024    |
|-----------|------------------------------|----------------------------------|---------|---------|---------|
| Scope 1   | Cheongyang Plant             | tCO <sub>2</sub> -eq             | 152.2   | 303.5   | 342.7   |
|           | Daejeon Plant                |                                  | 85.9    | 55.7    | –       |
|           | Logistics Center             |                                  | –       | –       | –       |
|           | R&D Center                   |                                  | 61.5    | 49.5    | 44.3    |
|           | AKIC                         |                                  | –       | –       | –       |
|           | Head Office                  |                                  | 3.9     | 16.1    | 14.7    |
|           | Branch                       |                                  | –       | –       | –       |
|           | Total Direct GHG Emissions   |                                  | 303     | 424     | 401     |
| Scope 2   | Cheongyang Plant             |                                  | 7,316.8 | 7,770.9 | 8,008.7 |
|           | Daejeon Plant                |                                  | 813.1   | 562     | 26.8    |
|           | Logistics Center             |                                  | 363.2   | 337.9   | 273.3   |
|           | R&D Center                   |                                  | 454.6   | 490.5   | 469.0   |
|           | AKIC                         |                                  | 62.4    | 69.3    | 77.1    |
|           | Head Office                  |                                  | 103     | 107.6   | 354.3   |
|           | Branch                       |                                  | –       | –       | 21.9    |
|           | Total Indirect GHG Emissions |                                  | 9,113   | 9,338   | 9,231   |
| Scope 1+2 | Total GHG Emissions          |                                  | 9,416   | 9,760   | 9,629   |
|           | Greenhouse Gas intensity     | tCO <sub>2</sub> -eq/product Ton | 0.0693  | 0.0693  | 0.0777  |

\* Under the greenhouse gas emission trading system emission reporting and certification guidelines, the total emissions are estimated as the sum of facility-level emissions that are rounded down to the nearest whole number. Therefore, there may be some discrepancies between the sum of Scope 1 and 2 emissions and the total emissions.

\* 2024 greenhouse gas emissions rounded to the nearest whole number

### Energy consumption

| Category                         |                         | Unit           | 2022   | 2023   | 2024   |
|----------------------------------|-------------------------|----------------|--------|--------|--------|
| Energy consumption by source     | Fuel consumption        | TJ             | 3      | 5      | 6      |
|                                  | Electricity consumption |                | 141    | 144    | 145    |
|                                  | Steam consumption       |                | 46     | 44     | 32     |
| Non-renewable energy consumption |                         |                | 190    | 193    | 183    |
| Renewable energy consumption     |                         |                | –      | 0.0045 | 0.1306 |
| Total energy consumption         |                         |                | 190    | 193    | 183    |
| Energy intensity                 |                         | TJ/product Ton | 0.0014 | 0.0014 | 0.0015 |

\* Some differences in energy consumption due to changes in calculation methods and disclosure standards in 2024

## ENVIRONMENTAL DATA

### Management of waste

| Waste Disposal/Recycling |                      |                 |                 |           |           |           |         |         |
|--------------------------|----------------------|-----------------|-----------------|-----------|-----------|-----------|---------|---------|
| Category                 |                      |                 | Unit            | 2022      | 2023      | 2024      |         |         |
| General Waste            |                      |                 | Ton             | 1,780     | 2,124     | 1,803     |         |         |
| Designated Waste         |                      |                 |                 | 44        | 76        | 33        |         |         |
| Medical Waste            |                      |                 |                 | -         | 2         | 2         |         |         |
| Total Waste Disposal     |                      |                 |                 | 1,823     | 2,201     | 1,838     |         |         |
| Waste intensity          |                      |                 | Ton/product Ton | 0.0134    | 0.0156    | 0.0148    |         |         |
| Recycling Amount         |                      |                 | Ton             | 947       | 1,739     | 1,633     |         |         |
| Recycling Rate           |                      |                 | %               | 51.9      | 79.0      | 88.9      |         |         |
| Waste Disposal Costs     |                      |                 | million KRW     | 337       | 334       | 265       |         |         |
| Disposal by Waste Type   |                      |                 |                 |           |           |           |         |         |
| Business                 | Type                 | Method          | Unit            | 2022      | 2023      | 2024      |         |         |
| Cheongyang Plant         | General              | Recycling       | kg              | 836,860   | 1,533,700 | 1,588,890 |         |         |
|                          |                      | Incineration    |                 | 108,770   | 91,130    | 33,790    |         |         |
|                          |                      | Landfill        |                 | -         | 8,090     | -         |         |         |
|                          | Designated           | Recycling       |                 | 37,660    | 23,600    | 15,080    |         |         |
|                          |                      | Incineration    |                 | 2,880     | 14,550    | 5,020     |         |         |
|                          |                      | Landfill        |                 | 3,210     | 1,460     | -         |         |         |
|                          |                      | Nneutralization |                 | -         | -         | 2,910     |         |         |
|                          | Total Waste Occurred |                 |                 | 989,380   | 1,672,530 | 1,645,690 |         |         |
|                          | Recycling Total      |                 |                 | 874,520   | 1,557,300 | 1,603,970 |         |         |
|                          | Daejeon Plant        | General         |                 | Recycling | kg        | 70,980    | 67,280  | -       |
| Incineration             |                      |                 | -               | -         |           | -         |         |         |
| Landfill                 |                      |                 | 214,520         | 182,670   |           | -         |         |         |
| Designated               |                      | Recycling       | 500             | -         |           | -         |         |         |
|                          |                      | Incineration    | -               | 9,450     |           | -         |         |         |
|                          |                      | Other           | -               | 4,660     |           | -         |         |         |
| Total Waste Occurred     |                      | 286,000         | 264,060         | -         |           |           |         |         |
| Recycling Total          |                      | 71,480          | 67,280          | -         |           |           |         |         |
| Logistics Center         |                      | General         | Recycling       | kg        |           | -         | 111,820 | 29,140  |
|                          |                      |                 | Incineration    |           |           | 525,460   | 110,470 | 136,430 |
|                          | Designated           | Recycling       | -               |           | 350       | -         |         |         |
|                          |                      | Other           | -               |           | 220       | -         |         |         |
|                          | Total Waste Occurred |                 | 525,460         |           | 222,860   | 165,570   |         |         |
|                          | Recycling Total      |                 | -               |           | 112,170   | 29,140    |         |         |
| R&D Center               | General              | Recycling       | kg              | 1,200     | 1,920     | 134       |         |         |
|                          |                      | Incineration    |                 | 21,049    | 16,576    | 14,860    |         |         |
|                          | Designated           | Incineration    |                 | -         | 21,584    | 10,108    |         |         |
|                          |                      | Incineration    |                 | -         | 1,670     | 1,551     |         |         |
|                          | Total Waste Occurred |                 |                 | 22,249    | 41,750    | 26,653    |         |         |
|                          | Recycling Total      |                 |                 | 1,200     | 1,920     | 134       |         |         |

### Water Resource Management

| Water Usage       |                  |                 |         |         |         |
|-------------------|------------------|-----------------|---------|---------|---------|
| Business          | Source           | Unit            | 2022    | 2023    | 2024    |
| Head Office/AKIC  | Municipal Water  | Ton             | 6,256   | 6,249   | 5,549   |
| Cheongyang Plant  | Municipal Water  |                 | 248,787 | 240,209 | 235,000 |
| Daejeon Plant     | Industrial water |                 | 2,359   | 2,183   | 0       |
|                   | Municipal Water  |                 | 2,701   | 1,944   | 110     |
| Logistics Center  | Municipal Water  |                 | -       | 482     | 683     |
| R&D Center        | Municipal Water  |                 | 1,628   | 6,265   | 7,166   |
| Total Water Usage |                  |                 | 261,731 | 257,332 | 248,508 |
| Water intensity   |                  | Ton/product Ton | 1.9259  | 1.8267  | 2.0064  |

\* Usage=Water Withdrawal

\* Disclosures for Daejeon Research Center and regional logistics centers (Gimhae, Yongin) began in 2023.

\* At the Daejeon Plant, part of the water consumption is due to equipment and technical issues rather than production.

\* For the Cheongyang Plant, groundwater consumption and waterworks consumption are consolidated as waterworks consumption in 2024.

| Wastewater Discharge       |      |        |        |        |
|----------------------------|------|--------|--------|--------|
| Business                   | Unit | 2022   | 2023   | 2024   |
| Cheongyang Plant           | Ton  | 80,923 | 90,885 | 89,559 |
| R&D Center                 |      | -      | -      | 4,741  |
| Total Wastewater Discharge |      | 80,923 | 90,885 | 94,300 |

\* Disclosures for Daejeon Research Center began in 2024.



## ENVIRONMENTAL DATA

### Water Pollutant Discharge

| Category | Business            | Unit | 2022    | 2023   | 2024   |
|----------|---------------------|------|---------|--------|--------|
| TOC      | Cheongyang Plant    | kg   | 103,177 | 46,976 | 20,610 |
|          | Daejeon Plant       |      | 22      | 11     | –      |
|          | R&D Center          |      | 5       | 15     | 32     |
|          | Total TOC Discharge |      | 103,204 | 47,002 | 20,642 |
| BOD      | Cheongyang Plant    | kg   | 24,034  | 27,931 | 14,518 |
|          | Daejeon Plant       |      | 0       | 6      | –      |
|          | R&D Center          |      | 3       | 6      | 33     |
|          | Total BOD Discharge |      | 24,037  | 27,943 | 14,551 |
| SS       | Cheongyang Plant    | kg   | 61,501  | 15,980 | 3,150  |
|          | Daejeon Plant       |      | 0       | 46     | –      |
|          | R&D Center          |      | 16      | 22     | 86     |
|          | Total SS Discharge  |      | 61,517  | 16,047 | 3,236  |

### Air Pollutant Emissions

| Category                                 |                     | Unit              | 2022         | 2023         | 2024   |
|------------------------------------------|---------------------|-------------------|--------------|--------------|--------|
| Dust Emissions                           | Cheongyang Plant    | kg                | 972          | 393.8        | 342.7  |
|                                          | Daejeon Plant       |                   | 643.7        | 708.6        | –      |
|                                          | Total Dust Emission |                   | 1,616        | 1,102        | 343    |
|                                          | Dust intensity      | kg/product Ton    | 0.0119       | 0.0078       | 0.0028 |
| Emission Concentration                   |                     | mg/m <sup>l</sup> | 5            | 3.9          | 1.7    |
| NOx(Nitric Oxide) Emissions              | Cheongyang Plant    | kg                | Not Detected | Not Detected | 16.39  |
| NOx(Nitric Oxide) Emission Concentration |                     | mg/m <sup>l</sup> | –            | –            | 0.4    |

\* Not registered by eliminating the cause of SOx emission in Cheongyang Plant.  
\* 2022, NOx measurement was introduced at the Cheongyang Plant and the result was non-detection.

### Chemical Emissions & Hazardous Chemical Usage

| Category                    | Unit            | 2022   | 2023    | 2024   |
|-----------------------------|-----------------|--------|---------|--------|
| Chemical Emissions          | kg              | 3,248  | 1,526.4 | 979.8  |
| Chemicals intensity         | kg/product Ton  | 0.0239 | 0.0108  | 0.0079 |
| Hazardous Chemical Usage    | Ton             | 466.5  | 490.4   | 550    |
| Harmful chemicals intensity | Ton/product Ton | 0.0034 | 0.0035  | 0.0044 |

## SOCIAL DATA

### Total Number of Employees

| Category                  |                   | Unit    | 2022 | 2023 | 2024 |
|---------------------------|-------------------|---------|------|------|------|
| Total Number of Employees |                   |         | 899  | 912  | 939  |
| Gender                    | Male              | Persons | 569  | 566  | 575  |
|                           | Female            |         | 330  | 346  | 364  |
| Employment Type           | General           |         | 506  | 520  | 539  |
|                           | Production        |         | 259  | 254  | 257  |
|                           | Specialist        |         | 73   | 69   | 67   |
|                           | Contract          |         | 50   | 58   | 63   |
|                           | Executive         |         | 8    | 8    | 10   |
|                           | External Director |         | 3    | 3    | 3    |
| Diversity                 | Disabled          |         | 31   | 27   | 31   |
|                           | Foreigner         |         | 8    | 7    | 8    |
|                           | Veterans          |         | 15   | 14   | 16   |

### Percentage of female by position

| Category          | Unit | 2024 |
|-------------------|------|------|
| Executive         | %    | 30.0 |
| Leader(Team/Part) |      | 19.8 |
| Junior(G2)        |      | 64.4 |

### New Hires

| Category    | Unit    | 2022 | 2023 | 2024 |
|-------------|---------|------|------|------|
| 20s         | Persons | 64   | 85   | 87   |
| 30s         |         | 52   | 48   | 60   |
| 40s         |         | 12   | 16   | 24   |
| 50s+        |         | 4    | 11   | 13   |
| Male        | Persons | 44   | 64   | 77   |
| Female      |         | 88   | 96   | 107  |
| Total       |         | 132  | 160  | 184  |
| Male Rate   | %       | 33.3 | 40.0 | 41.8 |
| Female Rate |         | 66.7 | 60.0 | 58.2 |

### Worker Diversity by Position

| Category                                      |            |    | Unit | 2022 | 2023 | 2024 |
|-----------------------------------------------|------------|----|------|------|------|------|
| Ratio of male employees to total employees    |            |    | %    | 63.3 | 62.1 | 61.2 |
| Ratio of male employees by position           | General    | G1 |      | 41.8 | 37   | 32.6 |
|                                               |            | G2 |      | 51   | 42.2 | 35.6 |
|                                               |            | G3 |      | 61.8 | 62.8 | 61.7 |
|                                               |            | G4 |      | 80.7 | 81.6 | 80.2 |
|                                               | Production | L1 |      | 85.7 | 86.6 | 81.9 |
|                                               |            | L2 |      | 93.9 | 93   | 93.9 |
|                                               | Specialist | T1 |      | 4.8  | 4    | 4.8  |
|                                               |            | T2 |      | 0    | 0    | 0    |
|                                               |            | T3 |      | 26.5 | 22.2 | 20   |
|                                               | Contract   | R3 |      | 40.5 | 52.4 | 61.9 |
|                                               |            | R4 |      | 50   | 50   | 57.1 |
|                                               | Supervisor |    |      | 81.8 | 82.7 | 79.8 |
| Ratio of female employees to total employees  |            |    |      | 36.7 | 37.9 | 38.8 |
| Ratio of female employees by position         | General    | G1 |      | 58.2 | 63   | 67.4 |
|                                               |            | G2 |      | 49   | 57.8 | 64.4 |
|                                               |            | G3 |      | 38.2 | 37.2 | 38.3 |
|                                               |            | G4 |      | 19.3 | 18.4 | 19.8 |
|                                               | Production | L1 |      | 14.3 | 13.4 | 18.1 |
|                                               |            | L2 | 6.1  | 7    | 6.1  |      |
|                                               | Specialist | T1 | 95.2 | 96   | 95.2 |      |
|                                               |            | T2 | 100  | 100  | 100  |      |
|                                               |            | T3 | 73.5 | 77.8 | 80   |      |
|                                               | Contract   | R3 | 59.5 | 47.6 | 38.1 |      |
|                                               |            | R4 | 50   | 50   | 42.9 |      |
|                                               | Supervisor |    | 18.2 | 17.3 | 20.2 |      |
| Ratio of foreigner workers to total employees |            |    | 0.9  | 0.8  | 0.9  |      |
| Ratio of foreigner workers by position        | General    | G1 | 3.3  | 4.9  | 1.2  |      |
|                                               |            | G2 | 1.3  | 1.2  | 2.3  |      |
|                                               |            | G3 | 0    | 0    | 0.9  |      |
|                                               |            | G4 | 1.1  | 0    | 0    |      |
|                                               | Production | L1 | 0    | 0    | 0    |      |
|                                               |            | L2 | 0    | 0    | 0    |      |
|                                               | Specialist | T1 | 0    | 0    | 0    |      |
|                                               |            | T2 | 0    | 0    | 0    |      |
|                                               |            | T3 | 0    | 3.7  | 3.3  |      |
|                                               | Contract   | R3 | 4.8  | 0    | 2.4  |      |
|                                               |            | R4 | 0    | 0    | 0    |      |
|                                               | Supervisor |    | 0    | 0    | 0    |      |

\* Managers: Part Leaders and higher position leaders, executive (A1), etc.

## SOCIAL DATA

### Length of Service/Turnover

| Category            | Unit    | 2022 | 2023 | 2024 |
|---------------------|---------|------|------|------|
| Average Tenure      | Year(s) | 8.9  | 9.3  | 9.4  |
| Number of Turnovers | Persons | 102  | 98   | 108  |
| Turnover Rate       | %       | 11.3 | 10.7 | 11.5 |

\* Turnover: Voluntary resignations

### Use of childcare leave

| Category                                                                 |        | Unit    | 2022 | 2023  | 2024 |
|--------------------------------------------------------------------------|--------|---------|------|-------|------|
| Use                                                                      | Male   | Persons | 3    | 7     | 11   |
|                                                                          | Female |         | 15   | 20    | 15   |
|                                                                          | Total  |         | 18   | 27    | 26   |
| Reinstatement                                                            | Male   | Persons | 3    | 4     | 10   |
|                                                                          | Female |         | 8    | 14    | 19   |
|                                                                          | Total  |         | 11   | 18    | 29   |
| Number of workers retained for 12 months or more after returning to work | Male   | Persons | 5    | 2     | 4    |
|                                                                          | Female |         | 12   | 8     | 14   |
|                                                                          | Total  |         | 17   | 10    | 18   |
| Number of employees anticipated to return                                | Male   | Persons | 5    | 4     | 11   |
|                                                                          | Female |         | 10   | 16    | 20   |
|                                                                          | Total  |         | 15   | 20    | 31   |
| Return-to-work Rates                                                     | Male   | %       | 60.0 | 100.0 | 90.9 |
|                                                                          | Female |         | 80.0 | 87.5  | 95.0 |

\* Number of employees who have returned to work and remained employed for at least 12 months after returning: Employees who have returned from childcare leave during the previous reporting period.

\* Based on employment status, same as in the business report (including pre- and post-natal leave, leave of absence, etc.)

\* Return rate formula: (Number of employees who returned after parental leave) / (Number of employees anticipated to return after parental leave) × 100

### Education & Training Expenses

| Category                 | Unit        | 2022    | 2023   | 2024    |
|--------------------------|-------------|---------|--------|---------|
| Total training cost      | million KRW | 409.172 | 443.32 | 497.565 |
| Training cost per person |             | 0.4551  | 0.4861 | 0.5299  |
| Total training time      | Hour(s)     | 45,130  | 42,520 | 41,195  |
| Training time per person |             | 50.2    | 46.6   | 43.9    |

### Regular Performance Evaluation/Career Development Performance

| Category                                    | Unit    | 2022 | 2023 | 2024 |
|---------------------------------------------|---------|------|------|------|
| Number of employees to be assessed          | Persons | 761  | 785  | 795  |
| Rates of Number of employees to be assessed | %       | 84.6 | 86.1 | 84.7 |

\* Based on second half evaluations, excluding executives.

\* Employees subject to regular performance assessment: Includes general(employees who worked for more than 90 days within the first half-year), production/field(full-time employees who worked for more than one year), specialists(assessment not conducted during the first half-year, which includes the date of hire. Evaluations begin from the following half-year).

### Labor Union

| Category            | Unit    | 2022 | 2023 | 2024 |
|---------------------|---------|------|------|------|
| Number of Members   | Persons | 259  | 254  | 257  |
| Eligible Membership |         | 857  | 828  | 861  |
| Subscription Rate   | %       | 30.2 | 30.7 | 29.8 |

### Retirement pension

| Category                    | Unit    | 2022           | 2023           | 2024           |
|-----------------------------|---------|----------------|----------------|----------------|
| Number of enrolments        | Persons | 753            | 786            | 773            |
| Subscription (Total amount) | KRW     | 46,551,211,526 | 56,468,518,950 | 58,510,001,914 |

\* Defined benefit (DB)

## SOCIAL DATA

### Number of Suppliers

| Category               | Unit      | 2022 | 2023 | 2024 |
|------------------------|-----------|------|------|------|
| Total suppliers        | Companies | 422  | 403  | 415  |
| Key suppliers          |           | 16   | 17   | 19   |
| New suppliers          |           | 19   | 25   | 44   |
| Re-evaluated suppliers |           | 27   | 57   | 70   |

### Partner Company Industrial Accident Rate

| Category                                      | Unit      | 2022 | 2023 | 2024 |
|-----------------------------------------------|-----------|------|------|------|
| Accident Rate                                 | %         | 0.55 | 0.42 | 0.02 |
| Lost Time Injury Frequency Rate (LTIFR)       |           | 0.15 | 0.37 | 0.23 |
| Number of companies aggregated by injury rate | companies | 16   | 19   | 19   |

\* Suppliers included in accident rate calculation: Key suppliers, 50% or more of the total purchase value (estimated by the Procurement Team)

### Industrial Accident Rate

| Category         |          | Unit | 2022 | 2023 | 2024 |
|------------------|----------|------|------|------|------|
| Head Office/AKIC | All      | %    | 0.00 | 0.11 | 0.00 |
|                  | Accident |      | 0.00 | 0.11 | 0.00 |
|                  | Disease  |      | 0.00 | 0.00 | 0.00 |
| R&D Center       | All      |      | 0.00 | 0.00 | 0.00 |
|                  | Accident |      | 0.00 | 0.00 | 0.00 |
|                  | Disease  |      | 0.00 | 0.00 | 0.00 |
| Cheongyang Plant | All      |      | 0.00 | 1.19 | 0.28 |
|                  | Accident |      | 0.00 | 1.19 | 0.28 |
|                  | Disease  |      | 0.00 | 0.00 | 0.00 |

\* Based on Korea Occupational Safety and Health Agency.

### Safety Walk

|            | Category         | Unit  | 2022 | 2023  | 2024  |
|------------|------------------|-------|------|-------|-------|
| Plant      | Identificatio    | Cases | 545  | 273   | 204   |
|            | Improvement      |       | 526  | 273   | 200   |
|            | Improvement Rate | %     | 96.5 | 100.0 | 98.0  |
| R&D Center | Identificatio    | Cases | –    | 213   | 144   |
|            | Improvement      |       | –    | 213   | 144   |
|            | Improvement Rate | %     | –    | 100.0 | 100.0 |

\* Safety Walk program introduced to the R&D Center in 2023.

### Safety and health training outcomes in 2024

| Business         | Unit    | First half | Second half |
|------------------|---------|------------|-------------|
| Head Office/AKIC | Persons | 416        | 428         |
| Plant            |         | 307        | 298         |
| R&D Center       |         | 67         | 66          |
| Logistics Center |         | 15         | 17          |
| Completion rate  | %       | 100        | 100         |

\* Employees who have completed the regular safety and health training.

### Human Rights Grievance Channel (Reporting)

| Category                    | Unit  | 2024 |
|-----------------------------|-------|------|
| Number of reports           | Cases | 6    |
| Number of reports processed |       | 6    |
| Processing rate             | %     | 100  |

## GOVERNANCE DATA

### Board Operation

| Category                     | Unit     | 2022 | 2023 | 2024 |
|------------------------------|----------|------|------|------|
| Number of meetings           | Meetings | 7    | 8    | 8    |
| Attendance (Average)         | %        | 98.4 | 100  | 100  |
| Internal Director Attendance |          | 100  | 100  | 100  |
| External Director Attendance |          | 95.3 | 100  | 100  |
| Total Number of Agendas      | Cases    | 35   | 48   | 25   |
| Number of Votes              |          | 22   | 35   | 17   |
| Reporting                    |          | 13   | 13   | 8    |

### Board Training and Reporting

| Category                                    | Execution Date | Program                                                                              | Number of participants                                |
|---------------------------------------------|----------------|--------------------------------------------------------------------------------------|-------------------------------------------------------|
| Independent director training (AK Holdings) | May. 2024      | Latest issues from a governance perspective                                          | Min Joonki,<br>Song Heumrae,<br>Park Hyungmyeong      |
|                                             |                | The H case from an ESG perspective / L-Y ownership issue                             |                                                       |
|                                             | Sept. 2024     | Implications of the latest issues from a governance perspective                      | Min Joonki,<br>Song Heumrae,<br>Park Hyungmyeong      |
|                                             |                | Deepfake / K Company management dispute / AR Glasses (Orion)                         |                                                       |
| Executive training (AKT ON)                 | Feb. 2024      | 2024 local and international economic outlook/ sociocultural and consumer trends     | Executive directors and relevant department employees |
|                                             | Mar. 2024      | Logistics SCM for business innovation                                                | Executive directors and relevant department employees |
|                                             | Apr. 2024      | What's going on with Ali and Temu?                                                   | Executive directors and relevant department employees |
|                                             | May 2024       | Population decline, a foregone future                                                | Executive directors and relevant department employees |
|                                             | Jun. 2024      | Unexpected opportunities and risks in Vietnam                                        | Executive directors and relevant department employees |
|                                             | Jul. 2024      | Increasing work efficiency with generative AI (focusing on ChatGPT)                  | Executive directors and relevant department employees |
|                                             | Aug. 2024      | Talking about future leadership: Living as a leader in a world without right answers | Executive directors and relevant department employees |
|                                             | Oct. 2024      | Trend Korea 2025                                                                     | Executive directors and relevant department employees |
|                                             | Nov. 2024      | Strategic thinking of leaders to change the world                                    | Executive directors and relevant department employees |
| Executive reporting                         | Sept. 2024     | ESG task force results                                                               | Executive directors and relevant department employees |

### Government subsidy

(Unit : million KRW)

| 2022 | 2023 | 2024 |
|------|------|------|
| 196  | 147  | 305  |

### Association Membership

Korea Cosmetics Association, Korea Association of Business Executives, Korea Association of Listed Companies, Korea Standards Association, Korea Association for the Promotion of Industrial Technology, Korea Industrial Safety Association, Korea Consumer-centered Enterprise Association, Seoul Chamber of Commerce and Industry, Korea Electronics Packaging and Circuit Association, Korea International Trade Association

| Association                           | Unit        | 2022  | 2023  | 2024  |
|---------------------------------------|-------------|-------|-------|-------|
| Korea Cosmetics Association           | million KRW | 17.22 | 17.82 | 20.52 |
| Korea Standards Association           |             | 1     | 1     | 1     |
| Korea Association of Listed Companies |             | 10.24 | 10.24 | 10.24 |

### Ethical Management Training

| Training                          | Objective                                                                               | Target                                                 | Time                   | No. of employees who completed the training | Percentage of employees who completed training (%) |
|-----------------------------------|-----------------------------------------------------------------------------------------|--------------------------------------------------------|------------------------|---------------------------------------------|----------------------------------------------------|
| Ethical management training       | Essentials of ethical management for new leaders                                        | Organization heads promoted as leaders                 | Apr. 2024              | 10                                          | 1.1                                                |
| Compliance training               | Employee awareness of ethical management, promotion of internal whistleblowing channels | All employees (excluding production workers at plants) | Sept. 2024             | 479                                         | 51.0                                               |
| Trade secret protection training  | Definition and requirements for trade secrets, case studies of trade secret leaks       | All sales/marketing positions, R&D center              | Mar. 2024<br>Apr. 2024 | 232                                         | 24.7                                               |
| Contract signing process training | Contract signing status and precautions for employees                                   | All employees (excluding production workers at plants) | Dec. 2024              | 475                                         | 50.6                                               |

#### Revisions in the Report

- Greenhouse gas emissions: Data for the design center’s 2023 Scope 2 emissions revised following changes to rounding rules.
- Energy consumption: 2023 data revised following changes to estimation criteria.
- Education and training costs: Changes in total and per-person training costs for 2022 due to changes in the criteria used to calculate training costs.
- Employees on parental leave: Data for total and male employees on parental leave in 2022 revised following changes to the disclosure standards.
- Employees who have returned from parental leave: Data for total and female employees who have returned from parental leave in 2022 revised following changes to the disclosure standards.
- Parental leave return rate: Data for 2022 and 2023 revised following changes to estimation criteria.





# Appendix

GRI Standards

SASB

TCFD

Verification Opinion Statement

GHG Verification Opinion Statement



## GRI STANDARDS

|                                 |                                                                                                                                                                          |
|---------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Statement of use                | Aekyung Industrial Sustainability Report has been prepared in accordance with the GRI Standards. The report covers the period from January 1, 2024 to December 31, 2024. |
| GRI 1 used                      | GRI 1: Foundation 2021                                                                                                                                                   |
| Applicable GRI Sector Standards | N/A                                                                                                                                                                      |

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## GRI STANDARDS

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|---------------------------------|------------|---------------------------------------------------------------------------------------------------------------|-----------|
| Occupational Health and Safety  | 403-1      | Occupational health and safety management system                                                              | 45~50     |
|                                 | 403-2      | Hazard identification, risk assessment, and incident investigation                                            | 45~50     |
|                                 | 403-3      | Occupational health services                                                                                  | 45~50     |
|                                 | 403-4      | Worker participation, consultation, and communication on occupational health and safety                       | 45~50     |
|                                 | 403-5      | Worker training on occupational health and safety                                                             | 47~48, 52 |
|                                 | 403-6      | Promotion of worker health                                                                                    | 48        |
|                                 | 403-7      | Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | 45~50     |
|                                 | 403-8      | Workers covered by an occupational health and safety management system                                        | 45~50     |
|                                 | 403-9      | Work-related injuries                                                                                         | 81        |
|                                 | 403-10     | Work-related ill health                                                                                       | 81        |
| Training and Education          | 404-1      | Average hours of training per year per employee                                                               | 80        |
|                                 | 404-2      | Programs for upgrading employee skills and transition assistance programs                                     | 42~44     |
|                                 | 404-3      | Percentage of employees receiving regular performance and career development reviews                          | 80        |
| Diversity and Equal Opportunity | 405-1      | Diversity of governance bodies and employees                                                                  | 79        |
| Child Labor                     | 408-1      | Operations and suppliers at significant risk for incidents of child labor                                     | 63        |
| Forced or Compulsory Labor      | 409-1      | Operations and suppliers at significant risk for incidents of forced or compulsory labor                      | 63        |
| Local Communities               | 413-1      | Operations with local community engagement, impact assessments, and development programs                      | 40, 59~60 |
| Supply chain management         | 414-1      | New suppliers that were screened using social criteria                                                        | 51        |
|                                 | 414-2      | Negative social impacts in the supply chain and actions taken                                                 | 51        |
| Customer Health and Safety      | 416-1      | Assessment of the health and safety impacts of product and service categories                                 | 49        |
| Marketing and Labeling          | 417-1      | Requirements for product and service information and labeling                                                 | 49        |
|                                 | 417-2      | Incidents of non-compliance concerning product and service information and labeling                           | 49        |
|                                 | 417-3      | Incidents of non-compliance concerning marketing communications                                               | 49        |
| Customer Privacy                | 418-1      | Substantiated complaints concerning breaches of customer privacy and losses of customer data                  | 57        |

## SASB

| Topic                                                   | Metric                                                                                                                                                                                               | Code         | Reference Details                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|---------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Water Management                                        | (1) Total water withdrawn, (2) total water consumed; percentage of each in regions with High or Extremely High Baseline Water Stress                                                                 | CG-HP-140a.1 | (1) Water Intake: 248,508 Ton<br>(2) Water Usage: 248,508 Ton<br>(3) Aekyung Industrial's business sites located in areas with high water stress level according to the World Resources R&D Center(WRI) are Cheongyang Plant and Daejeon R&D Center.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|                                                         | Description of water management risks and discussion of strategies and practices to mitigate those risks                                                                                             | CG-HP-140a.2 | Located in a water-stressed area, the Cheongyang Plant uses purified groundwater to reduce its consumption of mains water. Flow meters have been installed in each process to control water usage.<br>In addition, the plant is considering introducing a water recycling system to further reduce water consumption.                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Product Environmental, Health, and Safety Performance   | Revenue from products that contain REACH substances of very high concern (SVHC)                                                                                                                      | CG-HP-250a.1 | All our raw materials are subject to internal standards in accordance with the Chemicals Control Act, and the Act on Registration and Evaluation of Chemicals, and are inclusive of the EU REACH SVHC. All raw materials can only be used when these internal standards are met. In addition we are maintaining cyclopentasiloxane (D5) and cyclohexasiloxane (D6), which are restricted by Annex XVII of EU REACH, at a standard that is higher than the domestic regulatory level and are developing alternative raw materials and formulations.                                                                                                                                                                                                                             |
|                                                         | Revenue from products that contain substances on the California DTSC Candidate Chemicals List                                                                                                        | CG-HP-250a.2 | We use only quality ingredients and raw materials that are suitable for cosmetics use in compliance with the 'Act on the Registration and Evaluation of Chemical Substances' and 'Chemical Control Act', which are domestic regulations in line with the DTSC's Candidate Chemical List.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|                                                         | Discussion of process to identify and manage emerging materials and chemicals of concern                                                                                                             | CG-HP-250a.3 | To ensure product safety, we conduct safety reviews of all raw materials, excluding hazardous chemical components. We continually monitor and evaluate assessments from reputable organizations such as ECHA (European Chemicals Agency), EU SCCS (EU Scientific Committee on Consumer Safety), and the U.S. CIR (Cosmetic Ingredient Review), in addition to complying with domestic regulations. We maintain real-time monitoring to stay updated on global regulatory frameworks, including EU REACH, FDA guidelines, and country-specific pharmacopeias. Internally, within the Aekyung Industrial product safety process, we systematically manage safety information such as Material Safety Data Sheets (MSDS) and Certificates of Ingredients (COI) for all chemicals. |
|                                                         | Revenue from products designed with green chemistry principles                                                                                                                                       | CG-HP-250a.4 | We have obtained Green Technology Certification (Certification Number: GT22-01557) for our eco-friendly kitchen detergent manufacturing technology and confirmed the product 'LABCCIN Kitchen Care Antibacterial Kitchen Detergent' as a green technology product (Certification Number: GTP22-03259). The sales revenue of 'LABCCIN Kitchen Care Antibacterial Kitchen Detergent' in 2024 amounted to 476,963,625 KRW.                                                                                                                                                                                                                                                                                                                                                        |
| Packaging Life cycle Management                         | (1) Total weight of packaging, (2) percentage made from recycled and/or renewable materials, and (3) percentage that is recyclable, reusable, and/or compostable                                     | CG-HP-410a.1 | (1) Total weight of packaging materials: 10,292.42tons<br>(2) Percentage of recycled and/or renewable materials used: 3.9%<br>(3) Percentage of recyclable, reusable, and/or biodegradable materials: 49%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|                                                         | Discussion of strategies to reduce the environmental impact of packaging throughout its lifecycle                                                                                                    | CG-HP-410a.2 | We have established AKGI indicators that can quantitatively evaluate product packaging materials and structures in terms of 3Rs (Reduce, Recycle, and Replace), indicators that improve environmental performance, and are developing sustainable packaging materials.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Environmental & Social Impacts of Palm Oil Supply Chain | Amount of palm oil sourced, percentage certified through the Roundtable on Sustainable Palm Oil (RSPO) supply chains as (a) Identity Preserved, (b) Segregated, (c) Mass Balance or (d) Book & Claim | CG-HP-430a.1 | 31,349 tons of palm-derived raw materials were sourced in 2024.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |

## TCFD

| TCFD recommendations |    |                                                                                                                                                                | Page    |
|----------------------|----|----------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|
| Governance           | a) | Describe the board’s oversight of climate-related risks and opportunities.                                                                                     | p.29    |
|                      | b) | Describe management’s role in assessing and managing climate-related risks and opportunities.                                                                  | p.29    |
| Strategy             | a) | Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.                                    | p.30~31 |
|                      | b) | Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning.                             | p.30~31 |
|                      | c) | Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2° C or lower scenario.     | p.30~31 |
| Risk Management      | a) | Describe the organization’s processes for identifying and assessing climate-related risks.                                                                     | p.32    |
|                      | b) | Describe the organization’s processes for managing climate-related risks.                                                                                      | p.32    |
|                      | c) | Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management.          | p.32    |
| Metrics and Targets  | a) | 7 Disclose the metrics used by the organization to assess climate related risks and opportunities in line with its strategy and risk management process.       | p.33    |
|                      | b) | se Scope 1 (direct emissions), Scope 2 (indirect emissions), and Scope 3 (miscellaneous indirect scope) greenhouse gas (GHG) emissions, and the related risks. | p.33    |
|                      | c) | Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.                               | p.33    |



# VERIFICATION OPINION STATEMENT

## Dear Stakeholders

Korean Foundation for Quality (hereinafter 'KFQ') has been engaged to independently verify the 2024 Sustainability Report (hereinafter 'the Report')<sup>2)</sup> of Aekyung Industrial Co., Ltd. 1) (hereinafter 'the Company'). KFQ is responsible for providing an independent third-party verification opinion on the report based on the verification criteria and scope specified below. The responsibility for the preparation of this report lies with the Company's management.

1) Organization Address (based on headquarters) : 188, Yanghwa-ro, Mapo-gu, Seoul

2) Data Collection Period : January 1, 2024 – December 31, 2024

## Verification Purpose

The purpose of this verification is to ensure the reliability of the data and information stated in the Company's report.

## Verification Scope

### 1. Verification Boundary

Financial Performance – Based on Consolidated Financial Information / Non-financial Performance – Based on All Domestic Business Sites

\* All Domestic Business Sites: Headquarters, AKIC, Cheongyang Plant, Daejeon Plant (suspended since October 2023), R&D Center, and Domestic Logistics Centers (Cheongyang, Yongin, Gimhae)

### 2. Verification Items (Based on the GRI Standards 2021)

| Category            | GRI Standards                                               |                                                    |
|---------------------|-------------------------------------------------------------|----------------------------------------------------|
| Universal Standards | · 2-1 to 2-5 (The organization and its reporting practices) | · 2-22 to 2-28 (Strategy, policies, and practices) |
|                     | · 2-6 to 2-8 (Activities and workers)                       | · 2-29 to 2-30 (Stakeholder engagement)            |
| Topic Standards*    | · 2-9 to 2-21 (Governance)                                  | · 3-1 to 3-3 (Material Topics Disclosures)         |
|                     | · GRI 206 (Anti-competitive Behavior 2016)                  | · GRI 403 (Occupational Health and Safety)         |
| Topic Standards*    | · GRI 207 (Tax)                                             | · GRI 414 (Supplier Social Assessment)             |
|                     | · GRI 301 (Materials)                                       | · GRI 416 (Customer Health and Safety)             |
|                     | · GRI 302 (Energy)                                          | · GRI 418 (Customer Privacy)                       |
|                     | · GRI 305 (Emissions)                                       |                                                    |

\* Topic Standards : Provisions Criteria for Material Issues

### 3. Excluded Items from Verification

The following items are not included within the scope of verification

- 1) Performance and reporting practices of subsidiaries, affiliates, partners, and third parties
- 2) Items related to other sustainability initiatives not based on the GRI Standards 2021 presented in the report
- 3) Other related information such as periodic disclosure reports and financial statements

## Verification Criteria

This verification has been conducted based on [AA1000AS (v3)], [AA1000AP (2018)], and [Type 1 – Moderate]

## Verification Method

The audit team reviewed relevant procedures, systems, and control mechanisms, along with available performance data, to verify the reliability of the report's content based on the aforementioned criteria. The documents reviewed during the verification process are as follows:

### Non-financial Information

Data provided by the company, disclosed Business Reports, and information obtained from media and/or the internet.

## Financial Information

Data disclosed in the electronic disclosure system (dart.fss.or.kr) of the Financial Supervisory Service and data posted on the homepage.

※ However, the contents of the above data are not included in the verification scope.

## International Framework

SASB(Sustainability Accounting Standard Board) Standards/Recommendations – “Household & Personal Products” Indicators in the “Consumer Goods” Sector

## Verification Limitations

This verification inherently contains limitations that may arise in the process of applying the criteria and methodology.

## Competency and Independence

The audit team for this verification was duly composed in accordance with KFQ's internal regulations. KFQ has no conflicts of interest that could compromise the independence and impartiality of the verification, apart from providing third-party verification services.

## Verification Opinion

As a result of the verification, it is the opinion of KFQ that:

- 1) It has been confirmed that the Report was prepared in compliance with the four principles of AA1000AP (2018)

### Inclusivity

The company has appropriately defined stakeholder groups and communicates with them through tailored communication channels that consider the characteristics of each group. The audit team did not identify any missing key stakeholders in this process and confirmed that the company is making efforts to incorporate stakeholder feedback into its management strategy.

### Materiality

The company has identified material issues through an appropriate process and has thoroughly reviewed the relevant impacts to enhance the validity of its materiality assessment. The audit team confirmed that the identified material issues were given due emphasis in this report and that all material issues recognized during the materiality assessment process were reported without omission.

### Responsiveness

The company strives to respond promptly to stakeholders' requirements and key concerns. The audit team did not find any evidence indicating that the organization's response activities and performance regarding material issues were inappropriately reported.

### Impact

The company identifies and monitors the impact of stakeholder-related material issues across its business activities and reports the findings to the extent possible. The audit team did not find any evidence indicating that the impact of material issues was inappropriately measured or reported.

- 2) The report has been appropriately prepared in accordance with the applicable reporting standards, such as (GRI Standards (2021) – Accordance)
- 3) The data and information used for verification were limited to the provided materials and were found to be appropriate, with no significant errors or omissions that could affect the verification opinion.
- 4) Therefore, an "Unmodified Opinion" is provided for the company's 2024 Sustainability Report.

June, 2025  
Seoul, Korea



Ji Young Song

Ji Young Song, CEO  
Korean Foundation for  
Quality (KFQ)

# GHG VERIFICATION OPINION STATEMENT

## GHG Emissions | Aekyung Industrial Co., Ltd

### Verification Target

Korean Foundation for Quality (hereinafter 'KFQ') has conducted a verification of Scope 1, 2 Greenhouse Gas Emissions (hereinafter 'GHG emissions') of Aekyung Industrial Co., Ltd (hereinafter 'Company') for 2024.

Address of organization (head office): 188, Yanghwa-ro, Mapo-gu, Seoul

### Purpose of assurance

To ensure the reliability of the voluntary greenhouse gas emission inventory.

### Verification Scope

KFQ's verification scope covered on all facilities and emission sources under the operational control and organizational boundary of Aekyung Industrial Co., Ltd during 2024.

### Verification Criteria

The verification process was based on [Rule for emission reporting and certification of greenhouse gas emission trading Scheme1)], [2006 IPCC Guidelines for National Greenhouse Gas Inventories] and [ISO14064-1]for every applicable part.

1) Ministry of Environment Notification No. 2025-28

### Level of Assurance

The Verification has been planned and conducted as the 'Rules for verification of operating the greenhouse gas emission trading scheme', and the level of assurance for verification shall be satisfied as reasonable level of assurance. And it was confirmed through an internal review whether the process before the verification was conducted effectively.

### Verification Limitation

The verification shall contain the potential inherent limitation in the process of application of the verification criteria and methodology.

### Verification Opinions

Regarding to the data of the Greenhouse Gas Emission Consumption from the report through the verification, KFQ provides our verification opinions as below;

- 1) GHG emissions for 2024 of Company were properly calculated according to the verification standards.
- 2) The data and information used in calculating the GHG emissions were appropriate, reasonable, and no significant errors or omissions could affect verification statement were not found;  
The results of the greenhouse gas emissions materiality assessment met the agreed-upon standard of no more than 5%.
- 3) Thus, KFQ concludes that the GHG emissions of Company in 2024 is correctly calculated and stated in accordance with 'Rule for emission reporting and certification of greenhouse gas emission trading Scheme'.

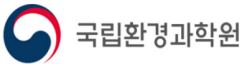
Unit : tCO<sub>2</sub>eq

| Scope 1 | Scope 2   | Total |
|---------|-----------|-------|
| 401.681 | 9,231.156 | 9,629 |

\*The totals in this verification statement do not match the totals in emission trading scheme because the total emissions of each facility are calculated by truncating to integer units.

| Business Site                       | Annual GHG Emissions     |                            |              |
|-------------------------------------|--------------------------|----------------------------|--------------|
|                                     | Direct Emission (scope1) | Indirect Emission (scope2) | Total Volume |
| Head Office                         | 14.674                   | 354.31                     | 368          |
| Cheongyang Plant                    | 342.675                  | 8,008.656                  | 8,351        |
| Daejeon Plant                       | -                        | 26.846                     | 26           |
| R&D Center                          | 44.331                   | 469.018                    | 513          |
| AKIC<br>(Aekyung Innovation Center) | -                        | 77.139                     | 77           |
| Logistics Centers                   | -                        | 273.311                    | 273          |
| Branch                              | -                        | 21.878                     | 21           |
| Total                               | 401.681                  | 9,231.156                  | 9,629        |

April 21. 2025



Ji Young Song

CEO Ji-Young Song  
Korean Foundation for  
Quality

## 2024 AEKYUNG Industrial SUSTAINABILITY REPORT

|                         |                                                                          |                |                 |                 |                |               |                |                |                 |                |
|-------------------------|--------------------------------------------------------------------------|----------------|-----------------|-----------------|----------------|---------------|----------------|----------------|-----------------|----------------|
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|                         | Park, Sunjung                                                            | Park, Seyeon   | Park, Younghyun | Park, Jongsu    | Park, Chaeyeon | Park, Hyeonsu | Park, Hyewon   | Seo, Kwangjuck | Seo, Youngjun   | Seo, Jaehyun   |
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|                         | Jang, Hanee                                                              | Cho, Sihyung   | Jo, Hweesung    | Choi, Rip       | Choi, Youngsoo | Choi, Heejung | Pyo, Yumi      | Hur, Jungjae   | Hyun, Kwangsik  | Hwang, Seop    |
|                         | Hwang, Jiyoung                                                           | Hwang, Jihee   |                 |                 |                |               |                |                |                 |                |
|                         | Han, Dongsung                                                            | Jang, Hangseok | Kim, Juhui      | Jang, Yujin     |                |               |                |                |                 |                |

### SUSTAINABILITY REPORT HISTORY



