

AROMATICA SUSTAINABILITY REPORT 2023

AROMATICA


SAVE THE SKIN, SAVE THE PLANET

About this report

Reporting period	The reporting period for this report is from January 1, 2023, to December 31, 2023. Some activities and performances include data from the last three years (2021-2023). The report is published annually, starting with the 2020 Sustainability Management Report.
Scope of the report	The financial and non-financial performances in this report include AROMATICA's headquarters (Sinsa-dong, Gangnam-gu) and the AROMATICA production plant (Osan-si, Gyeonggi-do).
Verification of the report	This report has undergone a verification process by Quantified ESG to ensure the reliability of the content. The verification was based on the international verification standard AA1000AS, and detailed verification results can be found in the third party verification statement.
Statement on reporting	AROMATICA has prepared and reported this report with reference to the GRI Standards (reporting period: 2023.1.1 - 2023.12.31).
Inquiries	For inquiries regarding the report, please contact: AROMATICA ESG Team I esg@AROMATICA.co.kr

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Our company

About us

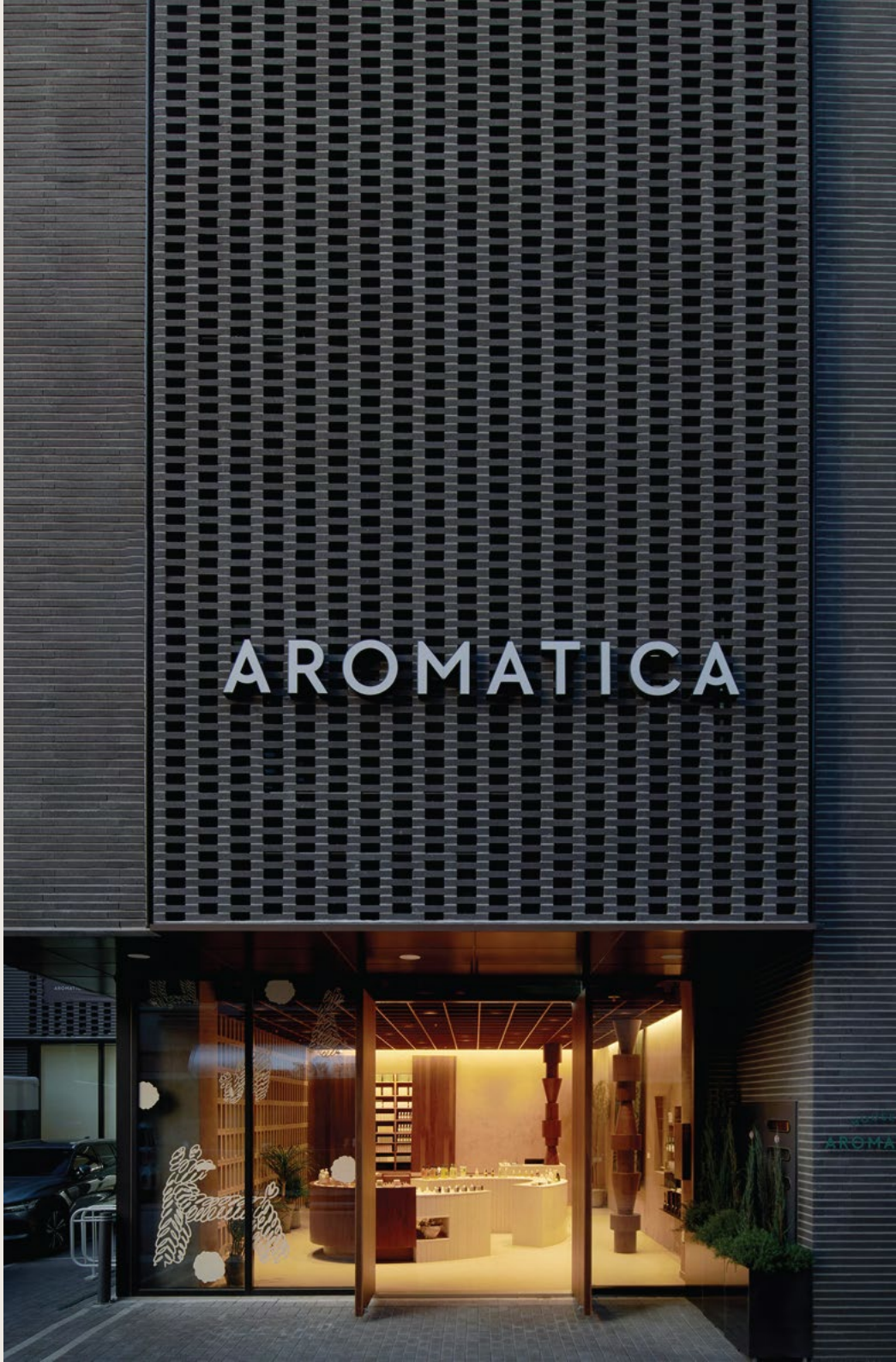
Company name	AROMATICA
CEO	Young Kyun Kim
Number of employees	133
Corporate headquarters address	41-4 Gangnam-daero 162-gil, Gangnam-gu, Seoul
Manufacturing facility location	69, Gajangsaneopseo-RO, Osan-si, Gyeonggi-do
Web	www.aromatica.co

Our history

AROMATICA is a sustainable beauty and lifestyle brand based on aromatherapy, aromatherapy, a healing method with 6,000 years of history.

Aiming for safe and healthy beauty, AROMATICA follows a vegan formula prescription that excludes harmful ingredients and makes products with natural essential oils instead of synthetic fragrances.

As a result of consistently raising the topic of the safety of cosmetic ingredients, we have contributed to the safe change of cosmetic ingredients in Korea and were the first to introduce the US non-profit environmental research organization EWG in Korea. Furthermore, we have undertaken initiatives to reduce the waste generated by cosmetics, we commercialized the first 100% recycled transparent plastic containers for our products, opened the first cosmetic refill station in Korea, and we are leading environmental activities with the core value of 'sustainability'.



AROMATICA Sinsa

Our product

Essential oils, fundamental to aromatherapy, is a substance that retains the vitality and healing energy of plants. Extracted from various parts of plants (flowers, leaves, stems, roots, fruits, resins) depending on their characteristics, it is 100% pure natural volatile oil. AROMATICA's essential oils are dried and extracted under optimal conditions from plants around the world and are approved as food grade because they are not further refined, redistilled, or mixed. AROMATICA develops and produces a variety of beauty & life products, from skincare to hair, body, and home care, allowing aromatherapy to be naturally experienced in daily life.

HAIR CARE Rosemary line



Rosemary
- Scalp scaling shampoo
- Salt scrub shampoo
- Hair thickening conditioner
- Active V anti-hair loss tonic
- Scalp scaling shampoo bar
- Root enhancer

SKIN CARE Glow vita line



Glow vita
- Oil In gel cleanser
- Lip volumizer
- C Toning serum
- Facial scrub
- Goodnight cream

BODY CARE Mellowness line



Mellowness
- Oil in body wash
- Oil in body cream
- Body oil
- Hand cream
- Bath salt

AROMATHERAPY Synergy oil



Synergy oil
- Unburden
- Protecting
- Sleep tight

CEO Message

Hello, I am Young kyun Kim.

AROMATICA is a sustainable beauty & life brand that creates aromatherapy-based products under the brand philosophy of 'SAVE THE SKIN, SAVE THE PLANET.' The year 2024 marks the 20th anniversary of AROMATICA, which began with raising questions about the safety of cosmetic ingredients such as synthetic fragrances. By introducing the EWG to Korea for the first time, we have contributed to making cosmetic ingredients safer in Korea, and we continue to implement various policies and activities to minimize the negative social and environmental impacts of our business.

In particular, we insist on using only raw materials produced in a 'sustainable way' for the ingredients that form the basis of our products, and we regularly visit overseas raw material sites. We also strive to manage our supply chain to prevent human rights violations and environmental destruction.

AROMATICA practices ESG management focused on the 'reuse' and 'recycling' of resources to minimize plastic waste from the cosmetics industry. In 2021, we commercialized 100% recyclable transparent PET containers for the first time in Korea and introduced refill stations for the first time to expand the 'reuse' culture. Additionally, AROMATICA conducts emotional support activities for the independence of single mothers and employee social contribution programs for an inclusive society.

In 2023, AROMATICA achieved its best-ever record sales and profits, and we were recognized for our resource circulation and environmental management activities by receiving the 'Minister of Environment Award.' We are grateful for the interest and support of many stakeholders.

We have designated 2024 as the first year to enhance our ESG management system for a sustainable future as a member of the global corporate citizen. This year, we are also setting and implementing scientific-based reduction targets based on the 1.5℃ reduction scenario to respond to the climate crisis.

From production to sales and consumption of products, we endlessly consider and challenge sustainability and moreover, all employees in AROMATICA will continuously focus on the path that we believe in.

Thank you.

Young Kyun Kim



AROMATICA's 20-Year history



2016

Launching
our refill pack product

Eliminating vinyl
shrink film packaging

Acquired EWG VERIFIED™
certification for 33 items

Selected as EWG
best sunscreen

Feminine wash
(Free from Synthetic fragrance)

2018

Fulfilling plastic-free
Delivery packaging

Zero Coral Reef Destroying
Ingredients Campaign

Against reef destroying ingredient:
Zero Oxybenzone (Benzophenone) and
Octinoxate (Ethylhexyl Methoxycinnamate)

Award-winning in 4 categories
in Hwahae Beauty Awards
(Shampoo, Hair mist, Feminine wash, Body cream)

2019

Establishing
Osan smart factory

Application of over 90%
recycled glass container usage

COSMOS Organic
certification for 3 items



2020

Application of 100%
recycled transparent
PET - A First in Korea

Grand opening of
HOUSE OF AROMATICA Sinsa

AROMATICA Issued the
first Sustainability report



2021

JOIN THE CIRCLE:
Launch resource
circulation campaign

Received the
SBS Eco water award
in policy and manag
ment category

Grand opening of Zero station
at sinsa&hanam starfield

2022

JOIN THE CIRCLE:
10 tons of transparent PET collected

Pilot project with the Ministry of
Environment: Recycling transparent PET
bottles from Hotels

Launched Toothpaste
in single aluminum packaging



2023

Reef Safe sunscreen campaign
with surfers

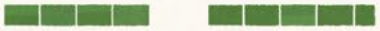
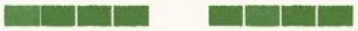
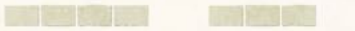
Expanding the JOIN THE CIRCLE
campaign into environmental education

Celebrating Circulation Day
Received the Minister of the
Environment Award

<Kakao Gifts> Reached
10 billion annual sales

2030 Materiality assessment

AROMATICA conducted a materiality assessment to gather employees' opinions on key ESG issues. A dual materiality assessment was conducted on 19 issues, considering both social/environmental impact (Impact Materiality) and financial impact (Financial Materiality). The key issues selected were safe ingredients for the human body, low environmental risk ingredients, resource circulation ecosystem creation, and sustainable packaging.

	Material issues	Impact level Impact Materiality | Financial Materiality	GRI Alignment
1	Safe ingredients for the human body		416 Customer health and safety
2	Raw materials with low environmental risk material		301 Materials
3	Creating a resource circulation ecosystem		306 Materials
4	Sustainable packaging		306 Materials
5	Responsible supply chain		308 Supplier environmental assessment, 414 Supplier social assessment
6	Save water		303 Water and effluents
7	Managing product quality safety		416 Customer health and safety
8	Reducing energy use in the workplace		305 Emissions
9	Setting up a climate action framework		302 Energy, 305 Emissions
10	Data privacy protection		418 Customer privacy
11	Responsible marketing and accurate information delivery		417 Marketing and labeling
12	Talent Development & Education		404 Training and education
13	Safe Working Environment and Employee Health		403 Occupational health and safety
14	Customer Communication		417 Marketing and labeling
15	Board Composition and Operation		2-9 Governance
16	Biodiversity and Ecosystem Impact		304 Biodiversity
17	Ethical Management and Internal Controls		207 Tax
18	Healthy Corporate Culture		405 Diversity and Equal Opportunity, 406 Non-discrimination
19	Positive Impact		203 Indirect Economic Impacts

* The top four issues have been selected as key topics.

2030 Goals and Strategies

AROMATICA eager to have a future where we live harmoniously with the ecosystems where we are also part of it.
We have set our goals of 2030 to create happy communities for our planet, through our packaging and with our products.

Company Mission

SAVE THE SOUL, SAVE THE PLANET

Brand Slogan

SAVE THE SKIN, SAVE THE PLANET

2030 Sustainability Statement

“We are making new movements___”

4 Pillars

Strategies

1 for our planet

Carbon neutrality for the climate crisis

Establish and implement science-based reduction targets based on the SBTi 1.5°C scenario 1)

(42% reduction in Scope 1&2 GHG emissions compared to 2023)

2 through our packaging

Sustainable packages for resource circulation

More than 70% recycled material in plastic containers (23Y, 58% of total plastic recycled content)

Refillable products and refillable items at least 50% of the time (23Y, 10% items per product map)

100% of sustainable paper purchased (23Y, 90% of sustainable paper purchased)

3 with our products

Developing products that are better for people and the planet

Increase the proportion of RSPO-certified raw materials to 50 percent (4% by 2023)

Identify and develop indigenous, native plant essential oils and products

Achieve 90 percent biodegradability certification for rinse-off products

4 towards a happier community

Restoring community through goodwill

Emotional support for vulnerable women through aromatherapy (3,500 people)

100% participation of all employees in social contribution programs

Join the Circle for all generations (50,000 people)

[1] SBTi (Science Based Target Initiative): A global organization established in response to the Paris Climate Agreement, SBTi sets out principles for companies to measure their GHG emissions and verify their actions based on scientific evidence.



Journey of
our responsibility

Lifecycle of our product

From raw materials to products



Raw material from nature
Wild rosemary, which grows in the totana region of spain, is harvested by hand using a sickle, instead of machines. Only the top part of the rosemary is cut off, and the soil is left undisturbed, which is why most of the rosemary plants have been alive for more 100 years. The deep roots of the plants help protect the soil and even capture carbon.



Essential oil extraction
The harvested rosemary is distilled into essential oils at a nearby distillery, with sustainability in mind. Instead of using petrol or electricity to generate heat, they reuse discarded wooden pallets and fruit crates from the local area as firewood.

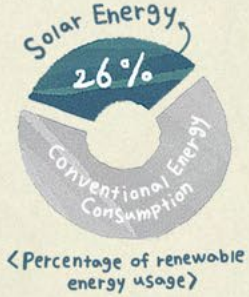


In-house laboratory
AROMATICA conducts product research and development in our own in-house laboratory. We produce products through a meticulous process that complies with the international standard for Good Manufacturing Practices for cosmetics (ISO 22716) and the European certification for organic and natural cosmetics (COSMOS).



Osan smart factory

AROMATICA's manufacturing plant in Osan, Gyeonggi Province, is designed with a smart factory system that practices carbon reduction. Since 2022, 315 solar panels have been installed on the factory roof, generating up to 26% of the factory's annual energy needs from self-produced renewable energy.



Greenhouse gas emission management

AROMATICA has established a greenhouse gas inventory to monitor emissions generated during the manufacturing process. As the first Korean beauty brand to receive approval from SBTi (Science Based Targets initiative), we are actively responding to climate change in line with the 1.5°C scenario. Our goal is to reduce greenhouse gas emissions by 42% by 2030, compared to 2023 levels.

Manufacturing

Water conservation

We conserve and reuse water, a precious resource. Steam generated for dehumidification and condensate from heating the manufacturing kettles are collected and reused for heating the boilers. By utilizing steam over 100°C, we not only save water but also reduce energy consumption. Rainwater is collected and reused for cleaning parking lots or watering flower beds, and organic sludge from the wastewater treatment process is turned into vermicompost, which is used as a soil conditioner.

Manufacturing Process

This mixer combines and blends extracts, essential oils, and plant-based oils, then heats and cools them to create the final product.



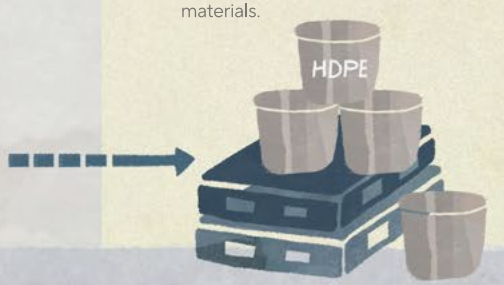


Product completion

After going through AROMATICA's research and manufacturing processes, products are produced in various forms and sizes. To promote the culture of reusing containers, AROMATICA has been offering refill packs (pouches) since 2016 and bulk-size products since 2020. Not only are these containers reused in households, but also in over 100 hotels and resorts.

Waste recycling

We reuse and recycle waste generated from our factory. We collect bulk containers made of HDPE and damaged pallets made of PP and deliver them directly to recycling companies. These materials are then recycled into protective coverings for electrical wires or used as interior construction materials.





Under the intense sun of Totana, Spain, in May 2023
Rosemary is harvested by hand, with only the top part of the plant being carefully cut with a sickle, preserving its deep roots that extend more than 3 meters into the ground. These wild rosemary plants, which have survived in harsh conditions for over 100 years, retain their powerful energy, which is fully captured when extracted into essential oil.



Together with AROMATICA's partners, May 2023


AROMATICA
SERENE
BODY OIL

Spreading reuse culture

Our efforts to reduce plastic waste through container reuse



AROMATICA Sinsa refill zone
Bring your used containers and purchase only the product contents.

Expansion of reusable amenities
At around 100 hotels and resorts nationwide, you can find AROMATICA products in refillable reusable containers.

By reusing containers AROMATICA has reduced 31 tons of plastic by 2023. (Based on 300ml containers, 2021-2023)

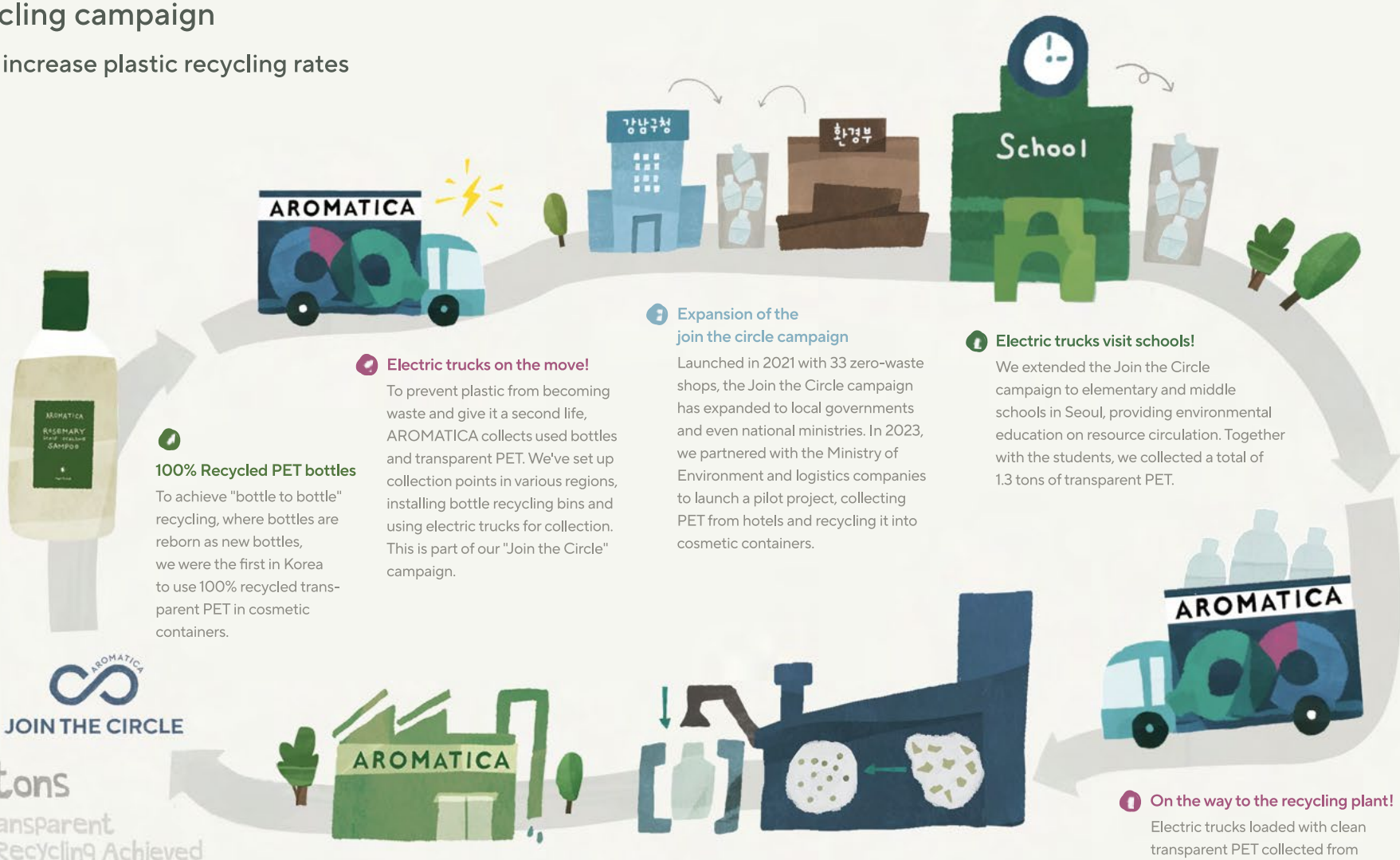
No single-use, start the reuse journey!
By simply refilling the product contents, the container can be reused almost infinitely.

Zero-waste shops
You can also refill your AROMATICA products at your local zero-waste shop.

Refill pack story
At home, you can purchase refill packs and practice container reuse. Since 2016, we've been offering 20 different types of refill products, using approximately 79% less plastic compared to regular containers.

Plastic recycling campaign

Our journey to increase plastic recycling rates



100% Recycled PET bottles

To achieve "bottle to bottle" recycling, where bottles are reborn as new bottles, we were the first in Korea to use 100% recycled transparent PET in cosmetic containers.

Electric trucks on the move!

To prevent plastic from becoming waste and give it a second life, AROMATICA collects used bottles and transparent PET. We've set up collection points in various regions, installing bottle recycling bins and using electric trucks for collection. This is part of our "Join the Circle" campaign.

Expansion of the join the circle campaign

Launched in 2021 with 33 zero-waste shops, the Join the Circle campaign has expanded to local governments and even national ministries. In 2023, we partnered with the Ministry of Environment and logistics companies to launch a pilot project, collecting PET from hotels and recycling it into cosmetic containers.

Electric trucks visit schools!

We extended the Join the Circle campaign to elementary and middle schools in Seoul, providing environmental education on resource circulation. Together with the students, we collected a total of 1.3 tons of transparent PET.

On the way to the recycling plant!

Electric trucks loaded with clean transparent PET collected from Join the Circle campaign hubs head to the recycling plant.

PET Recycling process

At the recycling plant, the collected PET undergoes three stages:

1. Flakes – PET is crushed into small flakes and washed.
2. Pellets – The flakes are melted and cut into uniform pellets.
3. Molding – The pellets are placed in molds and shaped into bottles!

AROMATICA Smart Factory

These 100% recycled PET bottles are then transformed into AROMATICA products at our smart factory.

JOIN THE CIRCLE

13tons of Transparent PET Recycling Achieved

Through the Join the Circle campaign, which began in 2021, we've recycled a total of 13 tons of transparent PET so far (2021–2023).



AROMATICA's PET Recycling Campaign
JOIN THE CIRCLE Electric Truck,
Since September 2021

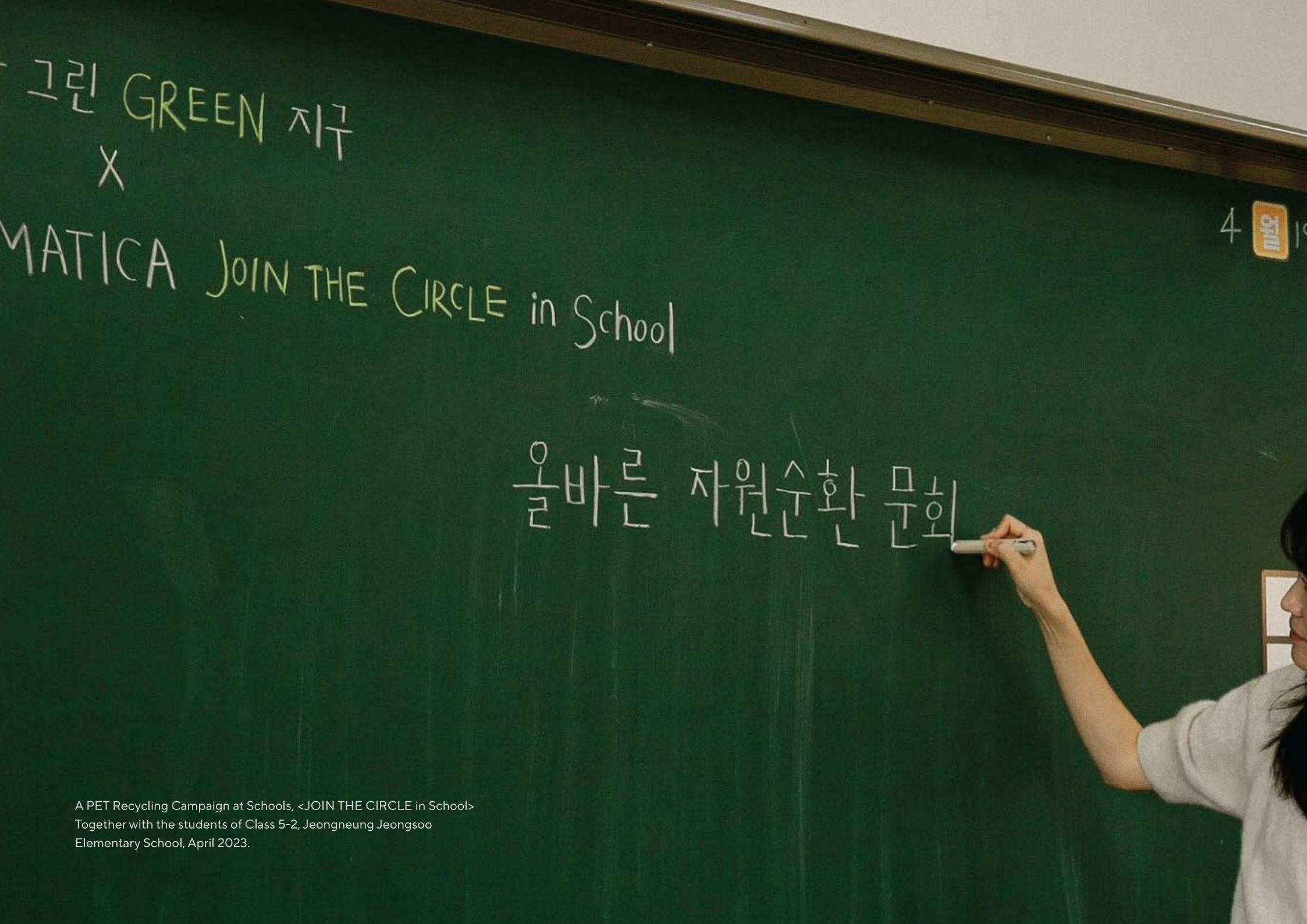


We are cultivating a container reuse and refill culture
at zero-waste shops, hotels, and resorts across the country.





A PET Recycling campaign at schools, <JOIN THE CIRCLE in School>
Together with the students of class 5-2, Jeongneung Jeongsoo elementary school, April 2023.



A PET Recycling Campaign at Schools, <JOIN THE CIRCLE in School>
Together with the students of Class 5-2, Jeongneung Jeongsoo
Elementary School, April 2023.


We are making new movement
for our planet

Our efforts to coexist with the earth

In 2013, AROMATICA publicly declared the <the Declaration of respect for life and environmental management> to fulfill its corporate responsibility towards life and the environment. We have made "sustainability" a core value and continues to engage in various activities to coexist with the Earth's environment.



We won the 'Minister of Environment Award' on the Recycling Day 2023!

AROMATICA won the "Minister of environment award" at the 2023 "Excellent company for reducing disposable packaging materials and promoting recycling" project organized by the ministry of environment on September 6. This is a valuable achievement that was made possible by the sustainable practices and reduction of disposable packaging materials by all AROMATICA employees

ISO 14001 for environmental management systems

AROMATICA's Osan factory has been certified as an environmental management system (ISO 14001) to manage production facilities, product manufacturing and waste in accordance with international guidelines. All employees are committed to minimizing the environmental impact of the production process and making the best use of resources.

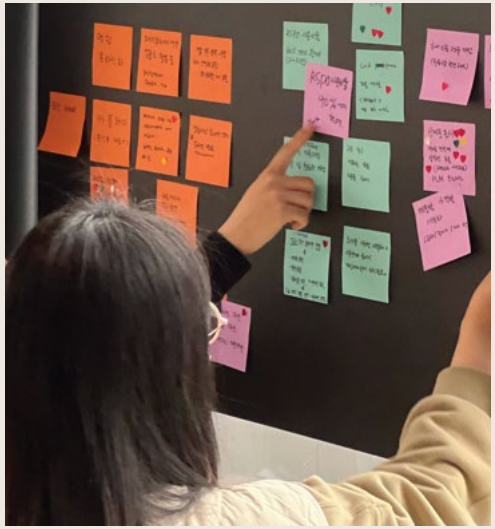
Resource recycling environmental education for future generations

Since 2021, we have recycled a total of 13 tons of transparent PET bottles through JOIN THE CIRCLE, AROMATICA's transparent PET recycling campaign, which has been running for four years. Since 2023, we have been going to schools to conduct campaigns and provide environmental education. In 2023, about 7,000 students from 22 kindergartens, elementary schools, and junior high schools participated in the campaign and received resource recycling education.

Sustainability management workshop 2030 for a healthy AROMATICA

“What kind of changes can we create?" AROMATICA employees gathered to share ideas, discuss, and envision a common goal. From the Product Development Team, Design Team, Production Planning Team, Quality Team, R&D Lab, Engineering Team, Packaging Team, to the Sales Team, we came together to dream about the changes we can make. We worked on shaping AROMATICA's sustainability management blueprint. Stay tuned as we unveil our 2030 goals and strategies, developed through this collaborative process!











AROMATICA Employee plogging event,
Jamwon Hangang Park, November 2023

Happiness shared by the community

SAVE THE SOUL, SAVE THE PLANET is AROMATICA's corporate mission: to use the profits from our business to do good in the world.
We are committed to providing relief, sharing, and restoring our planet to health.



AROMATICA Employee plogging event,
Jamwon Hangang Park, November 2023

Supporting a mom's peaceful state of mind worldwide.

2023, AROMATICA started "Comfort Therapy" to take care of the emotions of vulnerable women and single mothers. To help them build a happy family with strong inner strength, our employees volunteer to conduct aromatherapy classes and massage services. In 2023, we visited four single mothers' facilities with our employees, and on Maternity Day, we donated AROMATICA products as much as we sold in our official mall to single mothers' facilities.

Bring your home's extras to the Reuse Market!

Since 2022, AROMATICA has held a semi-annual in-house reuse market. In 2023, we introduced an 'auction' event as an idea for more participation. Items were sold at a great value with a lot of fun, so people actively participated. The proceeds (KRW 2,000,000) were donated to the migrant refugee center ‘Giving Tree', and the items that could not find their owners were given to a store named 'Beautiful Shop' to find new uses.

Delivering briquettes with warmth

Since 2022, AROMATICA has been participating in briquette donation service at the end of the year with our employees. Briquettes are fossil fuels, so don't worry about environmental pollution. The briquettes we use at home are anthracite, which means they produce very little smoke during the burning process . They are especially valuable heating materials in areas where it is difficult to supply city gas. In 2023, we visited Wisung Village in Bangbae-dong and delivered 2,000 briquettes.

AROMATICA products with heart

Our mission is to ensure that AROMATICA's products reach the people who need them most. In 2023, we donated products to vulnerable women and single mothers, victims of the earthquake in Turkestan, culture, arts and sports, people with disabilities, and the elderly living alone.
In 2023, we donated approximately KRW 75 million worth of goods. Please support AROMATICA so that we can make more impact.







The joy of building together

Work, family, body, mind, and healthy relationships- our lives are made up of so many different elements. At AROMATICA, we make delicate efforts to provide a happy and supportive place for our employees.

Back to the office after parental leave!

AROMATICA has a parental leave policy for all employees regardless of gender. To ensure that childbirth and childcare do not lead to career interruptions, we provide a variety of sincere care for each period, such as pregnancy celebration parties and support postpartum expenses. In 2023, we had a total of 6 employees on a parental leave, and we have a 100% return rate from parental leave for the last 3 years.

Bring our pet to work

Woof woof! AROMATICA is a pet-friendly company where people and animals can commute together. The coexistence of pets has a positive impact on the workplace atmosphere, relationships, and performance. You may take your dog for a walk around the neighborhood during your lunch break, or you may socialize with dogs that you see often to become friends. AROMATICA provides basic pet care items to encourage employees to bring their dogs to work.

Take care of your mental health

For employees' mental health, we have in-house professional counsellors. Since 2021, we have been operating a 'Mind Counselling Centre' where employees can receive psychological counselling in various fields such as emotions, mind in a psychological way, family, child rearing, and job stress. It is a comfortable space where employees can seriously and calmly discuss their lives in the workplace where they spend most of the time during the day.

Catch your breath, take a holiday to refresh

AROMATICA is committed to supporting work-life balance by offering a variety of holiday system for our employees, and we've introduced Refresher Leave, which provides reward time off according to the number of consecutive years of service, as well as holiday bonuses and the opportunity for personal rewards. It's a chance to take a break, take care of yourself, and get re-energized to get back on track.





GRI Contents table

AROMATICA has reported the information cited in this GRI content index
for the period '2023-01-01 ~ 2023-12-31' with reference to the GRI Standards.

The GRI contents included in this report are summarized, and the full version of the GRI Contents Table can be found on AROMATICA's official website.

GRI 2. General Disclosures

2. Activities and workers 2021

2-7 Employees

AROMATICA's employee count in 2023 increased by 7% from the previous year to 133. The majority of employees are in their 30s, and the female leadership ratio is 48%, making the gender ratio of leaders equal.

Executive and employee status in 2023

Classification	Number of employees (person)	Ratio
By gender	38	29%
	95	71%
By age	28	21%
	81	61%
	18	14%
	5	4%
	1	1%
By employment type	132	99%
	1	1%
Executive	11	52%
	10	48%
Total number of employees	133	100%

2-8 Workers who are not employees

AROMATICA calculated the total number of employees, including permanent and temporary (contract) employees under employment contracts.

Non-permanent staff

Classification	2022	2023
Temporary worker	2	1
Dispatched worker	0	0

3. Governance 2021

2-13 Delegation of responsibility for managing impacts

AROMATICA has established an ESG team under the direct supervision of the CEO to internalize the ESG management system within the organization.

The ESG team, as a core department for promoting ESG management, ensures that the values of sustainable management pursued by AROMATICA are reflected in its business activities through internal employee education, monthly sharing sessions, and regular executive meetings to discuss and monitor the ESG agenda.

Through sustainability reports, social media, and other external communication channels, AROMATICA continuously shares its sustainable activities with external stakeholders. In 2023, in collaboration with its employees, established sustainable management goals and strategies for 2030, marking the beginning of enhanced ESG practices.

AROMATICA will strive to strengthen the substance of ESG management based on its philosophy, proactively respond to domestic and international environmental regulations, and establish a sustainable management culture and system.

In 2024, through the Sustainability Committee, AROMATICA plans to deliberate on the risks and policies of sustainable management, and further promote sustainable management activities closely linked to its business operations. Additionally, by planning to operate an ESG Junior board, the company aims to listen to various opinions of its employees and create an organizational culture and system that actively engage in sustainable activities.

2-14 Role of the highest governance body in sustainability reporting

AROMATICA is presenting and reporting on the agenda for promoting sustainable management at the regular executive meeting. In 2023, the ESG team and responsible staff organized an ESG management task force to review ESG-related issues by department and identify improvement tasks.

Staff from each department participated in workshops, exchanged various opinions on greenhouse gas reduction, product planning and development, packaging, and supply chain aspects, and established execution strategies.

In 2024, a 'Sustainable Management Committee' will be established to gather experts in the ESG field and operate environmental, social, and governance aspects more systematically. Furthermore, we plan to actively respond to ESG information disclosure required by external environments and external communications.

4. Strategy, policies and practices 2021

2-23 Policy commitments

AROMATICA aims to practice the social responsibility as a global corporate citizen while striving to prevent potential human rights abuses throughout its business and the entire value chain, aiming for sustainable growth as a company.

To respect and protect the human rights of all employees, AROMATICA adheres to international standards and guidelines related to human rights, such as the Universal Declaration of Human Rights, UN Guiding Principles on Business and Human Rights, OECD Guidelines for Multinational Enterprises, as well as relevant national laws and regulations.

2-24 Embedding policy commitments

AROMATICA has publicly announced its human rights management policy to create a happy and healthy organizational culture for its members. Every member must personally sign an ethical pledge and commit to it.

Instances of workplace sexual harassment or bullying within the work environment can be reported anonymously through designated reporting channels and to relevant personnel. To prevent such incidents, we conduct annual online training on sexual harassment prevention and workplace bullying prevention.

Our in-house 'Counseling center' is staffed with professional counselors who are available for psychological counseling at times convenient for the individual. Additionally, we offer offline 'Meditation Class' and 'A+Therapy' letters for the mental well-being of our members through internal channels.

2-25 Processes to remediate negative impacts

AROMATICA is operating internal systems and programs in accordance with its human rights management policy, and plans to regularly check and evaluate human rights risks in the future. Currently, it is identifying employees' grievances through an annual anonymous survey and operates online and offline counseling and reporting channels throughout the year for anonymous reporting of workplace harassment, sexual harassment, etc.

Human Rights Grievance Handling Process

Report Submission	Report through counseling application, written form, phone, etc.
Counseling	Immediate counseling, confidentiality of identity and content ensured
Investigation Request Submission and Investigation	If the victim requests an investigation Conduct investigation and implement victim protection measures
Personnel Committee	Disciplinary deliberation for the perpetrator
Follow-up Measures	Notify the perpetrator/victim of the outcome Secondary prevention measures, etc.

2-26 Mechanisms for seeking advice and raising concerns

AROMATICA strives for the establishment of a healthy ethical and legal culture, with all employees working together toward this goal. Employees sign an "Ethics Pledge" annually and thoroughly inspect unfair trading practices and corruption-related issues to prevent them.

Not only members but also all stakeholders, including collaborators and third parties, can report instances of non-compliance, such as misconduct, workplace harassment and bullying, through an anonymous reporting channel.

When reporting compliance violations, the identity of the informant is protected, and measures are taken to ensure that they do not suffer any disadvantages due to their report. Depending on the severity of the case, the individuals found to have violated compliance may receive improvement requests or appropriate measures according to employment regulations. Additionally, ongoing monitoring is conducted to prevent recurrences even after the incident has been addressed.

2-27 Compliance with laws and regulations

As of 2023, AROMATICA has had no instances of legal violations.

2-28 Membership associations

AROMATICA is a member of the Korea Packaging Recycling Cooperative (KPRC), and has been registered as a member of The Vegan Society UK since 2015.

5. Stakeholder engagement 2021

2-29 Approach to stakeholder engagement

AROMATICA defines its key stakeholder groups as customers, employees, local communities, shareholders and investors, as well as relevant agencies and associations, and actively communicates through various channels. AROMATICA will continue to engage in active communication with all stakeholders to have a positive environmental and social impact together.

Stakeholder communication

Major stakeholders	Main communication channels	Key issues
Customers	Official website (Q&A, please suggest) Official SNS channels (YouTube, Instagram, etc.)	Safe product use and accurate information delivery Listen to customer feedback
Employeesa	Monthly sharing meeting Labor-Management Council Annual organizational culture satisfaction survey Anonymous communication channel for grievance	Sharing management policy Increase corporate value and communication
Local Communities	Local community social contribution council meeting	Coexistence with the local community
Shareholders -Investors	Regular shareholders' meeting Face-to-face investor meetings and conference calls	Enhancing shareholder value and building corporate value
Associations	Stakeholder dialogue Collaboration and sponsorship Member of Korea Packaging Recycling Business Mutual Aid Association	Government policy changes and responses

2-30 Collective bargaining agreements

AROMATICA operates a labor-management committee by electing a workers' representative with the authority to represent the employees' interests.

The labor-management committee meets quarterly to discuss matters related to employee welfare enhancement, grievance resolution, safety management, and organizational culture. Additionally, it actively communicates with employees through various agendas such as sharing business goals and visions, holding forums, and year-end gatherings. As of now, there have been no instances of collective agreements.

2023 Labor-Management Committee Agenda

Date	Agenda	Participant
November 27, 2023	Sharing information related to 2023 performance review and 2024 business plan announcement Sharing information related to legally required education in 2023 Sharing the contents of the 2023 Aromatica year-end party	Worker committee members: 3 people User committee: 3 people
September 13, 2023	Sharing of awards for excellent teams and excellent employees in the second quarter of 2023 Sharing information on 2023 flu vaccination support Sharing online education contents in the second half of 2023 Sharing the contents of the in-house MBTI program	Worker committee members: 3 people User committee: 3 people
June 7, 2023	Sharing the contents of the 2022 organizational culture diagnosis survey Sharing of awards for excellent teams and excellent employees for the first quarter of 2023 Share the details of the in-house employee loan system Encourage use of recommended annual leave according to company-wide leave in 2023 Sharing the revised contents of the full-time conversion process	Worker committee members: 3 people User committee: 3 people
February 1, 2023	Sharing details of personnel evaluation and salary contract implementation in 2022 Sharing details of year-end tax settlement for 2022 Sharing details of opening of in-house anonymous window Discussion regarding in-house cloud migration	Worker committee members: 3 people User committee: 3 people

GRI 3. Material Topics

1. Disclosures on Material Topics 2021

3-1 Process to determine material topics

AROMATICA conducted its first Double Materiality Assessment since its inception to identify ESG management issues impacting corporate governance and drive sustainable management. Through the materiality assessment, key issues were derived from the perspective of risks and opportunities facing the cosmetics manufacturing industry. The concept of Double Materiality, which considers both external environmental and social factors affecting corporate financial health, along with the impact of corporate operations on the environment and society, was applied.

Step 1. Forming a pool of ESG issues

A process of selecting issue pools considering organizational context such as business activities, business relationships, sustainability context, and stakeholders resulted in the selection of a total of 19 Issue pools. ESG issues relevant to the company were identified through benchmarking within the industry, reviewing criteria from global assessment institutions, and analyzing stakeholder interests through media analysis.

Step 2. Internal/External Environment Analysis

1) Importance based on impact

International Initiatives: Reference was made to the GRI standards, a reporting framework for reporting on a company's economic, environmental, and social performance and impacts.

Industry Benchmarking: MSCI standards were referenced, and the issues and reporting status of peer groups were benchmarked.

Employee Opinion Collection: A survey was conducted to gather employees' opinions on the 19 ESG issues.

Media Coverage: Media articles exposed from 2021 to the present were analyzed for relevance to material topics.

Value Chain: Opportunities and risk factors that may arise in the company's value chain were analyzed, and their impact was assessed.

2) Financial Importance:

Global Assessment Standards: Evaluation criteria from DJSI, MSCI, SASB, and KCGS were reviewed.

Auditor Topic-based Evaluation: Financial impact was analyzed by reflecting the weighting of topics within the auditor's evaluation related to revenue, costs, and risks.

Step 3. Selecting Material topics

Four material topics were selected, each reflecting the weight of its category, through Step 1 issue assessment and Step 2 double materiality analysis and evaluation.

3-2 List of material topics

Based on the evaluation of materiality, AROMATICA selected the following 4 topics as material subjects by considering both financial materiality and impact materiality:

1. Creating a resource circulation ecosystem
2. Raw materials with low environmental risks
3. Raw materials safe for the human body
4. Sustainable packaging



3-3 Management of material topics

AROMATICA has analyzed the environmental and social impacts as well as the financial impacts (costs, revenue, risks, opportunities) of material topics to identify risks and opportunities, and has established effective response measures.
To communicate with stakeholders and respond to external evaluations, AROMATICA has set long-term goals and plans for key issues, and will create a sustainable society and humanity by conducting key issue management and feedback, and establishing a continuous reporting system.

GRI Topic. Economic

GRI 201 : Economic Performance 2016

201-1 Direct economic value generated and distributed

AROMATICA recorded sales of 47 billion won, a 30% increase from the previous year in 2023, and achieved net profit for the second consecutive year. AROMATICA reports a direct economic value creation of 47 billion won. A total of 44 billion won is reported as economic value distribution, including operating expenses, employee wages and benefits, capital distribution, costs paid to the government, and community investment costs. AROMATICA is distributing this economic value to various stakeholders such as shareholders, investors, government, local communities, partners, and employees to realize sustainable value creation. Furthermore, by transparently reporting the economic value results, AROMATICA is fulfilling its responsibility as a company that grows together with stakeholders.

Direct economic value generation and distribution — Unit: one million won

Classification	Stakeholders	Detail	2021	2022	2023
Economic value creation	Customer	Sales	26,273	35,940	35,940
Economic value distribution	Partners	Purchase cost	24,059	24,253	33,988
	Executives	Salary / education / training expenses / welfare expenses	7,150	8,165	9,506
	Shareholder / Investora	Total dividends / interest expense	275	369	478
	Government	Corporate tax burden/tax and dues	55	433	404
	Community	Donation	108	242	71
Reserved economic value			-5,374	2,478	2,567

201-2 Financial implications and other risks and opportunities due to climate change

AROMATICA has conducted an analysis of potential risks and opportunities related to climate change that could impact the company from both financial and strategic perspectives.

Key transition risks include policies and regulations related to greenhouse gases, as well as financial impacts resulting from changes in customer and stakeholder behavior. Additionally, there are physical risks such as facility and production damage caused by natural disasters and climate change, as well as increased energy consumption due to the operation of heating and cooling facilities. To address these challenges, AROMATICA is undertaking campaigns to reduce greenhouse gas emissions and save energy at its facilities. Furthermore, the company is exploring various opportunities, such as engaging in promotional activities and seeking certifications that can meet consumer awareness and stakeholder expectations.

Climate change risk

Classification	Risk	Financial impact	Opportunity factor
Transition risk	Greenhouse gas-related policies and regulations	Increased greenhouse gas emissions and regulatory response costs	Reduce workplace greenhouse gas emissions and reduce energy costs
	Changes in behavioral patterns of customers and stakeholders	Increased cost of certification for high-efficiency and eco-friendly products	Increased trust due to consumer awareness and meeting stakeholder expectations
Physical risk	Damage to facilities and production due to natural disasters and climate change	Increasing costs for transportation, supply chain disruptions, and worker health/security	Facility design considering natural disaster damage
	Increased energy consumption due to operation of heating and cooling facilities	Increased energy costs	Reduce greenhouse gas emissions at the workplace and conduct an in-house energy saving campaign

201-3 Defined benefit plan obligations and other retirement plans

AROMATICA does not have a retirement pension scheme in place, but the company independently operates and manages a reserve fund. As of 2023, with 95 members, the total amount in operation is 2,435,930,000 won.

* The reserve fund operation is for employees who have worked for more than one year after joining the company.

GRI 202 : Market Presence 2016

202-1
Ratios of standard entry level wage by gender compared to local minimum wage

AROMATICA provides fair compensation based on performance and abilities, reflecting internal hierarchy and external market value. As of 2023, the starting salary for office clerks is 133% of the minimum wage, with no gender pay gap.

Starting wage for new employees compared to minimum wage

Gender	Ratio
Male	133%
Female	133%

202-2
Proportion of senior management hired from the local community

AROMATICA operates solely within South Korea, with its headquarters in Seoul and a manufacturing plant in Osan. In 2023, among the total staff of 133 employed at key facilities, the proportion of executive management (such as department heads and the CEO) at our company is 4 out of 133 employees, which is about 3%.

GRI 203 : Indirect Economic Impacts 2016

203-1
Infrastructure investments and services supported

AROMATICA, in line with its mission of "SAVE THE SOUL, SAVE THE PLANET," strives to utilize its profits for relief efforts and charitable initiatives, aiming to create a positive impact on society and restore the Earth's environment. AROMATICA places great importance on returning the profits generated from its corporate activities back to society, thereby creating a virtuous cycle towards a sustainable community.

Therapy for Mom
AROMATICA runs emotional care programs for vulnerable women and single mothers. In 2023, the company visited four single mother facilities with 20 employees. AROMATICA provides aromatherapy and massages using its products, while also teaching therapeutic techniques. Due to the high satisfaction level among the participants, AROMATICA plans to expand this activity in various forms in the future.

Reuse Market with AROMATICA team
Since 2022, AROMATICA has been operating an internal reuse market biannually to promote a culture of reusing resources within the company. Last year, an auction event was introduced to generate donations and encourage employee participation. The proceeds from the sold items (2,000,000 won) were donated to the migrant refugee center "Aju Namu," while unsold items were donated to a local charity.

Volunteer Activities for Multicultural Family
AROMATICA employees engaged in volunteer activities with immigrant and refugee children from marginalized communities. Twenty children were taken to Seoul Grand Park Zoo by five employees. For many children, it was their first visit to the zoo, making it a meaningful occasion to fulfill the social responsibility of a company that targets underserved populations.

Volunteer work donating and delivering Briquettes
AROMATICA has been participating in annual coal donation services since 2022. In 2023, the company delivered coal to a village where people resettled after the Korean War and economic development. In 2022, 15 employees transported 1,500 pieces of coal, while in 2023, 30 employees transported 2,000 pieces.

AROMATICA Product Donations
In 2023, AROMATICA donated products to vulnerable women, single mothers, earthquake victims (Turkey), cultural arts sports initiatives, people with disabilities, and elderly living alone. A total of approximately 75 million won worth of cash and goods were donated throughout the year.

203-2
Significant indirect economic impacts

AROMATICA conducted a total of 6 volunteer programs in 2023, with 46 employees participating, accounting for 35% of all employees. Throughout the year, through internal bazaars and donations, Aromatica returned approximately 75,352,598 won to the local community.

2023 Social contribution activities and employee volunteer activities

Division	2023
Ratio of donations to operating profit	1.9%
Donation (KRW)	75,352,598
Number of programs	6
Number of employees participating in volunteer activities	46
Employee volunteer activity participation rate	35%

GRI 204 : Procurement Practices 2016

204-1
Proportion of spending on local suppliers

204-1 Percentage spent on local suppliers

Unit: one million won

Division	Target	2021	2022	2023
Domestic	Raw materials	7,256	8,775	14,508
	Service	13,009	11,574	16,572
	Ratio	95%	90%	87%
Oversea	Raw materials	734	719	859
	Service	377	1,507	3,619
	Ratio	5%	10%	13%

GRI 207 : Tax 2019

207-1
Approach to tax

AROMATICA complies with diligent tax reporting and payment obligations in accordance with domestic regulations. Furthermore, the corporate tax-related information of our company is disclosed through audit reports filed on the Financial Supervisory Service's electronic disclosure system. Additionally, as per the special accounting treatment provisions for small and medium-sized enterprise accounting under Chapter 31 of the Korean Generally Accepted Accounting Principles, AROMATICA does not recognize deferred corporate income tax. Therefore, the amount payable under the law is recognized as corporate tax expenses.

207-2
Tax governance, control, and risk management

AROMATICA strictly complies with domestic tax laws and related regulations, faithfully fulfilling various obligations including tax payment required by the regulations.

207-3
Stakeholder engagement and management of concerns related to tax

AROMATICA maintains a transparent and healthy relationship with tax authorities by complying with tax reporting and payment deadlines.



GRI Topic. Environment

GRI 301 : Materials 2016

3-3_301 Management of materials

All raw materials for products produced by AROMATICA are managed by the SCM organization, and the quality and system management of raw material suppliers and partner companies are separately handled by the quality assurance team.

301-1 Materials used by weight or volume

AROMATICA used a total of 236.12 tons of palm-derived raw materials in 2023, of which 10 tons were RSPO-certified raw materials. This accounts for 4.24% of the palm-derived raw materials used by AROMATICA.

RSPO certified raw material usage and ratio — Unit: tons

Category	2021	2022	2023
Total usage of palm-derived raw materials	128.49	97.82	236.12
RSPO certified raw material usagea	7.23	6.61	10.05
Percentage of RSPO certified raw materials used	6%	7%	4%

* RSPO (Roundtable on Sustainable Palm Oil) is an internationally recognized standard for sustainable palm oil and is a certification indicating that the product has been produced and procured with a focus on environmental and social responsibility.

301-2 Recycled input materials used

AROMATICA recycled the raw materials generated during the product manufacturing process for use in scrubs and cleansing products. The leftover herbal materials were extracted, dried, and ground to be used as scrub ingredients, incorporated into body scrub products and soap bars. In 2023, AROMATICA used 21.253kg of recycled rosemary raw materials in the production of the Sugar Body Scrub Basil & Clove product, and 0.801kg of recycled tea tree raw materials in the Tea Tree Balancing Cleansing Bar product. These products adhere to the company's policy of utilizing recycled raw materials and strive for sustainable manufacturing processes.

Recycled raw materials — Unit: tons

Raw material	Category	2021	2022	2023
Rosemary	Amount of recycled raw materials used	·	·	0.02
	Percentage of recycled raw materials used	·	·	10%
Tea tree	Amount of recycled raw materials used	·	0.002	0.0008
	Percentage of recycled raw materials used	·	17%	3%

301-3 Reclaimed products and their packaging materials

AROMATICA has been using recycled materials in containers made of transparent PET and glass since commercializing 100% recycled PET in 2021. We apply 100% recycled transparent PET for PET containers and 90% recycled glass for glass containers. In 2023, out of the total plastic usage of 150 tons (including PET, PP, and PE materials), approximately 58% or 86 tons was used as recycled materials. Aromatica aims to use recycled materials in plastic container production at a rate of over 70% by 2030 and will gradually expand the use of recycled materials.

Consumption of recycled packaging materials (2023) — Unit: ton

Category	2023
Use of recycled raw materials in plastic packaging materials	57.7%
	86.71
Total plastic packaging usage	150.18

* Packing material weight and ratio are calculated based on the domestic producer responsibility recycling system (EPR)



GRI 302 : Energy 2016

302-1
Energy consumption within the organization

Energy consumption

Category	Discharge facility name	2021	2022	2023
Purchase power	Power usage (KWh)	731.784	818,021	792,329
Renewable energy	Renewable energy (KWh)	·	9,733	183,428
LNG	Air conditioner (Nm^3)	36,059	28,317	34,790
	Boiler (Nm^3)	33,779	20,291	45,924

*In 2021, only the energy consumption of the Osan plant is included.

302-3 Energy intensity

Energy intensity

Category	Energy consumption	2021	2022	2023
Electricity	Power usage (KWh)	731.784	827,754	975,757
	Energy consumption per unit (KWh/KRW 100 million)	2,793	2,305	2,076
LNG	Usage (Nm^3)	69,838	48,608	80,714
	Energy usage per unit (Nm^3/KRW 100 million)	267	135	172

*Electricity and LNG intensity calculations are calculated based on annual sales.
*Power includes purchased power and renewable energy.

302-4 Reduction of energy consumption

Reduce energy consumption

Category	Subcategory	2021	2022	2023
Installation of air compressor exclusively for purified water system	Savings (KWh)	5,752	5,752	5,752
	Savings (KRW)	504,777	736,330	911,042
Flexible operation of utility equipment operation time	Savings (KWh)	6,275	6,224	6,199
	Savings (KRW)	550,641	796,781	981,845
Turn off lights during non-business hours	Savings (KWh)	5,273	5,273	5,530
	Cost savings (KRW)	462,751	675,025	875,930
Reduce total energy consumption	Savings (KWh)	17,300	5,273	17,482
	Savings (KRW)	1,518,169	2,208,136	2,768,817

*Since the purified water system operation time and operation rate are the same, the three-year data is the same, and the unit price of 1KWH of electricity per year is calculated based on KEPCO.

GRI 303 : Water and effluents 2018

303-2
Management of water discharge-related impacts

Management of water discharge-related impacts

Category	Division	Management standards	2021	2022	2023
Water usage	Waterworks		8,557m^3	7,161m^3	9,275m^3
Wastewater discharge volume	All		2,844m^3	2,109m^3	3,532m^3
Water pollutant discharge concentration (mg/L)	Biological oxygen demand	Below 120	2.7	0.1	4.2
	Total organic carbon	Below 75	2.5	3.4	4.3
	Total nitrogen	Below 60	0.864	1.824	0.453
	Total phosphorus	Below 8	0.067	0.024	0.025
	Suspended solids	Below 120	1.0	0.2	0.2
	Normal hexane mineral oil	Below 5	1.2	0.4	0.1
	Normal hexane animals and plants	Below 3	n/a	1.6	0.5

303-3
Water withdrawal

AROMATICA measures water usage based on the Osan factory, as the usage at the headquarters is minimal. The Osan factory exclusively relies on tap water, utilizing 100% from the municipal supply and does not use groundwater. With an increase in product manufacturing, the annual water consumption in 2023 rose by 22.8% compared to 2022. Located in Osan, Gyeonggi-do, AROMATICA's Osan factory sources its tap water from the Paldang Lake in Osan City. The area around Paldang Lake has a medium-high water stress index (20~40%), indicating moderate water stress.

Total water intake

Unit: ton

Category	2021	2022	2023
Municipal water (tap water) usage	8,557	7,161	9,275
Groundwater usage	·	·	·
Wastewater discharge	2,844	2,109	3,532
Water intake in water-scarce areas*	0	0	0

* Our water intake and usage are the same
* Based on Aqueduct Water Risk, 'water shortage area' refers to an area with a water stress index of 'High' or higher.

303-4
Water discharge

Water discharge

Classification	Division	2021	2022	2023
Water pollutant discharge concentration (mg/L)	Biological oxygen demand	2.7	0.1	4.2
	Total organic carbon	2.5	3.4	4.3
	Total nitrogen	0.864	1.824	0.453
	Total phosphorus	0.067	0.024	0.025
	Suspended solids	1.0	0.2	0.2
	Normal hexane mineral oil	1.2	0.4	0.1
	Normal hexane animals and plants	n/a	1.6	0.5
Water pollutant discharge concentration (kg)	Biological oxygen demand	7.67	0.21	14.83
	Total organic carbon	7.11	7.17	15.18
	Total nitrogen	2.45	3.84	1.59
	Total phosphorus	0.19	0.05	0.08
	Suspended solids	2.84	0.42	0.7
	Normal hexane mineral oil	3.41	0.84	0.35
	Normal hexane animals and plants	n/a	3.37	1.76

303-5
Water consumption

Water consumption

Unit: ton

Category	2021	2022	2023
Municipal water (tap water) usage	8,557	7,161	9,275
Recycled water	.	.	.
Water intake unit (ton / KRW 100 million)	32.66	19.94	19.73

* Our company plans to use purified water, concentrated water, and recycled water starting in 2024.
* Calculation of water intake per unit is calculated based on annual sales.

GRI 304 : Biodiversity 2016

304-1

Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas

AROMATICA's Osan factory is located in the "Gijang 2 General Industrial Complex," and instead of conducting a separate biodiversity risk assessment, it relied on the environmental impact assessment conducted for the "Osan Gijang 2 General Industrial Complex Development Project" to assess biodiversity risks. According to the investigation, there are no natural monuments, protected trees, Ministry of Environment-designated protected wild animals, or endangered wild animals distributed within the Osan factory site.

304-2

Significant impacts of activities, products, and services on biodiversity

Operation of Reef-Safe Sunscreens for Coral Protection

Many sunscreens contain chemical UV filters that can harm marine ecosystems. AROMATICA excludes chemical organic UV filters such as benzophenone-3 (oxybenzone) and ethylhexyl methoxycinnamate (octinoxate) when manufacturing sun care products. Instead, it produces and sells sunscreens formulated with zinc oxide, a representative mineral UV filter, and adopts mineral filters to ensure that ingredient particles are larger than 100nm to prevent absorption by coral reefs.

Use of RSPO Certified Palm-Derived Ingredients

AROMATICA strives to expand the use of RSPO (Roundtable on Sustainable Palm Oil) certified palm-derived ingredients, a sustainable palm oil certification organization. In 2023, it used approximately 10 tons of RSPO certified ingredients, marking a 59% increase from the previous year. However, despite the overall increase in the use of palm-derived ingredients in 2023, the proportion of RSPO certified palm oil decreased slightly compared to 2022.

FSC Certification and Non-Wood Paper Usage

AROMATICA continues its efforts to preserve sustainable forest resources by using FSC (Forest Stewardship Council) certified paper and non-wood paper for 91% of products utilizing paper boxes. Aligning with the newly established AROMATICA <2030 Sustainability Statement>, it aims to achieve 100% FSC certification and non-wood paper usage for products with paper boxes by 2030.

GRI 305 : Emissions 2016

305-1 Direct (Scope 1) GHG emissions

AROMATICA owns and operates one manufacturing plant domestically, and approximately 96% of its direct greenhouse gas emissions occur at the production facility called "Osan smart factory" located in Osan.

Direct greenhouse gas emissions — Unit: tCO_2eq

Category	Discharge facility name	2021	2022	2023
Scope 1	Entire	158.55	114.51	188.15
	Head office	0.00*	3.90	4.44
	Osan Factory	158.55	110.61	183.71

*Due to the headquarter relocation in 2021, Scope 1 emissions in 2021 have not been calculated.
*Includes 3 of the 6 items that constitute greenhouse gases (CO2, CH4, N2O)

305-2 Energy indirect (Scope 2) GHG emissions

Indirect greenhouse gas emissions — Unit: tCO_2eq

Category	Discharge facility name	2021	2022	2023
Scope 2	Entire	354.53	396.37	384.09
	Head office	0.00*	58.07	58.71
	Osan Factory	354.53	338.30	325.38

*Due to the headquarter relocation in 2021, Scope 1 emissions in 2021 have not been calculated.

305-4 GHG emissions intensity

Greenhouse gas emissions intensity — Unit: tCO_2eq

Category	2021	2022	2023
Carbon emissions	513.08	510.88	572.23
Basic unit (tCO_2eq / KRW 100 million)	2.0	1.4	1.2

*Unit calculation is calculated based on annual sales.

305-5 Reduction of GHG emissions

In 2022, AROMATICA installed 315 solar panels (455W) on the unused rooftop space of the Osan smart factory, with a generating capacity of approximately 143.325 kWh per hour. This enables sourcing renewable energy for up to about 26% of the total electricity used by the production facility, resulting in an annual reduction of approximately 88 tCO_2eq in greenhouse gas emissions. Furthermore, since 2020, all company-owned vehicles used for business purposes at the Osan smart factory have been operated as electric cars (2 units), with charging facilities installed at both the headquarters and the Osan smart factory. When calculated based on annual mileage, the greenhouse gas emissions saved by using electric cars instead of gasoline vehicles amount to approximately 14 tCO_2eq per year.

Reduce greenhouse gas emissions — Unit: tCO_2eq

Reduction method	Detail	2021	2022	2023
Sunlight	Reduction through solar power generation	·	4.65*	87.69
Electric car	Reduction amount due to use of electric vehicles compared to internal combustion engine vehicles	13.62	15.41	13.69

*Osan smart factory solar power began generating power in November 2022.

305-6 Emissions of ozone-depleting substances (ODS)

AROMATICA does not emit ozone-depleting substances or have environmental impacts from ozone-depleting substances due to the nature of the industry.

Ozone layer depleting substances — Unit: tCFC-11

Category	2021	2022	2023
Ozone-depleting substances (ODS) production	0	0	0
Ozone-depleting substances (ODS) import volume	0	0	0
Ozone-depleting substances (ODS) export volume	0	0	0
Ozone-depleting substances (ODS) intensity	0	0	0

305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions

AROMATICA's Osan smart factory has three 0.5-ton boilers, with a total capacity of less than 2 tons, exempting it from reporting and self-measurement requirements. As a result, there is no record of emission measurements, but there are plans to measure air pollutant emissions if the self-measurement criteria are met in the future due to production facility expansion.

GRI 306 : Waste 2020

3-3_306 Management of waste

Recycling of raw material bulk containers and logistics pallets

We collect bulk containers (HDPEs) and logistics pallets (PPs) of cosmetic materials discharged during the production process and deliver them to recycling companies every month to recycle them as electric wire protection pipes and interior materials.

Partner and Resource Circulation Collaboration

Reclaims the paper boxes used when moving to the warehouse. In addition, the glass that is discarded from the factory is delivered directly to the glass container manufacturer to make 90% recycled glass containers for AROMAATICA.

Acquired environmental management system (ISO 14001) certification

The Osan smart plant, AROMATICA's production site, has acquired the Environmental Management System (ISO 14001) and manages production facilities and product manufacturing processes in accordance with international guidelines. All executives and employees are making efforts to minimize the environmental impact that inevitably occurs in the production process and make the most of the resources.

306-3 Waste generated

AROMATICA is making efforts to recycle waste generated in the production process into different forms of resources. By improving the method of incinerating industrial waste by 2021 and cooperating with a recycling company producing solid fuel products from 2022, AROMATICA is managing waste to be recycled. AROMATICA aims to continue recycling efforts to utilize waste generated in the manufacturing process as circular resources.

Amount of waste generated at business sites (2021-2023) Unit: ton

Division	2021	2022	2023
Incineration (non-renewable energy)	86.92	1.92	0
recycle	9.85	20.89	26.57
Incineration (non-renewable energy)	3.98	0	14.04
recycle	·	1.61	10.44
Total	100.75	24.42	51.05
Recycling rate	9.8%	92.1%	72.5%

*Calculation of waste generation amount and ratio based on information from the Allbaro system (waste management platform)

306-4 Waste diverted from disposal

AROMATICA recycled 72% of total waste generated in 2023 production process. Although the recycling rate decreased slightly from 2022 (92.1%), it improved the general waste recycling rate by about 10 times compared to 2021 when most waste was incinerated. AROMATICA plans to maintain and increase the recycling rate of industrial waste to give once-used and discarded resources another opportunity for use.

Business waste recycling rate (2021-2023) Unit: %

Division	2021	2022	2023
General waste	10.2	91.6	100
Designated waste	0	100	42.6
Total waste (general + designated)	9.8	92.1	72.5

*Recycling rate calculated based on correct system (waste management platform) information

306-5 Waste directed to disposal

AROMATICA avoids the practice of disposing general waste and designated waste through conventional incineration methods. While general incineration is the simplest and most convenient way of waste disposal, it not only contributes to air pollution but also eliminates the possibility of waste being born again as a resource for another purpose. AROMATICA is constantly exploring ways to reduce the incineration rate of waste and increase the recycling rate.

Waste disposed of without recycling/reuse (2021-2023) Unit: %

Division	2021	2022	2023
General waste - incineration (non-renewable energy) ratio	89.8	8.4	0
Designated waste - incineration (non-renewable energy) ratio	100	0	57.4
Total burn rate	90.2	7.9	27.5

*Calculation of incineration rate based on correct system (waste management platform) information

GRI 308 : Supplier Environmental Assessment 2016

308-1
New suppliers that were screened using environmental criteria

AROMATICA conducts quality, hygiene, and safety management for new partner companies and newly registered partner companies. It has been evaluating various aspects of quality management and systems, including the presence of independent quality assurance departments, quality management laboratories, and quality certifications. Particularly in 2023, we create the "Supplier ESG self-Diagnosis", starting in 2024, we will conduce regular annual evaluations and monitoring of our partner companies's environmental impacts and ESG awareness using this program.

a system called 'Supplier ESG Self-Diagnosis' was established, and starting from 2024, regular annual evaluations and monitoring of partner companies' environmental impacts and ESG awareness will be conducted using this system.



GRI Topic. Social

GRI 401 : Employment 2016

401-1
New employee hires and employee turnover

New recruitment

Unit: person

	Category	2021	2022	2023
	Total number of employees	74	58	71
By gender	Male	20	12	10
	Female	54	46	61
By age	Under 30 person	35	23	23
	30~50 Years old	34	35	38
	Over 50 years old	2	0	10
	Age cannot be confirmed	3	0	0

Attrition

Unit: person

	Category	2021	2022	2023
	Total number of employees	35	62	62
By gender	Male	7	16	15
	Female	28	46	47
By age	Under 30 person	15	26	14
	30~50 Years old	16	36	39
	Over 50 years old	1	0	9
	Age cannot be confirmed	3	0	0

401-2
Benefits provided to full-time employees that are not provided to temporary or part-time employees

Employee benefits

Support items	Detailed support details
Rewards for excellent employees / excellent departments	Awards are given up to four times a year to employees and departments that have contributed to achieving management goals through excellent performance.
Refresh vacation	Quarterly rewards are paid according to years of service
Regular health check-up	About 40 comprehensive health checkups are provided once a year, and family members can also undergo health checkups at the same price as executives and employees, with no limit on the number of people.
Flu vaccination	Support for the cost of flu vaccination every winter
Baby gift	Gift worth KRW 100,000 upon birth
Shortened working hours before and after childbirth and childcare period	Applications can be made within 2 hours for 1 month before maternity leave and 12 months after parental leave.
Postpartum care	Up to KRW 700,000 in postpartum care support
Parental leave	Compliance with statutory childcare leave and support of 100% of first month's salary

401-3
Parental leave

Status of parental leave use

Category	Gender	2021	2022	2023
Number of users on parental leave (person)	Male	0	0	0
	Female	4	6	11
Return rate after parental leave (%)	Male	·	·	·
	Female	100	100	100

GRI 403 : Occupational Health and Safety 2018

403-1 Occupational health and safety management system

AROMATICA prioritizes the protection of employees' lives and safety as the highest value and strives to provide a sustainable workplace.

AROMATICA Safety and Health Management Policy

AROMATICA Co., Ltd. declares the following safety and health management policy to establish a sustainable safety and health foundation through thorough responsibility and active compliance with safety and health principles in corporate management.

First, all AROMATICA members practice safety basic principles and establish a safety culture that complieswith regulations to create a safe and healthy workplace.

Second, to ensure the safety and health of members, we establish and implement a safety and health system, continuously improving it through compliance checks.

Third, we establish safety and health goals, implementing structed education and training to achieve them.

Fourth, we continuously promote safety and health incident and accident prevention activities by predicting potential risks and proactively managing them.

Fifth, we strengthen the cooperative system of subcontracting, outsourcing, and commissioning relationships, assuming responsibility and roles for preventing and reducing industrial accidents through improving the working environment for members and workers.

Sixth, we ensure communication and participation of all members in devising measures for preventing and improving safety accidents, and we publicize this policy to realize transparent safety and health management.

Safety and health management system

No.	Activity	Detail
1	Customized safety and health education	We provide mandatory safety and health training for employees at each business site. We are establishing various training courses, including national qualifications, to train safety and health experts among Osan Plant executives and staff. In 2023, 126 people completed the four major statutory trainings, and safety and health training for each workplace is conducted once a quarter.
2	Strengthening thorough safety inspection activities	Together with a safety management agency designated by the Ministry of Employment and Labor, we systematically prevent potential risks within each workplace. In particular, since the Osan Factory is a manufacturing site that handles cosmetic raw materials, and the safety and health status is thoroughly inspected and managed every month.
3	Enhancing employee health and wellness	We provide preventive guidance and psychological counseling to manage employees' mental health risks caused by stress. In addition, we regularly check the health of workers exposed to noise, dust, and chemicals every month.
4	Safety and Health Council	Currently, the factory and headquarters are operated separately, and the safety and health council systems are scheduled to be merged and streamlined in an advanced manner in 2024.

403-2 Hazard identification, risk assessment, and incident investigation

AROMATICA continuously identifies and improves potential hazards to prevent accidents for all employees, conducting two main activities to prevent safety incidents in office and manufacturing environments.

First, under the supervision of management supervisors, all employees participate in risk assessments to identify and address potential hazards.

Second, at the AROMATICA Osan smart factory, monthly safety and health meetings are regularly held to eliminate identified hazards through on-site inspections by safety managers and safety officers.

Continuous improvement activities are carried out to maintain a healthy and safe working environment for all employees. Furthermore, efforts are made to eliminate safety incident risks through ongoing maintenance and management.

Hazard monitoring, risk assessment and incident investigation results Unit: case

Category	2021	2022	2023
Head office	·	51	14
Factory	33	64	176

Hazard monitoring and risk assessment process

Division	Head office	Osan Factory
Risk assessment	· Participation of all executives and employees · Conduct risk assessment by team led by management · Regular evaluation and maintenance according to risk assessment results · Sharing risk assessment results with all executives and employees (Management Supervisor)	· Participation of all executives and employees · Conduct risk assessment by team led by management supervisor - Identify potential risk factors for each process and share details of near miss cases - Activities to improve potential risk factors · Regular evaluation and maintenance according to risk assessment results · Sharing the risk assessment results with all executives and employees (posting on the safety and health bulletin board) · Conduct regular risk assessments, such as when introducing new equipment or changing work methods
On-site inspection	· Safety accident prevention through on-site inspections - Regular safety inspection	· Safety accident prevention through on-site inspections - Regular safety patrol inspection - Conduct on-site inspections of the entire factory led by the safety and health manager (once a month)
Safety and health meeting	-	· Monthly safety and health meeting - Participation of safety and health management manager, safety manager, and process-specific management supervisor - Sharing of risk factors through on-site inspection and delivery of improvement activities and maintenance matters
Report	· Monthly reporting progress	· Monthly safety and health operation performance report - High risk factor management report (forklift-related inspection items) - Monthly on-site inspection improvements, etc. - Securing budget to improve risk factors

403-3 Occupational health services

Workplace health services

Division	Details
Creating a healthy working environment	Voluntary work arrival and departure system through flexible work system
	Establishment of automatic temperature and humidity control system and operation of air conditioner and exhaust pena
	Prevent respiratory diseases by using dust collection hoods (fixed, mobile) when working on dust or powder processes.
	Prevent secondary respiratory diseases by wearing protective dust masks
	Implementation of special health examinations for chemical substance handling personnel (Article 130 of the Sanan Act)
Rest facilities	Establishment of lounge facilities at headquarters and Osan smart factory
	Factory production workers are guaranteed rest breaks other than lunch hours (10 minutes in the morning/afternoon).
	Operating a table tennis table, massage machine, and foot massager in the lounge
Stress management	Operating a psychological counseling program for executives and employees (operating a mental counseling center)

403-4 Worker participation, consultation, and communication on occupational health and safety

Safety and health council and roles

Council name	Members and Operations	Role
Risk Assessment Meeting	All executives and employees Regular: Once a year Always: When needed	· Identifying and improving potential risk factors for each process · Listen to and improve the VOC of executives and employees who are directly exposed to risk
Partner company Safety and Health Council	Contractor representative and 2 committee members Supplier representative and 2 committee members Operates once a month	· Listening to and improving partner VOC · Joint safety inspection (once a quarter) · Support for partner company safety and health training locations and training materials · Inspection of partner company safety and health activities, etc.
Safety and health meeting	1 person in charge of safety and health management 1 safety and health manager 5 management supervisors Operates once a month	· Sharing risk factors discovered during on-site inspection · Finding measures to improve risk factors · Share maintenance status of risk factor improvements

403-5 Worker training on occupational health and safety

AROMATICA conducts individual health and safety training for employees and supervisor training to enhance workplace health and safety standards.

Status of safety and health education

Year	Education name	Number of people eligible for training	Number of people who completed training	Training completion rate	Training hours per person
2021	3rd quarter safety and health education	97	97	100%	2.3 hours
	4th quarter safety and health education	113	113	100%	2.3 hours
	Supervisor training	2	2	100%	16 hours
2022	1st quarter safety and health training	112	112	100%	4 hours
	2nd quarter safety and health training	101	101	100%	3.4 hours
	3rd quarter safety and health education	107	107	100%	4 hours
	4th quarter safety and health education	96	96	100%	3.6 hours
	Safety and health training when hiring	44	44	100%	8 hours
	Supervisor training	12	12	100%	10.7 hours
2023	1st quarter safety and health training	117	117	100%	2.4 hours
	2nd quarter safety and health training	113	113	100%	2.3 hours
	3rd quarter safety and health education	123	123	100%	2.4 hours
	4th quarter safety and health education	124	124	100%	2.3 hours
	Safety and health training when hiring	44	44	100%	8 hours
	Supervisor training	11	11	100%	8 hours

*Excluding safety and health training for 1st and 2nd quarters of 2021 and recruitment in 2021

403-6 Promotion of worker health

AROMATICA makes various efforts to promote the physical and mental health of its employees. To manage employee health, regular health check-ups are conducted annually for all employees, with special health examinations for those with high levels of exposure to risks. Furthermore, to support the maintenance of employees' emotional well-being, a counseling center is operated. Staffed by professional counselors, the counseling center provides therapy sessions on various topics such as work life, interpersonal relationships, stress, and parenting.

403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships

At the AROMATICA Osan smart factory, to prevent accidents and major incidents, risk assessments are conducted, and safety managers perform regular inspections at least once a week. Based on the safety manager's inspections, the safety officer conducts monthly routine inspections. Monthly safety and health meetings address key issues such as sharing and addressing identified risks through on-site inspections to prevent accidents. Moreover, high-risk processes such as forklift operations in the logistics warehouse and fall or entrapment incidents in the wastewater treatment plant are classified and specially managed due to their potential for major accidents.

403-9 Work-related injuries

AROMATICA is minimizing workplace injuries and preparing preventive measures and plans to prevent similar accidents from recurring.

2023 Industrial Accident 1 case

Overview of the accident
√ On June 21, 23, at 6:20 a.m., AROMATICA cleaning staff tripped over the threshold of a fire door while entering the women's locker room to change clothes after arriving at work.
√ Suffered a hip joint fracture due to the fall.

Plan to prevent recurrence
√ Unable to remove the fire door threshold due to fire regulations, so caution signs will be posted on the fire door threshold.

AROMATICA regularly identifies near-miss accidents. Both the headquarters and the workplace are working together to prevent accidents within the workplace through proactive management of near-miss accidents and to create a safe workplace culture.

2021 Industrial Accident 1 case

Overview of the accident
√ On August 23, 21, at 11:40 a.m., AROMATICA researcher was stirring an experimental medium.
√ The triangular flask shattered due to stirring while the cap was closed on the sterilized medium removed from the autoclave at 121 degrees, under high temperature and pressure.
√ Suffered burns on the face and upper body due to the contents of the triangular flask.

Plan to prevent recurrence
√ Issuance and wearing of face protection masks for laboratory personnel.
√ Installation of emergency showers.
√ Posting of posters on emergency response methods (by accident type).
√ Conducting risk assessments for industrial accidents.

Safety and health management status

Category	2021	2022	2023
Total working hours (hour)	359,160	359,160	385,440
Lost time injuries (case)	1	0	1
Lost time injury frequency rate* (LTIR)	0.56	0	0.52
Number of serious accidents (case)	0	0	0
Number of deaths (case)	0	0	0
Death rate	0	0	0

*Work loss accident rate calculated based on 200,000 working hours

Status of discovering cases of near misses

Unit: case

Workplace	2021	2022	2023
Head office	0	10	13
Factory	3	3	3

*Near-miss accident: An accident almost occurred at the work site due to worker negligence or defects in field equipment, but did not result in a direct accident.

403-10 Work-related ill health

AROMATICA has had no work-related illnesses in the past 3 years.

Number of Occupational Disease Occurrences

Category	2021	2022	2023
Occupational disease incidence (OIFR*)	0.00	0.00	0.00
Number of Occupational Disease Occurrences (case)	0	0	0

*Occupational Illness Frequency Rate



GRI 404 : Training and Education 2016

404-1
Average hours of training per year per employee

Training hours by year

Category	2021	2022	2023
Number of people eligible for training (person)	128	157	169
Total number of students enrolled (person)	128	157	169
Total number of hours attended by all employees (When hiring, quarterly, management supervisor, legally required training, target training by position in 2022) (hour)	1000	3579	2069
Average training hours per employee (hour/person)	7.8	22.8	12.2
Average training hours per man (hour/person)	9.4	29.2	12.9
Average training hours per woman (hour/person)	7	19.9	12

*Please note that the 2021 training includes only the 3rd and 4th quarter training, legally required training, and management supervisor training.

404-3
Percentage of employees receiving regular performance and career development reviews

AROMATICA conducts regular performance evaluations based on Key Performance Indicators (KPIs) set by employees at the beginning of the year.

Percentage of employees receiving regular performance and career development reviews

Category	2021	2022	2023
Percentage of employees receiving regular performance and career development reviews	100	100	100

Evaluation items and ratios

Evaluation indicators	Reflection rate	The details
Performance indicators	70%	It is a performance indicator based on the degree of KPI achievement. It reflects the results and achievements resulting from job performance and goal achievement.
Competency indicators	20%	It reflects personal abilities and job performance. It takes into account proactiveness, leadership, and problem-solving skills.
Qualitative evaluation	10%	It evaluates by combining the opinions of various stakeholders such as colleagues, superiors, and subordinates. This takes into account collaboration skills, communication skills, teamwork, etc.

GRI 405 : Diversity and Equal Opportunity 2016

405-1
Diversity of governance bodies and employees

Executive and employee status in 2023

Classification		Number of employees (person)	ratio
By gender	Male	38	29%
	Female	95	71%
By age	20s	28	21%
	30s	81	61%
	40s	18	14%
	50s	5	4%
	60 Years	1	1%
By employment type	Permanent employee	132	99%
	Non-permanent employee	1	1%
Executive	Male	11	52%
	Female	10	48%
Total number of employees		133	100%

405-2
Ratio of basic salary and remuneration of women to men

Ratio of basic salary for women to men

Rank	Division	Basic salary (KRW)
Management position (basic salary)	Ratio of average female base salary to male average base salary	98.0%
Non-managerial position (basic salary)	Ratio of average female base salary to male average base salary	97.7%

GRI 406 : Non-discrimination 2016

406-1
Incidents of discrimination and corrective actions taken

In 2023, one case of discrimination and harassment was reported, and corrective actions have been taken. We are also conducting thorough preventive measures and education to prevent similar cases in the future.

406-1 Discrimination incidents and corrective actions

Status of discrimination incidents and corrective actions	2021	2022	2023
Number of escalations	0	0	1
Number of corrective actions	0	0	1

GRI 407 : Freedom of Association and Collective Bargaining 2016

407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk

There are no facilities of AROMATICA where there is a serious risk of infringement on the freedom of association and collective bargaining during the reporting period.

GRI 408 : Child Labor 2016

408-1 Operations and suppliers at significant risk for incidents of child labor

In accordance with AROMATICA's Human Rights Management Policy, under <Article 4 prohibiting child labor>, we adhere to the minimum employment age as stipulated by the laws and regulations of each country and region. We verify the age of all workers at the time of recruitment through appropriate means.

GRI 409 : Forced or Compulsory Labor 2016

409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor

In accordance with Aromatica's human rights management policy Article 3, we guarantee labor based on the free will of members and strictly prohibit forced labor due to mental or physical confinement.

GRI 414 : Supplier Social Assessment 2016

414-1 New suppliers that were screened using social criteria

AROMATICA conducts quality, hygiene, and safety management for both new and existing partner companies. We assess aspects of quality management and system, such as the presence of an independent quality assurance department, quality control laboratories, and quality certifications. This year, in particular, we make a "Supplier ESG Self-Assessment" program, and starting from next year, we plan to conduct annual regular evaluations and monitoring of partner companies' social impact (labor practices, human rights, etc.) and ESG awareness.

GRI 416 : Customer Health and Safety 2016

3-3_416 Management of Customer Health and Safety

AROMATICA places a strong emphasis on quality management related to customer safety and health. Economically, maintaining the quality and safety of products builds customer trust, leading to potential positive impacts. Environmentally, producing and managing safe products minimizes environmental pollution and protects the safety and health of people (including human rights) through responsible product manufacturing processes.

AROMATICA strives to minimize negative impacts resulting from organizational activities and business relationships. This includes considerations for product safety in the production process, as well as emphasizing the accuracy of advertising and labeling regarding the safety and efficacy of products. Additionally, all necessary measures are taken to prevent or mitigate negative activities.

Internal regulations for enhancing product quality and safety have been established, and processes for improving quality and services are implemented. This helps prevent and manage potential risks that may arise during product production and distribution.

To track the effectiveness of these efforts, we conduct product quality indicators and customer satisfaction surveys. We set targets and establish plans to achieve them, evaluating the effectiveness of our activities. The results are then reflected in the product development and production processes, ensuring the production of safer and more effective products.

416-1 Assessment of the health and safety impacts of product and service categories

Quality Management System
AROMATICA maintains and manages ISO 22716:2007 certification for 100% of its products based on excellent cosmetics manufacturing and quality management standards to enhance objective evaluation and management of the quality management system.

Product Safety Inspection
AROMATICA conducts self-quality inspections according to the quality system throughout the entire production process to ensure safe products are released to the market.

Product safety and health impact assessment

Unit: %

Division	2021	2022	2023
Percentage of major product/service groups for which safety and health impact assessments were conducted	100	100	100

416-2 Incidents of non-compliance concerning the health and safety impacts of products and services

AROMATICA has had no incidents of health and safety violations related to products and services over the past three years.

Violations related to health and safety impacts of Aromatica products and services

Category	2021	2022	2023
Incidents in which fines or penalties were imposed for violation of regulations	0	0	0
Incidents in which a warning was issued for violation of regulations	0	0	0
Incidents that violate self-regulation	0	0	0

GRI 417 : Marketing and Labeling 2016

417-1 Requirements for product and service information and labeling

AROMATICA manages relevant guides and processes to provide accurate and essential information to consumers about products and services. Essential information guides and marketing guides have been established to ensure that the functions and efficacy of products are not exaggerated and essential information is not omitted.

Product Service Information and Labeling Review Process

Review stage	Department in charge	Review process
Primary	Laboratory	Review marketing statements related to ingredients and raw materials
Secondary	Quality team	Final review of the entire text
3rd	R.A.	Review of all text for overseas export

417-2 Incidents of non-compliance concerning product and service information and labeling

AROMATICA strives for accurate product service information and labeling.
In 2021, during the sale of the skincare product "Kakadu Youth Glow Vita Cream" via the internet, there was a concern that the advertisement could potentially mislead consumers to perceive the product as a functional cosmetic, natural cosmetic, or organic cosmetic due to the representation of 1) organic ingredients and 2) natural essential oils and their components. As a result, a warning was issued, which included a suspension of advertising activities related to the product for three months. However, AROMATICA took this opportunity to establish a new process to prevent violations of regulations related to product service information and labeling. As a result of these efforts, there have been no violations since 2022.

Violation of laws and regulations related to product service information and labeling Unit: case

Category	2021	2022	2023
Number of cases in which fines were imposed for violation of the law	0	0	0
Number of incidents in which warnings were issued for violation of the law	1	0	0
Number of incidents that violated the organization's internal regulations	0	0	0

417-3 Incidents of non-compliance concerning marketing communications

There have been no violations related to marketing communication in the past three years.

GRI 418 : Customer Privacy 2016

418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data

AROMATICA has no history of proven customer data leaks, thefts, or losses over the past three years.
AROMATICA strives to comply with the Personal Information Protection Act and its related regulations.
AROMATICA operates an online mall directly through its website (www.aromatica.co) and has established a privacy policy on the website in accordance with Article 30 of the Personal Information Protection Act.
Furthermore, AROMATICA has established and operates an internal management plan for personal information protection in accordance with Article 29 of the Personal Information Protection Act.

Customer personal information protection

Category	2021	2022	2023
Number of customer personal information leak incidents (case)	0	0	0
Number of customers affected by the breach (person)	0	0	0
Financial damage due to customer personal information leakage (one million won)	0	0	0

Independent Assurance Statement

QuantifiedESG, inc. (“QESG”) has undertaken independent assurance engagement on the <2023 Sustainability Report GRI Table>from the reporting organization(“AROMATICA”) and submitted the assurance statement.

Responsibility of Management

The management of AROMATICA is ultimately responsible for the information and data disclosed in the GRI Table.

Target, Scope, Limitation

-**Target:** <2023 Sustainability Report GRI Table> (“GRI Table”)
-**Scope:** Disclosure information in the GRI Table for the period January to December 2023 (as of August 2024) (including the sustainability-related information for the period January to June 2024)
-**Limitation:** Financial information audited by external auditors; the forward-looking statements presented by AROMATICA

Independence

QESG, as an independent assurance provider, was not involved in the production or preparation of the GRI Table and is responsible for writing assurance opinions based on the objective assurance work for the GRI Table. QESG does not have any conflicts of interest that could impair the independence of the assurance work.

Standards and Levels

QESG performed the assurance work using AA1000AS v3 and provided Type 1 and a moderate level of assurance. The report was reviewed for compliance with the four principles of AA1000AP (2018), which contain inclusivity, materiality, responsiveness, and impact. To ensure the quality and reliability of the data acquisition process, some data points [1] were subject to a review following Type 2 assurance procedures, based on the document submitted by the reporting organization and interview.
1) 302 Energy 2016, 303 Water and Effluents 2018, 305 Emissions 2016, 305 Waste 2020

Approach

QESG reviewed the methods, systems, and controls of the relevant processes, as well as the available performance data, to examine the validity of the GRI Table's content, in accordance with the above standards. Additionally, by interviewing the employees in charge, QESG reviewed the validation and effectiveness of (a) the process of materiality assessment, (b) issue selection considering stakeholders, (c) data collection & management, and (d) reporting procedures and reporting contents. To ensure clarity and accuracy, all errors, inappropriate information, and unclear expressions identified earlier were rigorously corrected before publication.

GRI Assurance Scope

Topic	GRI Disclosures
Economic Performance 2016	201-1, 201-2, 201-3
Market Presence 2016	202-1, 202-2
Indirect Economic Impacts 2016	203-1, 203-2
Procurement Practices 2016	204-1
Tax 2019	207-1, 207-2, 207-3
Materials 2016	3-3_301, 301-1, 301-2, 301-3
Energy 2016	302-1, 302-3, 302-4
Water and Effluents 2018	303-1, 303-2, 303-3, 303-4, 303-5
Biodiversity 2016	304-1, 304-2, 304-4
Emissions 2016	305-1, 305-2, 305-4, 305-5, 305-6, 305-7
Waste 2020	3-3_306, 306-3, 306-4, 306-5
Supplier Environmental Assessment 2016	308-1
Employment 2016	401-1, 401-2, 401-3
Occupational Health and Safety 2018	403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-9, 403-10
Training and Education 2016	404-1, 404-2, 404-3
Diversity and Equal Opportunity 2016	405-1, 405-2
Non-discrimination 2016	406-1
Freedom of Association and Collective Bargaining 2016	407-1
Child Labor 2016	408-1
Forced and Compulsory labor 2016	409-1
Supplier Social Assessment 2016	414-1
Customer Health and Safety 2016	3-3_416, 416-1, 416-2
Marketing and Labeling 2016	417-1, 417-2, 417-3
Customer Privacy 2016	418-1

Approach
-Sample-based evaluation of written documents, provided by AROMATICA, for data collection for sustainability and data analysis
-Review of the material issues which are determined through stakeholder engagement, external media analysis, and research on the BM in the industry
-Review of whether the report is prepared with reference to the GRI Standards 2021
-Interview with employees responsible for the sustainability strategy and materiality matrix
-Interviews with employees in charge to examine the validity of data collection, the process of preparing the GRI Table, and the reliability of internal control
-Review of overall GRI Table quality on sustainability

Opinions and Conclusions
As a result of the assurance conducted according to the procedures stated above, the GRI Table has been prepared with reference to the GRI Standards, and QESG has found no evidence to conclude that the GRI Table is improperly described, or the disclosure information is incorrect. The assurance opinions on the four principles presented in the AA1000AP (2018) are as follows:

Inclusivity: Engagement of stakeholder
AROMATICA has identified various stakeholder groups related to its business activities and established communication channels for each group to actively listen to stakeholder opinions. This information is disclosed through the Report.

Materiality: Identifying and reporting material topics
AROMATICA has conducted the materiality assessments for the first time with a double materiality perspective. It has also carried out a comprehensive analysis of international sustainability standards, external ESG evaluation indicators, domestic and foreign BM in the industry, and media research analysis to identify the level of financial impact and environmental and social impact. As a result, four key material topics[2)] were identified.
2) Key Material Topics: Creating a Resource Circulation Ecosystem, Raw Materials with Low Environmental Impact, Safe ingredients for the human body, Sustainable Packaging

Responsiveness: AROMATICA's response to the topics
AROMATICA has prioritized the material issues identified, and disclosed the information on related policies, activity performance, and improvement plans, with comprehensiveness and balance.

Impact: Considering the impact on the AROMATICA
AROMATICA has analyzed the impacts toward itself or stakeholders regarding the key material topics. Also, it has established mid- to long-term strategies for sustainability.
Based on the analysis of the impacts inward or outward regarding the key material topics, AROMATICA has established mid- to long-term strategies for sustainability. In addition, it has disclosed how it has created the environmental and social value creation through various social activities.

Recommendations
AROMATICA has periodically published the 2023 Sustainability Report GRI Table to report the performance of business activities which have positive environmental and social impacts in the sense of responsibility. This GRI Table is AROMATICA's first GRI Table which refers to the global reporting standards. It is required that an internal control system should be established for reporting on non-financial indicators, an impact assessment in the value chain linked to business activities should be conducted, and a sustainable system for supplier management should be established. Also, active communication with stakeholders about the aforementioned items is recommended.

August 2024
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QuantifiedESG, inc. Ikhyun Bae

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