

# GLOBAL CSR REPORT

FY 2023-24



**schwan cosmetics**

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# ABOUT THIS REPORT

This annual report offers a comprehensive overview of the environmental, social, and governance impact, activities, and performance of the Cosmetics Division of the Schwan STABILO Group, referred to as “Schwan”, “Schwan Cosmetics”, or “we”. The organizational boundaries are clearly defined in the relevant section of this report and are consistent with our financial report, both of which are released six months after the end of the financial year. The content delves into key metrics representing our progress and outlines future strategies. The reporting period encompasses fiscal year 2024, spanning from July 1, 2023, to June 30, 2024, and includes data from all facilities under our ownership and operation. To enhance readability, we have adopted gender-neutral language throughout this report.

This report has been prepared with reference to the Global Reporting Initiative (GRI) Standards, Core Option, a framework that ensures transparency and accountability. The GRI indices, providing detailed references, can be found on pages 106 to 110.

Selected GRI Standards have undergone independent limited assurance verification. Details to verified Standards can be found on pages 150-152.

For further insights into our social impact and sustainability initiatives, please visit [www.schwancosmetics.com](http://www.schwancosmetics.com).

# LETTER FROM **TOMÁS ESPINOSA** BRANIFF CESPEDES

## Dear Stakeholders,

I hope this letter finds you well. It is with great pride that I present our CSR Report for Fiscal Year 2023-24. In an increasingly dynamic and interconnected global landscape, the need for social and environmental responsibility has never been clearer. As a purpose-driven and innovation-focused company, Schwan Cosmetics remains resolute in addressing these pressing challenges. This report serves as a testament to our unwavering commitment to creating sustainable and meaningful impact through our practices and products. Over the past two years, we have solidified a clear vision, purpose, and ambitious long-term goals, striving to set a high benchmark for Environmental, Social, and Governance (ESG) standards in our industry. This year's CSR Report highlights our progress across the three key pillars of sustainable development—Economic, Social, and Environmental—through transparent disclosures of achievements, ongoing initiatives, and challenges.



While our previous fiscal year saw more than double the market growth, this year's sales in our core categories of eye and eyebrow pencils experienced stagnant growth. This stabilization is attributed to reduced high inventory levels at customers and a normalization in demand following the post-pandemic market recovery.

In response to the growing demand for accessible and affordable sustainability, we have prioritized it as a core aspect of our offerings. Through targeted investments, we have secured a two-year supply of leading

sustainable materials from SULAPAC®, enabling us to transition 20% of our product portfolio to eco-friendly packaging, such as TheBetterBarrel, within the next 24 months—all without passing on additional costs to our customers. This democratization of sustainable materials ensures that all customer segments benefit, reducing reliance on virgin fossil plastics and making environmentally conscious choices widely accessible.

Aligned with our broader environmental goals, we have also invested in solar power installations at our facilities in Germany and Mexico. Once fully operational, our German site will meet up to 100% of its daytime electricity needs with renewable energy, reinforcing our commitment to minimizing our carbon footprint.

### Some of our key accomplishments this fiscal year include:

- The introduction of TheBetterBarrel, an innovative, environmentally advanced packaging alternative that reduces CO<sub>2</sub> emissions by almost 70% compared to conventional tubes.
- A € 7.8 million investment in an on-site solar power plant at our German headquarters, achieving 30% self-sufficiency in green electricity.
- A 30% reduction in air freight-based GHG emissions within a single year, thanks to shorter supply chains and a shift toward less emission-intensive transportation modes.
- The near completion of our transition away from Styrofoam packaging materials, currently eliminating an annual consumption of 7500 cubic meters of foamed plastics.

We hope this report provides valuable insights into our sustainability efforts and our vision for a better future. For further details or inquiries, please feel free to contact Hans Kuehn, Senior Vice President of Global Quality Assurance & CSR, at [hans.kuehn@schwancosmetics.com](mailto:hans.kuehn@schwancosmetics.com).

As we continue fostering meaningful dialogue and collaborations, we are excited to advance a more responsible and sustainable beauty industry together. Thank you for your engagement and support as we pursue a future rooted in mindful beauty and ethical practices.

Yours sincerely,  
Tomás Espinosa Braniff Cespedes Chief Executive

A handwritten signature in black ink that reads "Tomás Espinosa Braniff Cespedes". The signature is fluid and cursive, written over a light-colored background.

**"We believe that sustainable solutions must not come with a price premium if they are to be immediately democratized. That's why we continuously develop and invest in technologies that deliver reliable and proven sustainable solutions, accessible to all customers without any price difference. This is our commitment!"**



# ABOUT SCHWAN COSMETICS

## GENERAL INFORMATION ABOUT THE SCHWAN COSMETICS GROUP BUSINESS OVERVIEW

Schwan Cosmetics is part of the Schwan-STABILO Group, headquartered in Heroldsberg, Germany, with more than 3,000 employees globally.

The activities of the Cosmetics division encompass the development, manufacturing, and distribution of cosmetic products and services as a private-label business in the cosmetics industry. To this end, Schwan Cosmetics operates eight production facilities worldwide. The largest manufacturing sites are located in Germany, the Czech Republic, the USA, and Mexico. This regional presence enables efficient customer processes, short delivery routes, and also helps to reduce the ecological footprint in the beauty industry. Focused on innovative, sustainable products, diverse colors, and unique packaging, we are driven by business excellence & sustainability and partner with over 700 customers globally.

The Schwan-STABILO Group, which – aside from cosmetics – also operates in writing pens and outdoor segments, has faced significant challenges due to volatile markets, general geopolitical risks and instabilities, and inflation. In addition to the challenging economic environment, business was impacted by high inventory levels among our direct customers and significant consumer restraint particularly in

the second half of the year. Despite the unfavorable business environment our company successfully managed to limit the decrease in revenue to approximately 6%. This resilient performance highlights our ability to navigate unfavorable market conditions and underscores our commitment to actively adapting our strategies and mitigating the impact of broader economic headwinds on our business.



## TURNOVER OF GROUP AND SUBGROUPS

(Fiscal year 1 July 2023 to 30 June 2024)

**€797.2 million**

(previous year: €850.3 million)  
-6.2%

**€372.9 million**

(previous year: €387.2 million)  
-3.7%



**COSMETICS DIVISION**

**€213.6 million**

(previous year: €217.9 million)  
-2.0%



**STABILO DIVISION**

**€210.5 million**

(previous year: €245.0 million)  
-14.1%



**OUTDOOR DIVISION**



For fiscal year 2023-24, the cosmetics division reported revenues of EURO 372.9 million, reflecting a 3.7% decrease on the previous year. After significantly outpacing market growth last year, sales this year slightly lagged behind market averages. Key market trends showed a shift toward sustainable and multifunctional formulations, with e-commerce and social media marketing boosting online sales, whilst traditional distribution channels continued to face challenges in cultivating customer loyalty and enhancing the retail experience at the point of sale.

As a result, our core categories of eye and brow pencils saw stagnant but stable performance. Signs that the division's strategy, "ONE-SCHWAN", is nonetheless gaining traction are evident in the increased collaboration and strengthened synergies across our global network. We successfully achieved growth through the development of new products, the expansion of existing lines, and the targeting of new customer segments, culminating in an impressive 24% growth in the lip and face categories.

**GLOBAL SALES**  
**2023-24**

**€ 372.9 MILLION**

**BREAKDOWN OF 2023-24 SALES IN MILLION €**

GEOGRAPHIC REGION



- 182 AMERICAS
- 167 EMEA
- 23 APAC

CATEGORY



- 215 EYE
- 50 BROW
- 96 LIP
- 8 FACE
- 5 OTHERS

PRODUCT

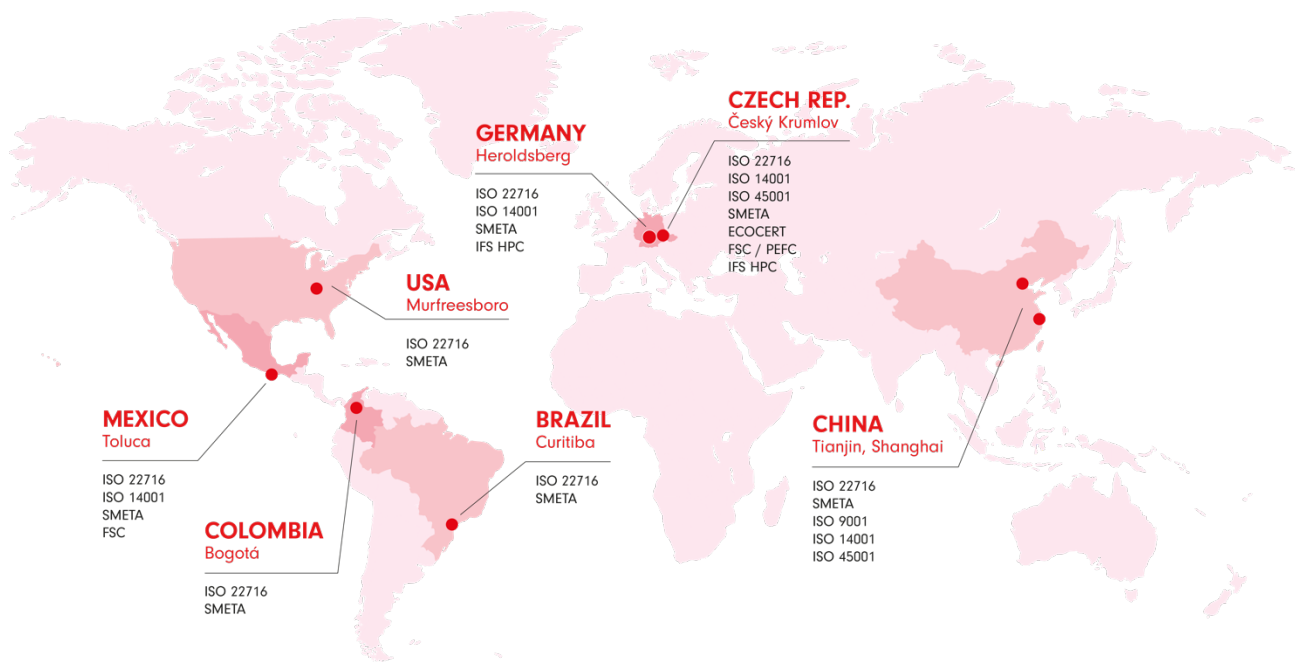


- 154 Sharpenable Pencils
- 147 Mechanical Pencils
- 53 Liquid Liners
- 20 OTHERS

## GLOBAL SUBSIDIARIES

Boasting a distinctive network comprising over 700 clients globally and collaborating with over 200 international suppliers and trend experts, we stand as a trusted partner in the beauty industry. Our global network of

subsidiaries strategically positions us in proximity to our valued customer base. Committed to investing in the future, we stay attuned to market dynamics, translating these insights into sustainable innovation.



## NUMBER OF EMPLOYEES

JUN2024

**1172**

GERMANY

**3133**

WORLDWIDE

**1961**

INTERNATIONAL

# CORPORATE PHILOSOPHY & CORE VALUES

At Schwan Cosmetics, we recognize the rapidly changing world and the need to adapt and to lead in this process with flexibility and a highly ambitious mindset to continue our nearly 100 years of success.

Living our purpose guides us in our global strategy. It helps us to prioritize our goals and to position ourselves in the market and in our environment.

” **OUR AIM IS TO SHAPE A POSITIVE AND MINDFUL IMPACT ON OUR CUSTOMERS, CONSUMERS, SOCIETY, AND THE ENVIRONMENT.** ”

**Silke Hackenberg**  
Chief People & Culture Officer



## OUR PURPOSE

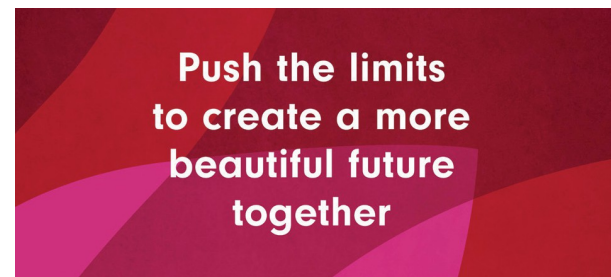
Our purpose “Push the limits to create a more beautiful future together” guides and inspires our development, giving meaning to the work of our employees, and underlines the impact we want to achieve with our innovations.

For us, beauty goes beyond the aesthetic look; it’s about expressing yourself, feeling good, and making a positive difference. That is why, we strive to exceed the expectations of our shareholders. “Our aim is to shape a positive and mindful impact on our customers, consumers, society, and the environment,” says Silke Hackenberg, Chief People & Culture Officer at Schwan Cosmetics.

As ONE Schwan, we challenge the status quo and leave our comfort zone to become

the number one company that combines sustainability and performance.

With our creativity and force of innovation, we are shaping the future of the beauty industry and beyond.



We focus on meaningful relationships with customers, partners, and within our company. We pursue our goals mindfully. Mindful towards our employees, customers, stakeholders, and the environment.

## CODE OF CONDUCT

The Code of Conduct at the Schwanhaeuser Group encapsulates fundamental rules and principles guiding our actions and behavior – a standard we extend to our business partners. Serving as a steadfast framework, it offers guidance to us, our employees, customers, and partners.

This code is emblematic of our self-image,

grounded in a commitment to personal responsibility and unwavering adherence to lawful and ethical conduct. It is a testament to our inner attitude, a conviction that has underpinned our success in the past decades and forms the bedrock for our future achievements. Let us collaboratively strive to ensure unwavering reliability in all we do!

# OUR VALUE

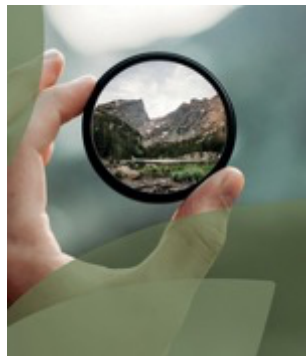
Our values are the foundation of our decisions and actions. They guide our daily work and express our beliefs about how we treat everyone we work with and for. Our values cover all aspects of our business, from our relationships with our partners and stakeholders to our customer satisfaction and business success.

As a company that operates in 130 countries on 5 continents, we strive to live the same values while respecting cultural differences. It is important for us to recognize our common values and cultural differences equally. To achieve this, we have identified four universal values - Respect, Passion, Responsibility and One for All - All for One - that apply across the company. In addition, each site has chosen a fifth value, based on their local needs.



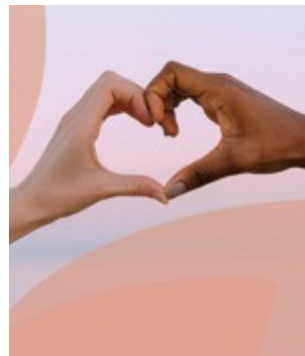
## RESPECT

Having regard for others by being considerate, appreciating our differences & giving everyone an equal voice.



## RESPONSIBILITY

Accountability with our decisions and mindful of the goals we choose to pursue.



## PASSION

Loving what we do & how we do it. Open to challenging the status quo and leaving our comfort zones.



## ALL FOR ONE – ONE FOR ALL

Supporting each other by working together across teams and locations towards the big picture.



# **SUSTAINABILITY: GOVERNANCE, POLICY, AND PLAN**

## **MANAGEMENT APPROACH**

Since 2016, sustainability has been seamlessly woven into the fabric of our corporate strategy at Schwan Cosmetics. Guided by the ethos of managing for the long term, our family ownership structure affords us the capability to steer the business with enduring vision.

The genesis of Corporate Social Responsibility, rooted in the continuous reduction of GHG emissions and a more sustainable use of natural resources, has evolved organically within our organization over the years. At present, ESG principles are deeply ingrained within the framework of Schwan Cosmetics, enveloping the complete spectrum of business, social, environmental, and governance considerations. This integration has led us to establish short-, mid-, and long-term objectives, facilitating an objective and dependable evaluation of our progress.

In our quest for excellence, we continually refine our ESG management system through third-party verification, certifications, and audits, adapting to the nuances of a rapidly evolving regulatory landscape. The focal point of our sustainability management strategy remains unwavering – a dedication to our customers and the discerning needs of end consumers. Valuable insights from stakeholders propel us forward in enhancing our services.

Our commitment to reporting aligns with the Principles of the GHG protocol, extending beyond environmental concerns to encompass governance, social engagement, and our supply chain. We remain cognizant of ongoing opportunities for positive enhancements to our reporting structure and the documented performance of our sustainability initiatives. Joining the Science Based Targets Initiative (SBTi), we align our ambitions with the imperative to limit global warming to 1.5° in accordance with the Paris Agreement.

## **RISK-MANAGEMENT**

In the realm of risk management, Schwan Cosmetics' approach is holistic, encompassing the entire organization and involving key operational processes, functions, and entities. The responsibility for this vital task is decentralized across all management levels, while governance tasks are centrally organized. Identifying generic risks emanating from overarching regulations and globally applicable policies, the Schwan Cosmetics Headquarter defines them, with implementation and surveillance managed primarily at the local level. Central departments support, regulate, and monitor

control activities, ensuring a comprehensive risk management system.

For the second time, we underwent a limited assurance third-party verification according to the GRI Standard through DQS, as detailed in Appendix V of this report.

Our recent participation in the Science Based Targets Initiative (SBTi) helps us to continue the monitoring of our efforts towards an increasingly careful use of our natural resources and to have them confirmed by an independent third party.

## **CORPORATE GOVERNANCE**

Corporate governance at Schwan Cosmetics is orchestrated by the CEO and the Executive Committee (ExCom), comprising the CEO, CFO, and CPCO. The ExCom oversees and controls the entities of the Schwan Cosmetics Group. Empowered to define the Group's objectives and strategic guidelines on economic, environmental, and social matters, the ExCom approves actions deemed suitable for achieving the Company's objectives.

The highest governance body, the Advisory Board, is comprised of members of the Schwanhaeuser family and/or representatives appointed by them. Monthly written reports, which include essential stakeholders and pertinent business information, are submitted. In semi-annual meetings, the CEO personally reports to the members of the Advisory Board. Notably, no member of the highest governance body holds an executive position within Schwan Cosmetics.

The Advisory Board is not included in the organizational boundaries of this report.

Heading the CSR function is the Senior Vice President (SVP) of Quality and CSR, reporting directly to our CPCO. The SVP leads a dedicated team steering corporate-wide sustainability strategy, social impact efforts, and strategic planning and communications around social impact and sustainability, collaborating with brand- and region-led sustainability strategies.

Our Sustainability Team is the driving force behind our social impact and sustainability strategic initiatives, progressing steadily toward our goals and commitments.

## SUSTAINABILITY TEAM

Within our Sustainability Team, regular communication through monthly, quarterly, and annual reporting fosters continued engagement with stakeholders and their representatives, alongside the Executive Committee. Sustainability topics are integral to our annual budget planning process, ensuring adequate resources for all projects and initiatives.

## GOVERNANCE STRUCTURE



## SELECTED COOPERATIONS AND MEMBERSHIPS

Our commitment to creating a positive impact is strengthened through alliances and partnerships with like-minded companies and organizations. By working together, we can achieve a synergy effect that exceeds our individual capacities.

### SOCIAL RESPONSIBILITY & HUMAN RIGHTS

#### ECOVADIS

Since 2014, we are annually audited by the international assessment platform EcoVadis in the areas of the environment, social affairs, ethics, and supply chain.



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#### SEDEX

All Schwan Cosmetics sites with direct customer contact perform annual third party SEDEX SMETA audits. We take the observations and recommendations seriously and implement the necessary measures. These audits help us monitor our social policies and guide our continuous improvement efforts.



### REPORTING

#### CARBON DISCLOSURE PROJECT (CDP)

CDP is a not-for-profit charity that runs the global disclosure system for investors, companies, cities, states, and regions to manage their environmental impacts.



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#### SCIENCE BASED TARGETS INITIATIVE (SBTi)

We have been a member of the Science Based Targets Initiative (SBTi) since 2022. SBTi is a collaboration between the Carbon Disclosure Project (CDP), the United Nations Global Compact, the World Resources Institute (WRI), and the World-Wide Fund for Nature (WWF). Its goal is to decrease greenhouse gas emissions and replace vague and difficult-to-monitor corporate commitments with emissions reductions that are science-based and can be verified.



## PARTNERING FOR SUSTAINABLE PRODUCTS

### ROUNDTABLE ON SUSTAINABLE PALM OIL (RSPO)

As a founding member of the Roundtable on Sustainable Palm Oil, this non-profit organization unites stakeholders from the seven sectors of the palm oil industry to promote sustainability.



### RESPONSIBLE MICA INITIATIVE (RMI)

The RMI is a worldwide alliance dedicated to implementing policies and achieving a fair, responsible, and sustainable mica supply chain in the Indian states of Jharkhand and Bihar. This initiative aims to eliminate unacceptable working conditions and put an end to child labor by 2022. Schwan Cosmetics has been a founding member of RMI since 2016.



### SUSTAINABLE PACKAGING INITIATIVE FOR COSMETICS (SPICE)

Schwan Cosmetics became a corporate member of SPICE in September 2018. Together with SPICE, our objective is to establish consistent packaging guidelines, promote innovative packaging solutions, and provide consumers with transparency regarding the environmental impact of our products.



### COMMIT FOR OUR PLANET

Cosmetics Europe's "Commit for Our Planet" Initiative represents an unprecedented cosmetics industry-wide initiative to reduce the sector's environmental footprint in Europe. The initiative comprises specific commitments within the three themes of climate, packaging and nature that will help drive progress across the full value chain.



# SCHWAN COSMETICS STAKEHOLDERS AND MATERIALITY ANALYSIS

Stakeholders encompass individuals or entities with the capacity to impact or be impacted by the endeavors of Schwan Cosmetics. Understanding their expectations plays a pivotal role in delineating materiality and the subsequent objectives derived from it. Identification of stakeholders within the Schwan Cosmetics Group emerged from internal dialogues with members of pertinent groups, discussions with the management team, and scrutiny and endorsement by the Executive Committee. The delineation of stakeholders adheres to the GRI Sustainability Reporting Standards, ensuring

alignment with industry best practices.

Materiality refers to the significance or importance of specific economic, environmental, and social issues for a company or organization and its stakeholders. Material issues are those that may affect decision-making processes of stakeholders, such as investors, customers, employees, communities, and media. Our goal is to focus on issues that are not only important for the company's long-term success but also align with the concerns and expectations of our stakeholders.

## **Our materiality and stakeholder analysis unfolded in two key phases:**

1. Identification of non-financial topics and stakeholders of potential relevance
2. Prioritization of identified topics and stakeholders through the evaluation of their actual relevance to our business and operations

## **For the identification of material topics and stakeholders relevant to the Schwan Cosmetics business we did the following:**

- **Benchmark Analysis:** Examining sustainability topics and stakeholders in public reports from clients, competitors, and comparable entities, coupled with a global assessment of sustainability trends.
- **Mapping of Non-Financial Aspects:** Surveying primary non-financial aspects considered in sustainability reports, sustainability ratings, and recognized by international organizations.
- **Stakeholders Mapping:** Analyzing key stakeholders and their priorities regarding sustainability topics.
- **Sector-Specific Analysis:** Mapping non-financial aspects relevant to the cosmetic sector through the review of publications from cosmetics associations and the press.

Once potential non-financial topics relevant to Schwan Cosmetics were defined, a significance analysis ensued. This involved correlating economic risk with probability risk from the perspective of Schwan Cosmetics. In 2022, a comprehensive assessment engaged key corporate functions,

soliciting their ranking of each topic's importance. This evaluation considered economic risk, probability risk, and the impact on the company's ability to create value, along with associated risks and opportunities for each aspect.

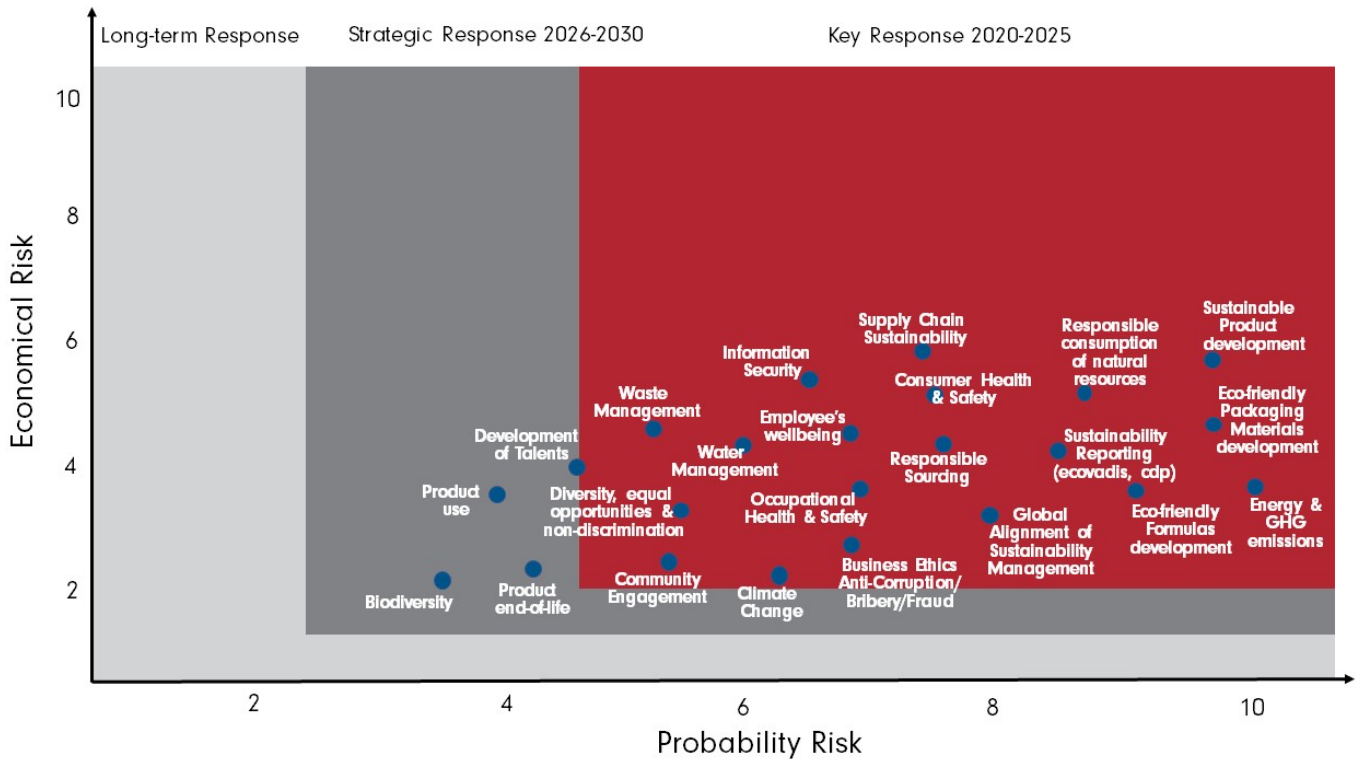
## SCHWAN COSMETICS STAKEHOLDERS:

- Public Administration and Authorities, lawmakers, local communities
- NGOs and multi-stakeholder associations
- Owners / Owners Advisory Board
- Customers
- Consumers
- Public Opinion
- Suppliers
- Employees, Trade Unions and Employees representative committees

## STAKEHOLDERS CHANNELS OF COMMUNICATION AND ENGAGEMENT

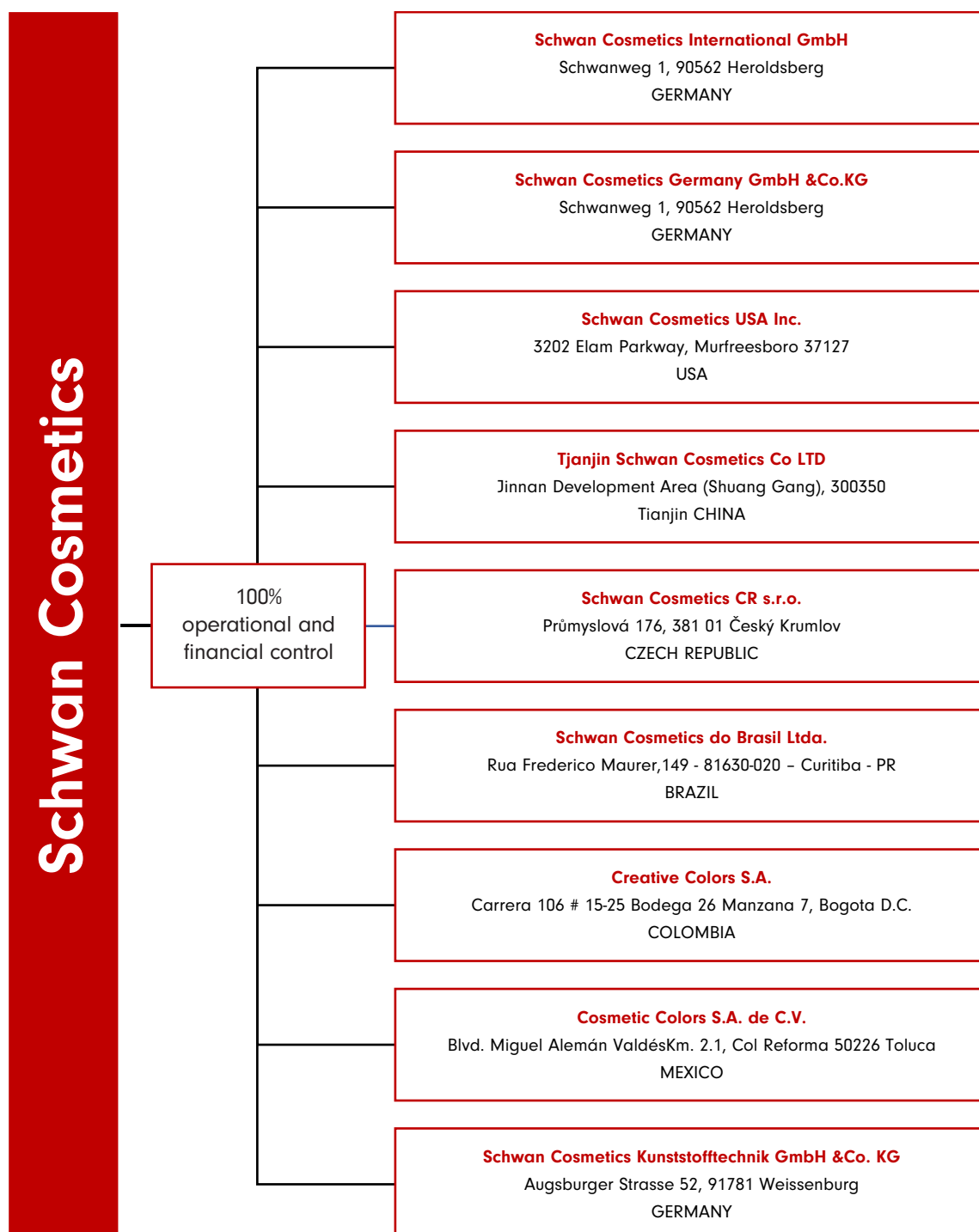
Stakeholder	Channels of Communication and Engagement
Public Administration and Authorities, local communities, NGOs and multistakeholder associations	<ul style="list-style-type: none"> <li>• Carbon Disclosure Project (CDP)</li> <li>• Science Based Targets Initiative (SBTi)</li> <li>• EcoVadis questionnaire</li> <li>• Roundtable on Sustainable Palm Oil (RSPO)</li> <li>• Responsible Mica Initiative (RMI)</li> <li>• SPICE Initiative</li> <li>• Personal Care Products Council (PCPC), Industrieverband Koerperpflege- und Waschmittel (IKW)</li> </ul>
Owners Advisory Board	<ul style="list-style-type: none"> <li>• Board Meetings</li> <li>• Budget Approval</li> </ul>
Clients and Consumers	<ul style="list-style-type: none"> <li>• Periodical business reviews on sustainability topics</li> <li>• Trade Shows</li> <li>• Consumer research and surveys</li> <li>• Consumer Test Panels</li> <li>• Sales representatives and Cooperation Platforms</li> </ul>
Public Opinion	<ul style="list-style-type: none"> <li>• Trade Shows</li> <li>• Website, social media, press releases, newsletter</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>• Trade shows</li> <li>• Supplier Selection and supplier qualification program</li> <li>• Roundtable on Sustainable Palm Oil (RSPO)</li> <li>• Responsible Mica Initiative (RMI)</li> </ul>
Trade Unions, Employees representatives' committees, Employees	<ul style="list-style-type: none"> <li>• Collective Bargaining</li> </ul>

# MATERIALITY ANALYSIS



## ORGANIZATIONAL BOUNDARIES

Schwan Cosmetics comprises nine entities, all under the direct control of the Managing Board with its headquarters located in Heroldsberg, Germany. In reporting, unless otherwise specified, consolidated figures for Schwan Cosmetics International and Schwan Cosmetics Germany may be presented. This consolidation is necessitated by shared technical installations and buildings. It is worth noting that there have been no noteworthy alterations to the organizational structure of the Group compared to previous reports. The organizational boundaries correspond for the financial as well as for the non-financial reporting.



# OUR COMMITMENT TO THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

The United Nations Sustainable Development Goals (SDGs) represent a voluntary framework consisting of 17 global goals and targets designed to expedite progress toward a more sustainable world. Recognizing the pivotal role of innovation and investment from businesses in achieving these goals, the SDGs not only present challenges necessitating corporate engagement but also offer a platform for companies to identify risks and potentials addressable through responsible and sustainable corporate governance (source: <https://www.unglobalcompact.org/>).

In alignment with this global initiative, Schwan Cosmetics directs its focus toward six specific SDGs where it believes it can make the most substantial contributions to fostering a more sustainable world.



## **NO POVERTY**

End poverty in all its forms everywhere.

Please see social section on pages 26 to 47 for more details

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## **GOOD HEALTH AND WELL-BEING**

Ensure healthy lives and promote well-being for all at all ages.

Please see Social and Governance sections on pages 26 to 47 and pages 98 to 105 for more details

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## **QUALITY EDUCATION**

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all. Please see section Social Accountability on pages 26 to 47 for more details.

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## **GENDER EQUALITY**

Achieve gender equality and empower all women and girls.

Please see Social Accountability section on pages 26 to 47 for more details.

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## **DECENT WORK AND ECONOMIC GROWTH**

Promote sustained inclusive and sustainable economic growth, full and productive employment, and decent work for all. Please see Social Accountability and Governance sections on pages 26 to 47 and pages 98 to 105 for more details.

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## **CLIMATE ACTION**

Take urgent action to combat climate change and its impacts. Please see Environment Section on pages 63 to 80 for more details.

# SUSTAINABILITY GOALS AND PROGRESS

The integration of sustainability goals stands as a fundamental component of our overall sustainability strategy, reflecting our commitment to infuse social responsibility and sustainable practices into every facet of our business operations.

The table below provides an overview of the progress made toward our primary targets as of June 30th, 2024:

Objective	FY 2023-24 Progress	Target	Progress Notes	Status	
<b>Sustainability and Environment</b>					
Climate and Energy	Zero Scope 1, 2, 3 Emissions by 2040	Scope 1: 3109tCO <sub>2e</sub> Scope 2: 6297 tCO <sub>2e</sub> Scope 1+2: 9406 tCO <sub>2e</sub>	Reduction of scope 1,2 emissions by 42% by Business Year 2026/27 to a 2016-17 base year Reduction of scope 1,2 emissions by 63% by Business Year 2031/32 to a 2016-17 base year	Scope 1,2 emissions reduction 8192 t CO <sub>2e</sub> ahead of schedule:  Total Electricity from renewable sources: 22088 MWh Share: 71,1%	On track
	Zero Scope 1, 2, 3 emissions by 2040	Scope 3 emissions calculation according to GHG protocol for all scopes; to be validated by SBTi in FY 2024/25	Reduction of scope 3 emissions in line with Zero emission target 2040	Base year 2023/24 calculation completed. Progress to be reported annually	In progress
	Increase on-site generation of sustainable energy to 30% of electric power consumption until end of FY 2026-27	First Solar power plant installed in Mexico; German solar power plant operational in FY 2024/25	30% of electricity produced on-site	Due to construction work in Mexico solar power capacity was reduced temporarily Construction work in Germany on track	In progress
Waste	Reduction of non-hazardous waste to landfill	35% of non-hazardous waste still disposal to landfill	Reduction of non-hazardous waste to landfill to max. 20% by Business Year 2024-25		In progress
	Elimination of Hazardous waste to landfill	82% of waste disposed to non-landfill	Zero hazardous waste disposed to landfill by end of FY 2024-25	Brazil managed to reroute 100% to incineration	In progress
Water	-10% water consumption by end of FY 2024-25 to FY 2022-23 base year	Consumption in FY 2023-24 increased 5%	-10% water consumption by end of FY 2024-25 to FY 2022-23 base year	Due to an unforeseen technical issue, water consumption temporarily increased in Germany, while other facilities managed to reduce significantly	In progress
Third Part certification	ISO 14001 certification	Preparations for certification in US, Brazil, and Colombia	All entities certified by end of FY 2026-27	Certification for Germany completed.	Ongoing
Product and Formula	New formula developments with Natural Origin Content of at least 75%	65% average Natural Origin Content for of all new formulations	75% Natural Origin Content for of all new formulations by FY 2024-25	New formula evaluation framework in development for tracking after FY 2024-25	On track
Primary Packaging materials	Sustainably enhanced product alternatives	64% achievement in FY 2023-24	100% by 2027-28		On track
Secondary Packaging materials	Reduction of virgin plastic materials for secondary packaging	16% global reduction of purchased goods based on plastics until end of FY 2023-24	25% less virgin plastic materials. Target moved to end of 2023-24	The achievement of the target value requires accelerated implementation of new packaging solutions	Delayed!
	All cardboards FSC certified by 2022	In Progress Czech Rep., Germany	100% FSC cardboards for secondary packaging materials	Partially realized by Germany and Czech Rep. due to limited availability of materials in other markets delayed	Ongoing

Objective	FY 2023-24 Progress		Target	Progress Notes	Status
<b>Sustainability and Environment (continued)</b>					
Responsible Sourcing	Identification of sensitive ingredient supply chains	Supplier due diligence was performed globally for the first time. Compliance level of 69% achieved	100% supplier compliance with environmental and social standards	31% of suppliers are located in risk countries and will be subject to further evaluation according to our process.	Ongoing
	Exclusive use of FSC certified wood	91% of all wood is certified	100% FSC - certified wood by FY 2024-25		Ongoing
	By 2025 100% of palm-based ingredients will be sourced from RSPO® certified sources	94% of our portfolio at least RSPO mass-balance certified	100% RSPO®- mass balance-certified	Entire supply chain must be certified prior to approval of palm oil-based materials	On track
	Get purchasing managers trained on sustainable procurement policy	Policy will be established.	100% of purchasing managers are trained	Starting the reporting in FY 2024-25	Started
	Increase of locally sourced wood	In FY 2023-24 locally sourced wood decreased by 0.01%	+5% annually	Limited availability of locally harvested timber prevented achieving annual target	Cancelled
<b>Social</b>					
Gender Pay	Eliminate gender pay gap	Revised the Gap analysis based on FTE basis - achieve 98%	Equal pay for all genders by end of FY 2026-2027	Equal pay for all genders by end of FY 2026-2027	Ongoing
Benefits of employment	Define global fringe benefits	Analysis reviewed and all aligned	Measures to be defined to standardize additional benefits throughout the Group	All entities offer minimum level of fringe benefits plus additional benefits	Ongoing
Safety	Employee safety	Accident rate of 11.2/1000 employees versus a 30.2/1000 employees average on industry level	Outperform German industry Standards on number of severe accidents	See table on page 51	Achieved!
Community engagement	Each entity will support at least one social cause by end of FY 2023-24.	New policy put into action	Community engagement to follow a globally aligned process	Initiatives confirmed for FY 2023-24 see pages 39-46	Achieved!
Gender Equality	Achieve Gender Equality in leadership positions	Current status 39% New policy established, and more leadership programs started	by end of FY 2032-33	See page 30 and Table 9 on page 122	Ongoing
<b>Governance</b>					
Corruption, Bribery Fraud	Compliance with the existing Code of Conduct	Annual reporting FY 2023-24	Zero justified incidents	One incident of fraudulent activities. For further details refer to page 101.	Ongoing
Customer Privacy	No breach of customer privacy information	Zero Customer privacy information breaches in 2023-24	Zero loss of customer information		Ongoing
Sanction List screening	100% compliance with US and EU sanction lists		100% sanction list screening on suppliers and customers	With the implementation of SAP fully automated in C1, CG and C3. Other locations according to local procedures.	Ongoing
DEI incidents of violations	Compliance with the existing Code of Conduct	Annual reporting FY 2023-24	Zero justified incidents	One incident of harassment. For further details refer to page 100.	New!



## RISK MANAGEMENT APPROACH

Schwan's ESG program operates as a corporate strategy designed to address stakeholder interests and comply with regulatory demands. ESG practices involve the measurement and reporting of environmental, social, and corporate governance activities, aiming to comprehend associated risks, assess impacts, gauge results, and formulate measures for continuous improvement.

The integration of ESG factors into our

corporate decision-making is viewed as a hallmark of good governance. Similar to any other company, Schwan Cosmetics confronts a spectrum of ESG-related issues, some of which have the potential to be material and inflict financial or reputational harm. Neglecting environmental, social, and governance considerations heightens the risk of encountering ESG-related incidents or controversies. Consequently, ESG risk management is an integral component of Schwan's standard risk reduction practices.

## RISK ASSESSMENT

Schwan Cosmetics categorizes risks associated with ESG factors, including climate change, environmental impact, and social and governmental issues, as sustainable risks. These risks are systematically managed through a comprehensive risk management system.

In the ESG-focused risk assessment, all pertinent risks are enumerated and described, accompanied by delineation of measures aimed at maintaining existing conditions at a non-critical level. Key performance indicators (KPIs) are evaluated

using checklists distributed to all entities, facilitating the analysis of responses. Risk metrics are generated based on the degree of financial impact and likelihood for each identified risk, drawing insights from both entity-reported results and monitoring of external sources.

For a condensed overview of the Schwan Cosmetics ESG Risk Assessment, please refer to Appendix III Table 3.



# SOCIAL ACCOUNT- ABILITY

## MANAGEMENT APPROACH

Schwan Cosmetics remains resolute in its commitment to attracting, advancing, and retaining talented individuals on a global scale. Addressing critical social factors such as diversity, employee wellbeing, community engagement, health and safety for both, employees and consumers, is crucial for measuring the broader economic, social and human rights impact of our business operations on people, environment and society.

Tailored to each country, every Schwan facility provides competitive compensation packages and offers a spectrum of benefits aimed at enhancing work-life balance, supporting well-being, reducing occupational risks, promoting education, sports, cultural activities, and creating equal opportunities. Diversity drives innovation and inclusivity, enhancing employee well-being and growth, which ultimately secures our long-term economic relevance in business.

Occupational and consumer health and safety measures are the backbone of our operations. They are essential for fostering a secure, positive work environment and building a trusting relationship with our customers and ultimately end-consumers.

Beyond these business-centric initiatives, we proactively promote and oversee each subsidiary's engagement in non-profit programs and institutions. This engagement is geared towards enhancing the quality of life in their respective communities, thus alleviating social divides and showcasing our dedication to being a socially responsible corporate citizen.

Our mission is creating a positive impact on society for more equality, a healthy environment and worthy life. To this end, a dedicated Chief Officer for People and Culture is tasked with shaping comprehensive global initiatives and goals for the entire organization.

The CSR team, meticulously communicates and coordinates these overarching goals with Managing Directors and CSR managers across our global facilities. Social data is primarily provided by HR representatives in each entity, entered into specially designed tables accessible only to the CSR team and its key collaborators within the group. This data is then meticulously summarized and verified by the global CSR team to ensure accuracy and consistency.

Subsequently, local units take the helm in implementing the strategic targets through localized projects. Regular status updates from these local units are channeled back to the global CSR team, where the information is consolidated for senior management consideration and public reporting. This streamlined approach ensures a cohesive and impactful integration of social initiatives throughout the organization.

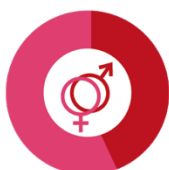
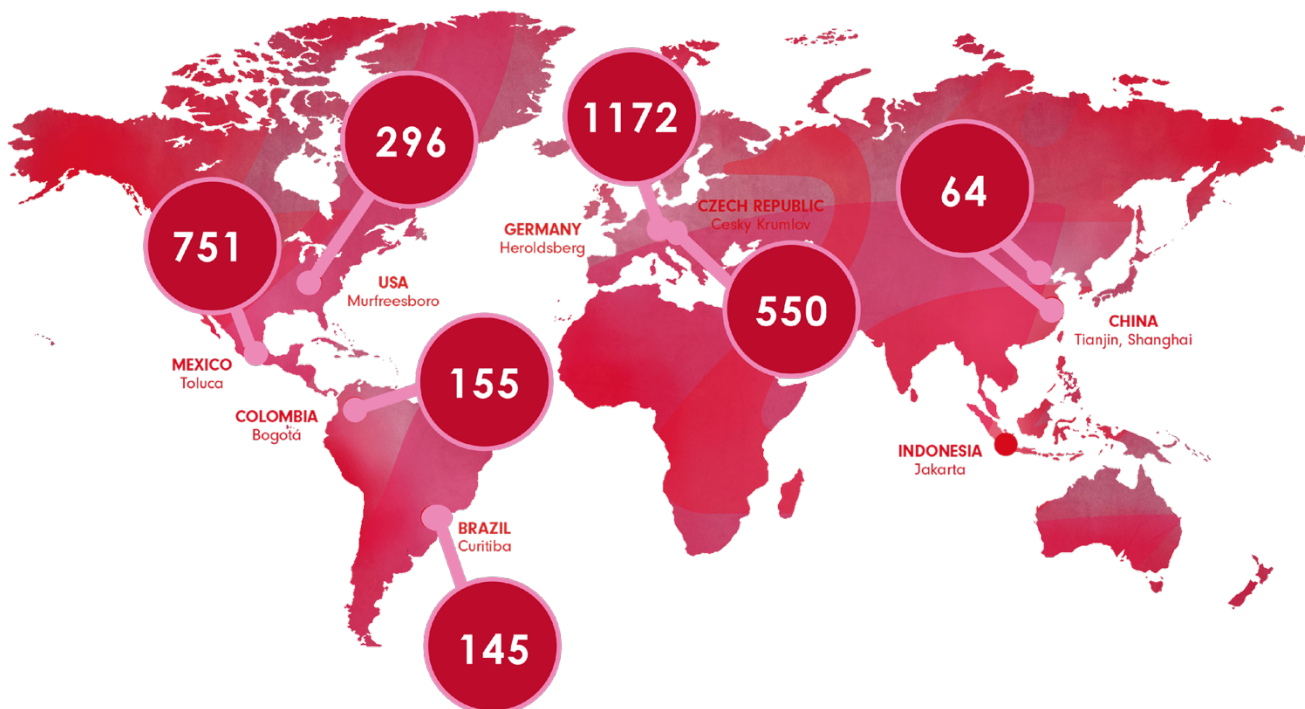
## SEDEX SMETA AUDITS

Every Schwan Cosmetics unit that directly engages with customers typically undergoes annual third-party SEDEX SMETA audits.



The outcomes of these audits are transparently posted on the SEDEX platform, accessible for review by interested parties that are SEDEX members. We diligently scrutinize all observations and recommendations, undertaking the necessary measures to rectify and validate them. These SEDEX audits function as invaluable tools for overseeing our social policies in daily operations, providing essential feedback that guides our continuous improvement efforts.

# EMPLOYEE EXPERIENCE



- 40% MEN
- 60% WOMEN



- 91% EQUAL PAY
- 100% GOAL



- 14% EMPLOYEES FROM VULNERABLE GROUPS
- 86% OTHER EMPLOYEES

## TOTAL EMPLOYMENT

In total the Schwan Cosmetics Group employs worldwide 3369 employees of which 3133 are currently considered active. For further details refer to Table 1 Appendix I "Total Employment".

The group is particularly proud of offering apprentice and internships to young people in most subsidiaries. In FY 2023-24 we had 83 young people starting their professional careers through an apprenticeship program at the various sites. Refer to Table 2 Appendix I "No. of apprenticeships/trainees/interns".

Our primary focus is to offer permanent employment contracts, and when possible, transition temporary contracts into permanent positions. This reflects our dedication to ensuring job security for our employees while preserving the critical expertise and experience within our organization. Utilizing data (FTE) from the different HR systems collected in June each year and aligned with our financial reporting, please refer to Tables 3a + b in Appendix I, titled "Employment by type of contract and region".

Same as last year, a noteworthy 96% of our contracts are permanent, with a slightly higher number of temporary contracts for female employees compared to their male counterparts. Further details are available in Table 4a, Appendix I, titled "Employees by contract and gender". Regarding part-time contracts, this option is currently utilized only in Germany, primarily by women returning from maternity leave.

In several of our entities, leased employees are hired primarily to handle seasonally driven production peaks and occasionally to cover for maternity leave. The number has slightly gone down due to lower overall production. See Table 4b Appendix I "Leased Employees".

In our selection processes for employment, promotion, training, or any other benefit, candidates are selected based on their skills and experience. Schwan Cosmetics is dedicated to creating a workplace that values diversity. We actively seek to employ individuals of all genders and ages, recognizing that diverse perspectives

strengthen our team. This commitment enhances innovation and supports our goal of fostering equal opportunities and an equitable culture within our company. Detailed hiring statistics can be found in Table 5, Appendix I: "Employee hired by age and gender" as well as Table 6, Appendix I: "Employee turnover by age and gender".

While the employment situation remains generally stable, certain locations and job families had experienced significant staff turnover in the previous year, driven by external factors, workplace conditions, and employee loyalty. The affected organizations were asked to conduct a comprehensive analysis. So far, several companies successfully reduced their turnover rates, resulting in an overall decrease of 27%, bringing the fluctuation down to a more manageable 19%.

However, Schwan Cosmetics has instructed the relevant sites to maintain their focus, with the ultimate goal of developing a targeted strategy aimed at improving employee retention, supported by a specific target value to steer our efforts.

## **BENEFITS OF EMPLOYMENT**

In the regions where we operate, a variety of country-specific laws govern employers' responsibilities to offer social benefits. Acknowledging this variation, we have aligned on essential benefits across all of our companies. Additionally, many of our locations already provide extra fringe benefits depending on employee requirements, including subsidies for additional healthcare, public transportation, cafeterias, childcare facilities, and education in accordance with local regulations. For a detailed overview of the aligned benefits available at each site, please refer to Table 7 in Appendix I, titled "Status benefits of employment".



## DIVERSITY, EQUALITY, AND INCLUSION

### MANAGEMENT APPROACH

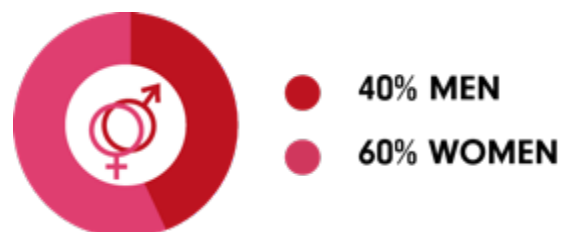
At Schwan Cosmetics, we are dedicated to creating a workplace that embraces diversity, equality, and inclusion. We believe that diverse perspectives, ideas, and experiences are essential to our success. Our DEI policy reflects our commitment to reducing discrimination by promoting diversity, ensuring fairness, and cultivating an inclusive environment for everyone.

The reported HR data was collected from all entities. In terms of differentiation between the various employee roles we used the following definitions in line with GRI requirements:

- Governance Bodies:** The highest-level decision-makers, including all CEOs and the Executive Committee
- Senior Executives:** Senior managers with team leadership roles or high decision-making responsibilities
- White-Collar Employees:** Administrative staff
- Blue-Collar Employees:** Operational workers

### GENDER EQUALITY

When it comes to the total count, women are strongly represented in our company, which is not unexpected given the industry we operate in. In fact, it has hardly varied in the past 3 years. For details refer to Table 8, Appendix I “Proportion of Female / Male Employees”



When it comes to executive positions (see Table 9, Appendix I “Woman in Executive Positions”) the overall result is reversed and has not changed in the past 3 years with only 39% of woman in senior management positions. For a more detailed overview per gender, responsibility and age is shown in Table 10 Appendix I “Diversity of governance bodies and employees”.

## PROMOTION OF WOMEN IN MANAGEMENT POSITIONS

Achieving gender parity in leadership roles stands as a pivotal strategic objective for Schwan Cosmetics in the coming decade. In pursuit of this goal, we are dedicated to providing women with opportunities to engage in Germany’s premier professional mentoring program, “MentorMe”, boasting over 220 annual events, training sessions, and workshops.

Due to the encouraging feedback, we received last year, we started the second program in Germany with eight accomplished women from various departments in FY 2023-24 and have established this as a regular voluntary program in Germany.

Our vision is to identify and support similar promotional opportunities on a global scale.

The program is structured around three pillars:

- Monthly 1:1 Mentoring Conversation
- Training
- Networking



## EQUAL PAY COMMITMENT

Our strategy includes a strong commitment to achieving equal pay by FY 2026-27. To assess our progress toward this goal, we enhanced our global evaluation in collaboration with all locations, closely examining the parity in fair remuneration for comparable jobs and responsibilities. This evaluation is rooted in absolute salaries, considering the number of employees within individual groups. To ensure accuracy and eliminate any distortion stemming from part-time employees, we transitioned to the Full-Time Equivalent (FTE) metric. Detailed results are available in Table 11, Appendix I, titled “Ratio of basic salary

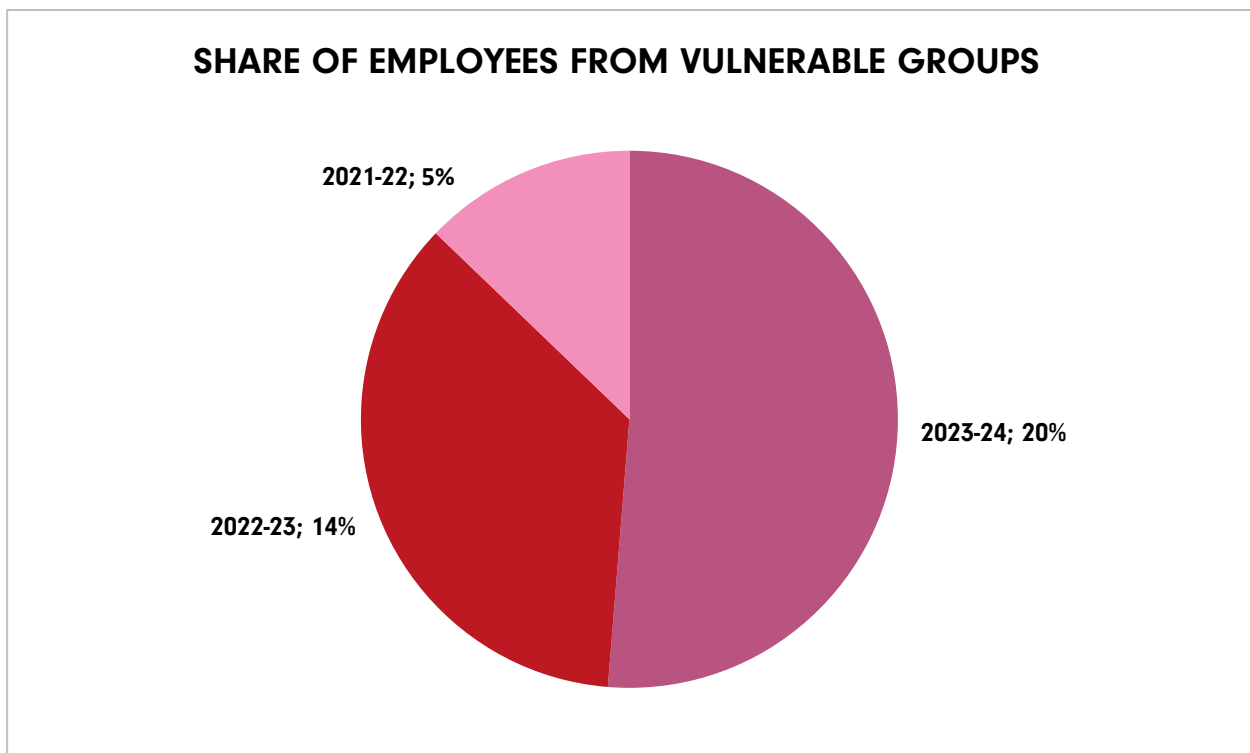
and remuneration of women to men”.

The overall outcome for the group was positive, with an impressive 98% achievement this year. However, we observed notable variations among certain entities and roles. Some of these discrepancies can be attributed to differences in seniority and experience, even within comparable job positions. A more concerning finding is that, similar to senior roles, women are significantly underrepresented in the higher-paying categories.

## INCLUSIVITY FOR VULNERABLE GROUPS

Schwan Cosmetics acknowledges its societal responsibility to not only champion gender equality but also provide enduring opportunities for vulnerable groups in our communities. Our organization is unwavering in its commitment to fostering inclusivity and diversity.

This commitment involves supporting individuals that face unique physical, social, political, or economic challenges, which can lead to difficult living conditions for them and their families. This includes people with disabilities, chronic illnesses and those from areas classified as distressed or vulnerable zones. We translate this commitment into intentional and collaborative initiatives. In recent years, our companies in Mexico and the US have begun prioritizing the employment of people from distressed communities. A detailed breakdown per site is presented in Table 12, Appendix I, titled "Employees from vulnerable groups".



The positive impact observed in these facilities includes greater employee loyalty and dedication. With certain accommodations, such as providing transport in areas where it is unavailable or making minor adjustments to workspaces, these employees are well integrated into their work environment.



## TRAINING AND DEVELOPMENT

### MANAGEMENT APPROACH

As a global company Schwan Cosmetics acknowledges its obligation as responsible corporate citizens to adhere to globally recognized human rights and the labor standards of the International Labor Organization (ILO). To instill these values as well as operational standards across our global workforce, training, and development of all employees, including temporary staff, is paramount.

Over the past year, we have taken steps to enhance our Code of Conduct, explicitly outlining the company's expectations to ensure that our employees worldwide are treated with dignity, fairness, and respect while reciprocating these values. The Code

of Conduct was translated into all local languages and communicated, and training will be provided to ALL employees within the group. In FY 2023-24 90% of employees have been trained. See Table 13 Appendix I "Training on discrimination, human rights, and corruption" (CODE OF CONDUCT)".

We strongly believe that ongoing professional development is vital, not only for ensuring the well-being of our employees but also for maintaining the high standards of our products and services. Our training programs are tailored to the unique requirements of each role, considering existing qualifications and individual training levels.

## EMPLOYEE TRAINING

**58247** hours of training  
worldwide

In FY 2023-24 training totaled 58047 hours world-wide. See Table 14, Appendix I “Average training hours provided per employee”.

From an operational standpoint, comprehensive training on safety, hygiene, and environmental practices is regularly conducted, reviewed, and repeated to ensure the well-being of our workforce and the sustainability of our operations. The ambitious target is to achieve 100% participation among employees.

**100%** Total workforce that received safety  
training within the last 12 months.

**Safety Training:** Globally, our safety training program achieved an impressive 100% participation rate, underscoring our unwavering commitment to the well-being of our workforce. (Refer to Table 15, Appendix I: “Total workforce that received safety training within the last 12 months”).

**Environmental Training:** Tailored to diverse job requirements, environmental training is a recurring annual event for employees. For specifics, consult Table 16, Appendix I: “Environmental training within the last 36 months”.

## EMPLOYEE DEVELOPMENT

For new employees, we offer comprehensive onboarding programs tailored to each country, comprising various stages such as:

**Pre-boarding:** Preparing the workspace and internal setup, which may range from a few weeks to several months, depending on job requirements.

**Integration:** Acquainting employees with company policies, structures, systems, colleagues, and specific on-the-job training. In today's rapidly changing professional environment, conducting annual performance reviews is essential for maintaining job satisfaction and keeping pace with industry advancements. These reviews provide a structured platform for feedback, offering employees clear insights into their strengths and areas for growth. This not only helps align expectations but also ensures that all organizational efforts are directed towards achieving our shared goals and realizing our strategic vision. Being part of a broader system can boost motivation and productivity, while promoting open communication between employees and supervisors. Performance reviews create meaningful opportunities for skill development and career progression, making them a vital tool in fostering a vibrant and successful workforce.

While annual performance evaluations are prevalent in most divisions of Schwan Cosmetics International, their execution ranges from informal discussions to meticulously documented dialogues between managers and their team members. Refer to Table 17 Appendix I: "Regular performance and career development reviews". To enhance every employee's prospect for career progression and job contentment, the Chief People & Culture Officer, along with the international HR/People & Culture teams, has established a more standardized approach to be adopted throughout the company's different sites and departments starting FY 2024-25.

Within the Group, Schwan Cosmetics Germany offers transitional support programs for employees nearing retirement. Employees aged 60 and above can apply for a part-time option, allowing them to gradually reduce their working hours as they prepare for retirement, ensuring a smoother and more seamless transition. In the regrettable event of collective redundancies, severance packages are negotiated in accordance with the legal requirements of each country or, in certain instances, in collaboration with works councils and trade unions across all companies within the Cosmetics Group.

# LEADERSHIP TRAINING PROGRAMS

In today's social media-driven and digital landscape, leadership demands a new set of skills. To build a more inclusive, diverse, and equitable society, it is essential for both newly appointed and seasoned leaders to engage in ongoing training with external experts.

At our headquarters in Germany, we will continue with the leadership training program we started 2 years ago. It will equip leaders, both new and experienced, to navigate and shape the complex dynamics of different cultures, generations, and digital environments.

## **For experienced managers the training focuses on**

- Self-reflection of one's actions and exploration of alternative courses of action
- Recognizing patterns within the organization
- Learning from and with colleagues
- Supporting (future) leaders in their roles
- Networking within departments and companies

New team leaders undergo a specialized series of seven sessions covering crucial legal topics vital for effective team management. Most of our global entities have intensified their leadership training programs, internally but also with support from outside training institutions and/or trainers. Below two additional leadership development initiatives implemented at our facilities in the Czech Republic and Colombia.

At Schwan Czech Republic significant emphasis is placed on enhancing the leadership capabilities of Middle and Senior

Managers through a comprehensive 9-months development program. Launched in April 2023 with a 360-degree feedback analysis, the initiative is designed to foster personal and professional growth. The program includes a series of targeted workshops and collaborative group activities, all facilitated by experienced trainers from the Management Consultancy "Islands in the Sea". While it addresses essential legal aspects of leadership, the core focus lies in strengthening team-building skills, boosting motivation, and equipping managers with effective conflict resolution strategies.



Our Bogota, Colombia operation actively supports the professional growth of team leaders, with a strong emphasis on advancing technical and academic expertise. For instance, within the research and development team, two coordinators are pursuing master's degrees with company support, while also receiving training from external consultants. Additionally, many women in middle management are engaged in various training programs through the industrial park's university, Grupo ZFB. This institution offers a wide range of educational opportunities, from short courses to two-year technical programs, tailored to enhance skills and career development.



# EMPLOYEE REPRESENTATION

## FREEDOM OF ASSOCIATION

In line with our commitment to safeguarding fundamental labor rights, divisions within the Schwan Group have endorsed a social charter that includes a steadfast guarantee of employee freedom of association. The adherence to this standard is rigorously assessed during annual SEDEX audits conducted across the majority of our sites, ensuring a comprehensive evaluation of our social responsibility practices. Please see Table 18, Appendix I, "Risk evaluation through SMETA Audits" for detailed insights.

The Schwan Group values employee engagement and acknowledges its crucial role in driving social improvements throughout the organization. Remarkably, 91% of our workforce is represented by elected Employee Representatives, exemplifying a widespread commitment to fostering open dialogue and collaboration. (Refer to Table 19, Appendix I, "Total

workforce covered by formally elected employee representatives"). While this is a well-established practice in most sites, it may not be uniformly observed in all the countries where we operate.

Conversely, we proudly boast a 100% formalization of collective agreements within the group, a testament to our unwavering commitment to ensuring fair and just working conditions for our employees. (See Table 20, Appendix I, "Workforce covered by formal collective agreements concerning working conditions".)

We also have the Youth and Trainee Representation (JAV) which is the representative body for all young employees under the age of 18 and all trainees under the age of 25 in our German operations. The election for the Youth and Trainee Representation takes place every two.

### Their main purpose is

- Presentation of suggestions from young employees and trainees to the works council.
- Serving as a contact point for all questions and issues in the workplace or training environment.
- Proposition of measures that benefit young employees and trainees.





„Employees at the neighborhood festival St. Leonhard/ Schweinau in Nuremberg.“

## **CORPORATE COMMUNITY ENGAGEMENT**

### **LOCAL ENGAGEMENT**

The Schwan Cosmetics Corporate Community Engagement policy stands as the cornerstone of our social investment program, strategically designed to address pressing societal challenges. In alignment with our key target groups and the United Nations Sustainable Development Goals (SDGs), our global efforts are concentrated on advocating for women’s rights, promoting children’s education and healthcare, supporting vulnerable groups and minorities, and actively engaging in the prevention and treatment of women’s cancers.

Starting this fiscal year, we have encouraged all company entities to align their local initiatives with our global strategy.

This alignment is designed to harness our collective expertise and elevate the impact of our local efforts. It's important to recognize that locally led projects have already made significant contributions over the years, and this global coordination aims to enhance their effectiveness even further.

# SCHWAN COSMETICS, HEROLDSBERG AND WEISSENBURG, GERMANY

## CITY DISTRICT SPONSORSHIP

The City District Sponsorship initiative in Nuremberg is a collaborative effort involving companies, foundations, development associations, charity service clubs, the municipality, and local NGOs. As part of this initiative, companies or foundations commit to sponsoring a specific Nuremberg district, often characterized by unique social development needs, providing both financial and non-material support over several years.

For over a decade, Schwan Cosmetics has been actively participating in the Neighborhood Sponsorship Program, contributing to social projects in Nuremberg. We prioritize direct engagement and personal involvement in these projects, and

it's particularly gratifying that some of our employees have taken on the role of sponsors for individual cooperation projects.

The sponsored NGOs are dedicated to addressing critical areas such as poverty prevention, learning, language promotion, health and exercise, and integrative cohesion. Their initiatives cater to the diverse needs of children, young people, women, and their families, reflecting our commitment to holistic community development.

An overview of the diverse programs of the district sponsorship and with which other social activities we are committed to our community.

## THE LIST OF PROJECTS WE SUPPORTED IN 2023-24

**Learning tools and support through the Anton app**  
"Anton app" from middle schools Sankt Leonhard & Carl-von-Ossietzky. Montessori-Learning tablets

**Language support and integration training**  
Culture Store Villa Leon

**Dare a little! – Course**  
Assertiveness training for preschool and school children.

**Festive and social events for fun and exchange**  
Neighborhood festival St. Leonhard/ Schweinau.  
Winter celebration SOS children's village

**Outings and better learning support**  
Gaining experience ISKA nursery MIRA

**Children's Culture Summer**  
Free cultural activities for children.

**Movement day**  
In the district for the 5th and 6th grades.

**Art, science and music projects**  
Scribbles and popART  
Experiments and robotics workshops  
"Museum in a suitcase"

**Senior Citizens' network**  
Healthy aging weekly meetings  
Movement with music

**Low Income Families**  
Support of local foodbank in Weissenburg



## **SCHWAN COSMETICS USA INC., MURFREESBORO, USA**

### **SUPPORTING VULNERABLE PEOPLE AND DISADVANTAGED COMMUNITIES**



Nine employees from Schwan Cosmetics USA, (C1) spent the afternoon volunteering at Second Harvest Food Bank of Middle Tennessee making a meaningful impact on the community. In just a few hours, they packed over 1048 holiday boxes filled with essential items for local children, seniors, and families in need.

This act of kindness is part of an ongoing commitment, as team members regularly participate in food drives, dropping off donations to support those less fortunate. Their dedication reflects a deep sense of responsibility and compassion, ensuring that more families have access to nutritious meals throughout the year.



Members of the Schwan Cosmetics USA (C1) team volunteered with Habitat for Humanity to assist in the construction of two single-family homes.

Their hard work contributed to building and improving these affordable housing units, which will provide safe and comfortable homes for families in need in the Tennessee area. In addition to their construction efforts, the team also prepared a basket of essential household supplies to further support these less fortunate families as they settle into their new homes.

# COSMETIC COLORS S.A. DE C.V., TOLUCA, MEXICO

## SUPPORTING VULNERABLE PEOPLE AND DISADVANTAGED COMMUNITIES

Our facility in Mexico is actively involved in various initiatives that support children, women, and seniors.

Along with sponsorships, more than 100 employees took part in breast cancer prevention efforts, even donating hair for wigs to help boost the confidence of those undergoing treatment. We also focused on children in orphanages, organizing fun days filled with food and entertainment.



Furthermore, through the Cosmetic Colors University, 24 employees completed primary, secondary, and high school courses to finish their education. Employees also hosted career days at high schools, offering students valuable insights and future opportunities.

Lastly, in recognition of the financial challenges faced by many elderly individuals in Mexico due to insufficient pensions, donations were provided to senior shelters to offer additional support.

## ENVIRONMENTAL IMPACT AND COMMUNITY INITIATIVES

Following the devastation in Acapulco caused by Hurricane Otis in October 2023, our employees generously donated water, food, and essential supplies for the victims. The company matched their contributions, doubling the support for those in need.

For many years, our employees have been deeply committed to ongoing reforestation efforts, playing an active role in restoring and preserving local ecosystems. In addition to these initiatives, they have also participated in planting efforts on the Chinampas of Xochimilco, the ancient floating gardens constructed by the Aztecs. This UNESCO World Heritage site holds significant cultural, social and ecological value, and our contributions help sustain both its rich history and its biodiversity.



Casey Homer, Unsplash

# SCHWAN COSMETICS DO BRASIL, CURITIBA, BRAZIL

## COMMUNITY HEALTH INITIATIVES



Our company in Brazil focused their efforts for community support on cancer prevention and treatment projects. They sponsored again the “Hardest Run” dedicated to collect money for and raise awareness with focus on treatment of children.

Eight dedicated employees from Schwan Brazil actively participated in the impactful “Hardest Run Movement” event in Curitiba. This annual initiative, organized by a philanthropic institute, aims to raise awareness about the crucial need for blood and bone marrow donations in the treatment of cancer and other illnesses.

In October 2023, the “Outubro Rosa” campaign carried the important motto: “Prevention Saves Lives!” To support this

cause, our employees organized a series of activities, including informative lectures, awareness-raising games, and the distribution of educational materials. Additionally, we sponsored a bus service, providing convenient and free access to preventive exams for the community. The campaign’s primary focus was on the prevention of breast and cervical cancer, aiming to encourage early detection and empower individuals to take proactive steps for their health.



# SCHWAN COSMETICS CR S.R.O, CESKY KRUMLOV, CZECH REPUBLIC

## ADVANCEMENT OF CHILDREN AND COMMUNITY WELL-BEING

Schwan Czech Republic continues their community efforts on fostering education and community well-being, with a focus on supporting children with generous donations but also active involvement of numerous Schwan employees.

### Charitable and Get-together events

- ICOS is a non-profit organization providing social and follow-up services for children and adults with disabilities.
- Baby Box, a safe location for abandoned babies, where they receive care and a new home for a better future.



### Physical Activity and Sport

- Školáček Vltava - river rafting event for hearing impaired children
- Štíři floorball club - encouraging sport activities for children
- Taekwondo club promoting physical and mental resilience in children

### Cultural and educational events

- Lifelong EduCare z.s - programs focusing on developing creativity, physical fitness, knowledge and social skills.
- Houpačka music festival - raising funds to purchase compensatory aids for two young children battling with a rare metabolic disease
- Objevárium - a non-profit organization that promotes children's education in a playful and unconventional manner through dynamic and interactive exhibitions.

# CREATIVE COLORS S.A., COLOMBIA

## SUPPORT FOR PEOPLE IN VULNERABLE COMMUNITIES

In line with our community engagement policy the Schwan Cosmetics facility in Bogota, Colombia continues to support people from disadvantage communities improving the quality of basic education, reducing inequalities in communities and reducing hunger.

### Children's education

- the karis Foundation - sponsoring 10 pupils paying their annual school fees
- "Tu útil es útil, apórtale a mi mochila", a program which Creative Colors joined donating 40 school kits



### Elderly without family

- Creative Colors employees carried out social work at the San Jose Hospital visiting sick grandparents without family providing a welcome distraction with recreational activities

### Families with low-income

- During the month of May, employees delivered food to low-income families in the surroundings of the Kennedy neighborhood in Bogotá.



# TJANJIN SCHWAN COSMETICS CO. LTD, TJANJIN, CHINA

## TIANJIN WELFARE FOUNDATION

Schwan Cosmetics China supports the Tianjin Welfare Foundation for the disabled, which helps people with disabilities to integrate into society. Our employees were actively involved helping them with vocational skills training.



Schwan China employees actively involved in the initiative and handing over of the donation cheque by CFO Robert Holze and CEO China Sam Chen



Tomás Espinosa handing over the donation check

## CORPORATE SOCIAL INVESTMENT

### SUPPORTING KIDS IN THE UKRAINE

Given the worsening situation in Ukraine, we donated a combined heat and power plant and thermal underwear from Maier Sports at the beginning of last year. In December our CEO Tomás Espinosa made a swift decision to extend our support to children in need in the city of Zbarazh in western Ukraine. Partnering once again with the non-profit private initiative #peaceandlovetransports, a further donation was made. This will directly benefit local kindergartens, schools, and maternity homes, helping to address urgent needs in these vital community institutions.

Additionally, we donated a significant number of cosmetic pencils. While these are

not considered essential items, as #peaceandlovetransports pointed out, they can serve as thoughtful Christmas gifts for women and girls, offering a touch of comfort and joy in challenging times.

The spontaneous participation of other companies within our group was especially encouraging. Deuter generously providing sleeping bags and T-shirts, while STABILO contributed pens for schoolchildren. This collective effort highlights the power of collaboration and shared compassion in times of crisis.



## **OCCUPATIONAL HEALTH & SAFETY**

### **MANAGEMENT APPROACH**

At Schwan Cosmetics, ensuring a healthy, safe, and motivating work environment is one of our highest priorities. Our comprehensive Labor & Human Rights policy underscores our unwavering commitment to maintaining stringent safety protocols, fostering open and transparent communication, and promoting active employee engagement at all levels. We continuously strive to create a workplace where everyone feels valued and supported, and where safety is ingrained in our culture. Through these efforts, we are dedicated to achieving our ultimate goal of zero workplace incidents, ensuring that all employees can thrive in a secure and empowering environment.

Our approach to Occupational Health & Safety (OHS) is guided by strong oversight from the Executive Committee, ensuring a high level of commitment across the company. The day-to-day management of OHS responsibilities falls to the Managing Directors at each of our facilities, who are supported by specialized Environment and Occupational Health & Safety (EHS) experts. These experts are responsible for establishing and enforcing workplace safety standards. Monthly EHS performance metrics are transparently reported to the Executive Board, ensuring accountability. All facilities covered in this report are subject to these measures, maintaining a consistent focus on health and safety.

Our goal is clear: we strive for all entities worldwide to maintain accident rates well below the German industry average, particularly for severe incidents. The annual evaluation of EHS topics, central to this report, highlights our commitment to continuous improvement and compliance with legal requirements in all operating countries. We promote shared responsibility for safety, encouraging employees to report unsafe conditions without fear of reprisal. To ensure transparency, we also offer a global whistleblower system for anonymous reporting.

In addition to maintaining health and safety measures at the workplace, all employees are covered by comprehensive medical insurance. The company actively promotes a healthy and active lifestyle by offering various wellness initiatives. These include exercise sessions during break times or after work and opportunities to participate in company-sponsored sports events. If on-site gym facilities are not available, we offer subsidized gym memberships, discounts for purchasing bicycles, additional health screenings, and other benefits designed to support overall well-being.

## **HAZARD IDENTIFICATION, RISK-ASSESSMENT, AND INCIDENT INVESTIGATION**

In adherence to national regulations and tailored to their specific facilities and production technologies, all entities have an implemented system for identifying work-related hazards and conducting risk assessments.

Workplace-related hazards are determined by creating workplace-specific hazard documentation using standardized criteria for assessing potential hazards. The risk assessment includes the relevant country-specific requirements.

The risk assessment is conducted once for each workplace (routine) and in the event of changes to the workplace that are relevant to occupational safety (non-routine), such as

- changes in operating procedures or equipment
- process changes as a result of incident investigations
- worker complaints or referrals
- changes in workers or workflow
- results of surveillance of work environment and worker health, including applicable exposure monitoring (e.g., exposure to noise, vibration, dust)

Workers are instructed regarding workplace-specific risks in compliance with locally applicable workplace regulations before starting work for the first time without supervision. Training includes instructions to remove oneself from situations which could cause injury or ill health. Job-specific risk analysis documentation is accessible at the respective workstations.

All accidents are investigated for their severity and cause, and suitable preventive measures are implemented to avoid their recurrence. Regular evaluation of work-related incidents allows to determine corrective actions and improvements needed in the occupational health and safety management system.

Personal protective equipment is freely provided to all employees. Compliance with all EHS measures is monitored by means of regular internal occupational safety inspections.

Employees can report workplace-related hazards either verbally or in writing to the following offices

- directly to their superiors
- to in-house mailboxes
- by contacting our whistleblowing hotline

Reports can be made anonymously to the two latter points, which protects employees from reprisal.

All entities either build formal or non-formal joint management-worker health and safety committees or establish working groups involving relevant stakeholders such as Human Resources, Health & Safety Managers, team leaders, and workers, as well as works councils and trade unions, if applicable. These groups hold regular EHS-meetings at which incidents, root cause analysis, and preventive measures are communicated, and developments over time are presented. The purpose of these meetings is also to promote cross-functional exchange and learning. Results of general relevance to employees are communicated accordingly.

## **WORKPLACE HEALTH AND SAFETY SUPPORT SYSTEMS**

The following functions contribute to the identification and elimination of work-related hazards:

- **Employees**

Employees are encouraged to assess the safety of their workplace, identifying potential hazards and risks based on the safety training they have received.

- **Supervisors and Production Managers**

Supervisors and Production Managers are responsible to evaluate safety of the workplaces within the scope of their responsibilities. They oversee training, PPS, and workers obedience of occupational health instructions.

- **Occupational Safety Manager**

The occupational safety specialists advise all other functions and managing directors with regard to the applicable national occupational health & safety regulations. They prepare summaries and reports for management including recommendations for improvement (management review) as well as information accessible to all employees.

## EMPLOYEE'S HEALTH & SAFETY

The number of absence days increased from 948 in FY 2023-23 to 984 days in FY 2023-24. Even though total number of accidents decreased by 23% the average absence days per 100 employees went slightly up. For further details please refer to Table 21 in Appendix I "Accidents per Schwan Cosmetics entity".

Measuring this versus industry-specific data on the number of severe accidents in Germany, which is provided by the DGUV, the country's health and safety insurance organization, we remain clearly below the average.

Fiscal Year	DGUV	Target	Schwan Cosmetics Group
<b>2023-24</b>	30.2	< 30.2	11.2
<b>2022-23</b>	30.4	< 30.4	10.3
<b>2021-22</b>	32.8	< 32.8	11.0
<b>2020-21</b>	31.4	< 31.4	9.7

\*) all numbers: severe accidents per 1000 employees

Though this confirms the high level of safety we guarantee for all our employees independently from the countries they are located in, every accident is strictly monitored, analyzed and corrective actions are taken whenever possible and needed.

Each year, we demonstrate our commitment to employee well-being through comprehensive Health & Safety Training programs tailored to the specific needs of each work area. Our goal is to achieve a 100% documented completion rate for safety training. While occasional employee absences may affect this target, we are pleased to report 100% compliance across the group in FY 2023-24. For more details, please refer to Table 15 in Appendix I, "Employee Health & Safety Training".



## CUSTOMER HEALTH & SAFETY

### MANAGEMENT APPROACH

As a B2B manufacturer focused on self-developed cosmetic products, we serve a global customer base that depends on the expertise of our scientists and developers to create solutions that prioritize both safety and exceptional performance. In every stage of our product development process, our core objectives are clear: to ensure the highest standards of safety, incorporate principles of green chemistry, enhance product performance, and promote overall well-being. By integrating these goals, we deliver products that meet the evolving demands of the cosmetic industry while upholding our commitment to sustainability and innovation.

Prioritizing consumer health and safety fosters trust, strengthens customer loyalty, and enhances market share while safeguarding public health and upholding consumer rights. Conversely, neglecting safety can lead to expensive recalls, legal

consequences, and reputational harm, compromising consumers' right to protection.

In our Product Development department, specialized teams manage every aspect of product creation, from material selection and formula development to packaging design. They also handle testing and qualification to ensure all products meet the highest standards.

Continuous vigilance is maintained by our Product Safety and Regulatory Affairs team, which diligently monitors international regulations and recommendations to ensure the ongoing safety of our entire product portfolio (100%). Our active memberships in the Personal Care Products Council (PCPC) and the "Industrieverband Koerperpflege und Waschmittel" (IKW) underscore our commitment to supporting the Cosmetic Ingredient Review.

## ADVERSE EVENTS

Aligned with our dedication to producing safe products, our primary objective is to achieve Zero Adverse Events related to the use of our products. An Adverse Event (AE) is defined as any unfavorable and unintended sign, symptom, or disease temporally associated with the use of a product. The assessment of Adverse Events is contingent upon confirmation by a qualified physician.

**Zero** Adverse Events  
since FY 2019-20

As in previous years – including the past 5 years - no adverse events had to be reported by any Schwan entity. The implementation of a GMP (Good Manufacturing Practices) Management System in our facilities actively supports our efforts to continuously supply safe products at an outstanding quality level.

## ISO 22716 CERTIFICATION

The following entities hold a Third-party certification to either ISO 22716 and/or IFS HPC Standard:

	CI Germany	CG Germany	CK Germany	C1 USA	C2 China	C3 Czech	C4 Brazil	C5 Colombia	CC Mexico
ISO 22716	n.a.*	✓	n.a.*	✓	✓	✓	✓	✓	✓
IFS HPC	✓	✓	n.a.*	pending	pending	✓	pending	pending	pending

\* n.a.: not applicable due to scope of operations

## PRODUCT LABELING / PRODUCT INFORMATION

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### MANAGEMENT APPROACH

In managing our extensive product portfolio comprising numerous ingredients for formulations and packaging materials, our Regulatory Affairs Team plays a pivotal role. They collect and evaluate relevant data for all substances used, ensuring compliance with international legislations concerning composition, safety, stability, and labeling requirements. To facilitate comprehensive product information for consumers and authorities, we meticulously create Product Information Files (PIF) in accordance with the European Cosmetics Regulation, EC 1223/2009. Marketing communications emphasizing proper use and disposal further complement the information provided by Schwan Cosmetics.

While the responsibility for accurate product labeling falls on our customers, acting as distributors, we actively engage in tracking and incorporating all customer feedback related to this aspect into our complaints management process.

**Zero** Labeling Incidents

No incidents concerning product and service information, and labeling marketing communications have been registered within the last five Fiscal years.

Please refer to Table 22 in Appendix I “Product Labeling Incidents”.

This is also true for our marketing communications, see table 23 in Appendix I “Incidents of non-compliance concerning marketing communication”.



# SUSTAINABLE SOURCING

## MANAGEMENT APPROACH

The cosmetics industry has been undergoing a rapid and robust transformation towards more sustainable and environmentally friendly products for several years. This shift extends to the materials used in formulations and packaging, as well as the sourcing routes and conditions of manufacture. Despite these changes, the industry remains committed to meeting high expectations for the performance and appearance of consumer products. It is anticipated that consumer awareness of sustainability will continue to evolve in the future, influencing industry practices even further.

Schwan Cosmetics recognizes the evolving expectations of its customers for flexibility, agility, and speed in global supply chains. Simultaneously, the sourcing teams are committed to managing the necessary change processes within these supply chains. Grounded in a shared commitment to ethical and sustainable practices, Schwan Cosmetics collaborates with business partners to address global social and environmental challenges.

Our suppliers operate in various industries such as chemicals, processing chemical base materials, resin manufacturing, component production, and delivery system fabrication. Additionally, Schwan Cosmetics engages with suppliers worldwide for wood used in cosmetic products and sources various packaging materials for transportation and product presentation.

Schwan purchasing and product development teams actively work towards

transitioning to responsible sourcing practices, considering potential impacts on both people and the environment. The Supplier Code of Conduct mandates that suppliers adhere to relevant employment requirements and responsibilities in accordance with ILO Standards, with a confirmation of acceptance integral to the supplier qualification process (see table 2, Appendix IV).

In response to the German Supply Chain Due Diligence Act, last year Schwan Cosmetics has adjusted its supplier screening processes, focusing on socio-ecological aspects and aligning reporting accordingly. For the first time, the reporting for the 2023-24 business year was conducted globally, including all production sites.

There is an ongoing emphasis on supplier involvement concerning social standards, GHG emissions, and waste reduction, aligning with mid-and long-term objectives.

## **SUPPLIER DUE DILIGENCE AND RISK ASSESSMENT**

In response to the German Supply Chain Due Diligence Act, Schwan Cosmetics has updated its supplier due diligence process and supplier risk assessment, incorporating additional criteria in alignment with all Schwanhaeusser Industry Holding divisions. The overarching objective is to collaborate solely with suppliers capable of demonstrating full compliance with Schwan's expectations as well as legal obligations. This strategic approach ensures a thorough examination of the supply chain regarding social, environmental, and ethical standards.

The due diligence assessment recognizes environmental, social, and ethical impacts as well as criteria for their evaluation.

**Potential environmental impacts may include:**

- Deforestation caused by the manufacture of wood or materials of which their production is linked to land use based on deforestation
- Environmental damage from the operation of Mica mines
- Overexploitation of plant resources
- Environmental damage due to the use of raw materials from intensive agricultural production

**Potential social and business ethical impacts may include:**

- Child labor
- Forced and compulsory labor
- Non-compliance with social standards
- Non-compliance with ethical business practices

**Relevant criteria used for the assessment of actual risks may include:**

- Relevance of turnover
- SDG and BSCI country profiles
- Product and/or production related risks involved with purchased goods
- Supplementary criteria on known risk materials, supplementary criteria as outlined in the section “Mica & Palm Oil” below.

The latest assessment includes all direct and indirect material suppliers covering 95% of purchasing volume for Schwan Cosmetics. Of these suppliers, 69% have been evaluated and found to be compliant.

**SHARE OF TIER-1 NON-RISK SUPPLIERS**

Fiscal Year	Unit	No.	%
2021-22	Suppliers assessed	298	100
	Thereof compliant	295	99
	Thereof in risk countries	3	1
2022-23	Suppliers assessed	163	100
	Thereof compliant	157	96
	Thereof in risk countries	6	4
2023-24	Suppliers assessed	222	100
	Thereof compliant	154	69
	Thereof in risk countries	68	31

At the time of this report, no further evaluations were available for the 31% of suppliers located in risk countries. However, this does not mean they are not compliant, and they will undergo further evaluation. Having then established actual risk suppliers, the focus will be on improvement, before, in case of supplier's non-cooperation, termination of the partnership.

Additionally, 598 global raw materials have been evaluated with regard to their country of origin, resulting in a 10% risk country share. All such raw materials will also be subject to further evaluation and in case of non-compliance further due diligence processes.

A total of 222 suppliers have been evaluated for environmental and social impacts.

In our commitment to environmental stewardship, our company has implemented rigorous practices to ensure a minimal ecological impact across our operations. Our ISO 14001 certification, achieved across our three largest entities, involved a comprehensive risk analysis that confirmed our environmental impacts are moderate. We have also established a robust Environmental Management System (EMS), which is regularly reviewed and refined to align with evolving best practices and regulatory standards. Operating within a highly regulated industry, we adhere strictly to REACH and other cosmetics regulations, ensuring full compliance with stringent environmental standards for raw materials. In addition, we exercise strong oversight of our supply chain, conducting regular monitoring of suppliers to verify their

adherence to environmental regulations. When necessary, we have proactively replaced risk suppliers falling short of these standards with certified, environmentally responsible alternatives. Through these ongoing efforts, we demonstrate our commitment to responsible resource use and environmental compliance.

In FY 2023-24 none of our suppliers have raised concerns regarding significant actual or potential negative environmental effects, and we have not identified any major environmental risks within our supply chain.

In terms of social evaluation, we identified a risk with one supplier, representing 0.0045% of our total supplier base. They were found to have an actual significant negative social impact within their supply chain. Consequently, improvements were agreed upon and improvements have been successfully implemented.

As a result, no supplier relationships were terminated due to environmental or social concerns.

Moreover, the Schwan Cosmetics Supplier Code of Conduct and the included environmental, business ethics and social standards have been acknowledged by the majority of key suppliers. Refer to Table 2 in Appendix IV for detailed information on the global number and share of suppliers contacted.

The Supplier Code of Conduct was not proactively communicated to other third parties or organizations.



## MICA & PALM OIL

### MICA

Given that the primary Mica mining areas are located in less developed regions of India, there is heightened scrutiny on the social standards associated with Mica extraction and processing. Acknowledging this, we have implemented a rigorous due diligence and risk analysis process conducted collaboratively by our CSR and purchasing teams. Suppliers situated in high-risk countries must be members of the Responsible Mica Initiative (RMI), demonstrate transparency in their supply chains, and furnish additional evidence through third-party evaluations such as an EcoVadis rating and/or current SMETA Audit reports.

### PALM OIL

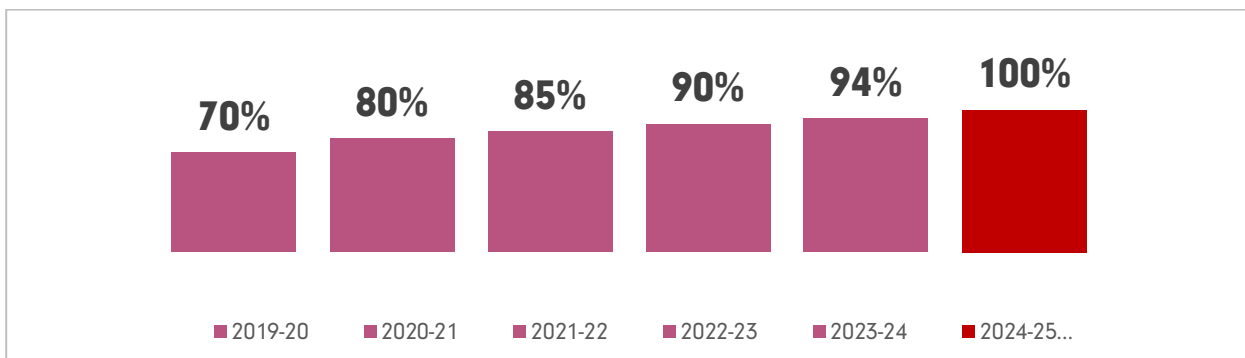
The palm oil derivatives used in our formulations highlight the importance of sustainable sourcing. As active members of the Roundtable for Sustainable Palm Oil (RSPO), we actively contribute to the development of sustainable supply chains. Our participation supports the preservation of biodiversity in natural forests within the countries where palm oil is produced.

**IN FY 2023-24**

# 94%

**OF OUR PALM OIL USE IS RSPO MASS BALANCE CERTIFIED.**

It is our objective to exclusively source RSPO Mass Balance (MB) – or higher – certified palm(kernel) oil derivatives.





## SUSTAINABLE WOOD SOURCING

In the realm of traditional sharpenable pencils, wood has been the preferred material. Wood clenched sharpenable cosmetic pencils remain a significant component of our product portfolio. Responding to the evolving expectations of customers and consumers, there is an increasing demand for us to procure wood products from verifiably sustainably managed forests. Additionally, adherence to internationally recognized labor standards for the employees of our wood suppliers is paramount.

To align with these expectations, we have set a goal to exclusively process wood that is FSC- and PEFC-certified in the future. Given that wood procurement often involves longer-term contracts and stockholding, a phased conversion period becomes inevitable. After changing the calculation method, C3 in addition is showing the uncertified units being consumed from stock, which is decreasing continuously.

It is crucial to note that wood processing in accordance with these sustainability certifications is limited to the entities listed below:

Entity	Fiscal Year	Number of units processed	Number of units certified	Number of units uncertified	Share
C3 Czech Republic	2021-22	29,044,359	28,557,659	486,700	98%
	2022-23	33,430,194	33,258,776	171,418	99%
	2023-24	31,006,023	30,978,219	27,804	99%
CC Mexico	2021-22	6,524,094	3,497,860	3,026,234	54%
	2022-23	6,808,319	3,949,592	2,858,727	58%
	2023-24	7,156,507	5,021,605	2,134,902	70%
Group Total	2021-22	35,568,453	32,055,519	3,512,934	90%
	2022-23	40,238,513	37,208,368	3,030,145	92%
	2023-24	38,162,530	35,999,824	2,162,706	94%

## CORPORATE TARGET: INCREASE LOCALLY SOURCED WOOD BY 5% TO THE BASE YEAR 2020-21

Locally sourced wood shall be grown and processed on the same continent.

The overall share of locally sourced wood remains to be low and has not increased in FY 2023-24 compared to the base year 2020-21. Due to supply chain constraints, which are not expected to be resolved within shortly, we are determining this goal for the time being.

Entity	No. units processed	Increase to base year
FY 2020-21	2197215	0.00%
FY 2021-22	2375020	7.48%
FY 2022-23	2030305	-14.5%
FY 2023-24	2178860	-0,01%

To further reduce wood consumption and to meet our customers' expectations, medium-term goals have been set for the switch to FSC certified carton and for finding an environmentally friendly substitute for Styrofoam boards.

## SUPPLIER SCREENING ON SOCIAL AND ENVIRONMENTAL CRITERIA

Social and environmental criteria are part of the supplier assessment and approval process for any new supplier. In the case of materials that bear known risks, further evidence is required and evaluated in accordance with internally required standards (see also sections above). Further criteria such as supply chain distance and preferred mode of transportation will be included in future evaluations.

### New suppliers screened using social and environmental criteria.

of new suppliers have been screened according to social and environmental criteria.



For details refer to Table 1, Appendix IV "New suppliers screened using environmental and social criteria".

At the issue of this report, the remaining 6% of suppliers had not yet given feedback. They will be tackled in the following months.

## **SUPPLY CHAIN STATEMENTS**

### **STATEMENT ON CHANGES TO THE SUPPLY CHAIN ORGANIZATION**

There have no significant changes been made to the purchasing organization and the supply chain to the previous year's report.

### **STATEMENT ON LOCAL SPEND OF PURCHASING VOLUME**

Tier-1 suppliers are mostly in the same country as our production sites. Details on the share of local spend per entity can be found in Table 3 Appendix IV.

### **STATEMENT ON INCIDENTS OF VIOLATIONS INVOLVING THE RIGHTS OF INDIGENOUS PEOPLE**

Within the reporting period, no incidents of violations involving the rights of indigenous people have been notified.

### **ENVIRONMENTAL IMPACTS ON THE SUPPLY CHAIN**

As a company that works with many partners in many different countries, we are aware that our supply chain has a significant impact on our environmental performance.

Therefore, we already require our suppliers to comply with legal environmental standards through our Supplier Code of Conduct. We also see significant impacts on our environmental performance in the upstream emissions from transportation, as well as in the handling of packaging materials.

In FY 2023-24 no supplier with significant actual and potential environmental impact has been identified.



# ENVIRONMENT

## MANAGEMENT APPROACH

Our Global QA&CSR Function which covers all ESG topics is responsible for managing GHG emissions, energy, waste, and water use. The CSR team develops and implements policies and strategies for energy- and waste-reduction and the avoidance of waste.

The local Managing Directors and CSR managers support the specified strategy in its implementation and develop local programs for its execution. Our environmental policy stipulates the strategy of our overall approach to relevant environmental topics.

As part of our commitment to robust environmental stewardship, we have introduced specific and time-bound targets that serve as the framework for our endeavors toward ambitious environmental goals. A notable milestone this year is the publication of material scope 3 emissions, meticulously calculated in accordance with SBTi reporting methodologies. This not only bolsters the transparency of our environmental performance but also positions us to improve the efficacy of our measures related to indirect emissions.

To fortify the credibility of our public environmental reporting, this CSR report has been third-party verified with reference to GRI Standard by the internationally recognized certification and verification body DQS CFS GmbH. The DQS Independent Assurance Statement is attached to this report under Appendix V.

Our recent affiliation with the Science Based Targets Initiative (SBTi) represents a pivotal step in continuously monitoring our endeavors toward the judicious use of natural resources. The independent third-party confirmation obtained through SBTi membership adds an extra layer of credibility to our environmental commitments. The application for the approval of our science-based targets will be submitted until December 2024. Once approved by the SBTi we will continue reporting to this standard.

## ENERGY CONSUMPTION

Direct energy consumption for manufacturing purposes is the major source for scope 1 and 2 emissions. An efficient use of primary energy therefore makes an important contribution to effectively reduce emissions.

**4432  
MWh**

**Energy savings  
(vs. 2022-23)**

**70.9%**

**Share of renewable  
electricity**

**-3.2%**

**Energy efficiency  
decrease per unit  
(vs. 2022-23)**

Even though the global manufacturing output dropped by 11.2% to the previous fiscal year, our energy consumption was reduced over-proportionally by 4432 MWh resulting in an energy efficiency decrease of -3.2% to previous year, which is the result of our reduced overall manufacturing usage. Currently, 70.9% of our electricity consumption is sourced from renewable channels, a testament to our dedication to cleaner energy.

The energy recovery system installed at our plant in the Czech Republic makes a significant contribution to energy reduction. This system reached full operational capacity during the reporting year.

Anticipating a greener future, we project a further increase in the share of renewable electricity. This will be propelled by our strategic investments in solar power plants across key locations, including Germany, the Czech Republic, and Mexico.

Our relentless pursuit of cutting-edge technology has resulted in 26% reduction in per-product energy consumption since FY 2020-21. For detailed insights into our energy consumption metrics, please refer to Appendix II, Table 1 "Energy Consumption" and Table 2 "Energy Intensity Ratio". Both figures refer to the Energy Consumption within the Organizational Boundaries of Schwan Cosmetics only. As of July 2023, the Czech Republic located facility (C3) started to replace fossil fuel combustion for heating purposes by the connection to district heating produced almost exclusively from sustainable raw materials.

None of the entities sold any electricity or heating-, cooling- and steam-energy within the period reported.

For Standards, methodologies, assumptions, and/or calculation tools used please refer to Appendix II, Table 12 "Methodologies, assumptions, and/or calculation tools used".

## SCHWAN COSMETICS, CZECH REPUBLIC; ENERGY SWITCH TO LOW EMISSIONS DISTRICT HEATING

In this financial year, the heat supply to our plant was switched to district heating produced from sustainable raw materials. The energy supplier uses 96% waste from the wood-processing industry to generate energy, reducing the plant's emissions by 570 tons of CO<sub>2</sub>e in 2023-24.

**570 t CO<sub>2</sub>e**  
**CO<sub>2</sub>-Reduction**

## GHG EMISSIONS

At Schwan Cosmetics, the pursuit of a sustainable future is at the core of our mission. Since fiscal year 2016-17, we have actively undertaken measures to curtail our carbon footprint, demonstrating our commitment to environmental stewardship.

Our decarbonization strategy centers on a dual approach: the systematic avoidance and reduction of GHG emissions. We firmly believe that genuine progress in decarbonizing our operations necessitates the active involvement of all stakeholders. We call upon our partners to embrace and prioritize environmentally sound alternatives alongside commercial considerations. By fostering a collective commitment to sustainability, we aim to achieve Net Zero GHG emissions by 2040, marking a significant milestone in our journey toward a greener, more responsible future.



As we are convinced to achieve our targets in the foreseeable future this way, Carbon Offsets will currently not be prioritized.

**41.1%**

**Emission reduction  
through energy use  
(electricity)**

**- 62%**

**Scope 1,2 emissions to  
2016-17 Base Year**

At Schwan Cosmetics, transparency is the basis of our commitment to climate action. Through meticulous reporting and precise calculation methodologies, we continually enhance our understanding of emissions across our operations. A scientifically rigorous approach, coupled with comprehensive data recording, is pivotal for implementing the most effective measures to realize our long-term sustainability goals.

Recognizing the substantial impact of indirect emissions on our overall emissions balance, we extended our scope to encompass all applicable categories of indirect Scope 3 emissions, aligning them with the accuracy applied to Scope 1 and 2 emissions. This strategic move underscores our dedication to a holistic and transparent approach in addressing our environmental footprint.

## SCOPE 1,2 EMISSIONS INVENTORY (SCHWAN COSMETICS GROUP BY 2016-17 – FY 2023-24)

GHG emissions		Base Year 2016-17	FY 2021-22	FY 2022-23	FY 2023-24
<b>1</b>	<b>Scope 1: Direct GHG emissions and removals in tons CO<sub>2</sub>e</b>	<b>7371.3</b>	<b>4751.1</b>	<b>3731.2</b>	<b>3108.7</b>
1.1	Direct emissions from stationary combustion (Gas)	6644.6	4237.4	3344.4	2870.7
1.2	Direct emissions from mobile combustion	564.4	218.1	187.8	154.7
1.3	Direct process emissions and removals arise from industrial processes	—	66.2	48.5	35.4
1.4	Direct fugitive emissions (Refrigerants)	162.3	229.5	150.4	48.0
<b>2</b>	<b>Scope 2: Indirect GHG emissions from imported energy in tons CO<sub>2</sub>e</b>	<b>17480.9</b>	<b>4619.1</b>	<b>6379.7</b>	<b>6297.1</b>
2.1	Indirect emissions from imported electricity	17480.9	4619.1	6370.7	6228.4
2.2	Indirect emissions from imported energy	0.0	0.1	0.0	68.7
<b>1+2</b>	<b>Scope 1 + Scope 2: Direct &amp; Indirect emissions in tons CO<sub>2</sub>e</b>	<b>24852.2</b>	<b>9370.2</b>	<b>10101.9</b>	<b>9405.8</b>

Scope 1 emissions are essentially (> 90%) generated by the consumption of natural gas for heating purposes. To previous FY these emissions declined by 580 tons by substituting gas by district heat supplies locally produced from sustainable raw materials (wood chips). Main consumers of gas are located in Germany and the United States of America where currently no alternative energy supplies are available. For such reason besides conventional efforts to reduce consumption, technological updates may contribute to further reductions.

Most of the Scope 2 emissions are influenced by purchased electricity in the USA, Czech Republic, and Mexico. In the Czech Republic and Mexico emissions from the electricity sector are particularly high since electricity is generated from fossil fuels to a considerable extent, while at the same time, the share of renewable energies in the overall electricity mix remains comparatively low. For this reason, these plants remain the focus of our efforts to reduce emissions accordingly.

## SCOPE 3 EMISSIONS INVENTORY

With this year's report, Schwan Cosmetics is publishing its entire Scope 3 emissions for the first time in accordance with the requirements of the GHG Protocol. Completing the scope leads to corresponding increases on the reported absolute figures, which is why comparability

with previous years will be limited. For such reasons Schwan Cosmetics decided to make FY 2023-24 our Base-Year for scope 3 reporting and progress made on the future reduction of emissions. The changes made are also noted in our restatement under GRI 2-4.

Scope 3 GHG emissions		FY 2016-17	FY 2022-23	FY 2023-24
<b>Cosmetics Group</b>				
3	Scope 3: indirect GHG emissions and removals in tons CO <sub>2e</sub>	<b>28521</b>	<b>27527</b>	<b>51597</b>
3.1	Purchased goods and services	10594	11994	19187
3.2	Capital Goods	not disclosed	not disclosed	3344
3.3	Fuel- and energy related activities	not disclosed	not disclosed	2153
3.4	Upstream transportation and distribution	11370	9747	8396
3.5	Waste generated in operations	808	602	405
3.6	Business travels	255	264	517
3.7	Employee Commuting	3848	3505	4596
3.8	Upstream Leased Assets	not disclosed	not disclosed	not applicable
3.9	Downstream transportation and distribution	1646	1416	10755
3.10	Processing of sold products	not disclosed	not disclosed	not applicable
3.11	Use of sold products	not disclosed	not disclosed	0
3.12	End-of-life-treatment of sold products	not disclosed	not disclosed	2228
3.13	Downstream leased assets	not applicable	not applicable	not applicable
3.14	Franchises	not applicable	not applicable	not applicable
3.15	Investments	not disclosed	not disclosed	15

Further notes to the calculation methodologies please see Appendix II; Table 3.

In alignment with the GHG Protocol guidelines, our emissions report now includes calculations for downstream transportation and distribution, as well as the end-of-life treatment of sold products. Although these activities are not directly

influenced by Schwan Cosmetics, they account for about 23% of the total emissions, demonstrating the substantiality of their overall environmental impact.

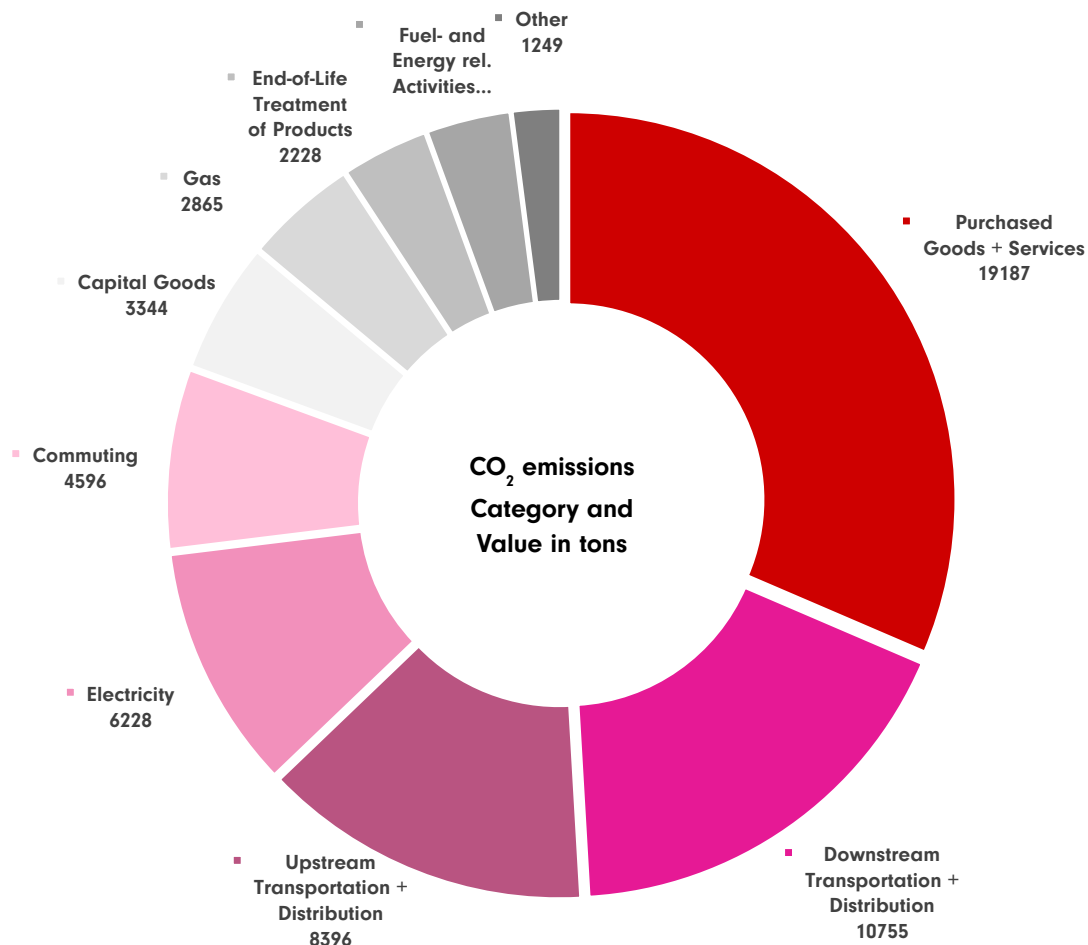
The total emissions were additionally influenced by the inclusion of materials within Scope 3.1 which had not been reflected in the previous reporting. This update involved incorporating secondary packaging materials, indirect materials, services, and aluminum components. Additionally, WTT (well-to-tank) emissions from fuel consumption in all relevant sections were also factored into the overall

calculations. Finally, capital goods are now also reflected.

This comprehensive approach ensures greater transparency and accountability in assessing Schwan Cosmetics' emissions footprint, reflecting our ongoing commitment to sustainability and responsible business practices.

## MATERIALITY OF THE GHG EMISSIONS INVENTORY

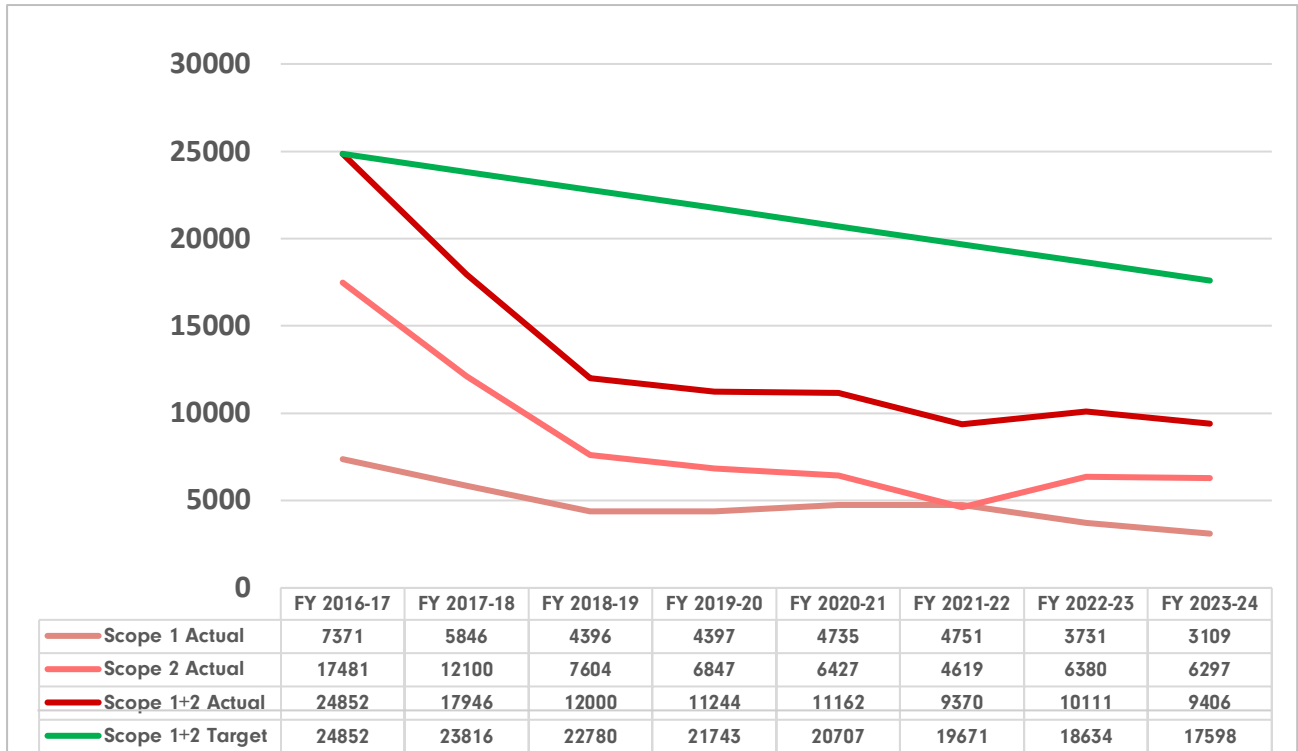
With a share of 98% nine elements of scope 1,2,3 emissions dominate the GHG inventory of Schwan Cosmetics. Additional 8 elements represent the remaining 2% of the total emissions balance. Due to the fact that some types of emissions cannot be influenced directly or significantly (e.g. commuting; downstream transportation; capital goods), we continue focusing on the remaining fields to achieve the reductions required for our mid- and long-term targets.



# ACHIEVEMENT OF OBJECTIVES

## EMISSIONS EVOLUTION 2016 TO 2024

### SCOPE 1,2 EMISSIONS



all values: to CO<sub>2</sub>e

To 2017 Base Year scope 1,2 emissions declined by 62% corresponding with an CO<sub>2</sub>e emissions reduction of 15446 tons annually. The target (green) is calculated based on the zero emissions in 2040.

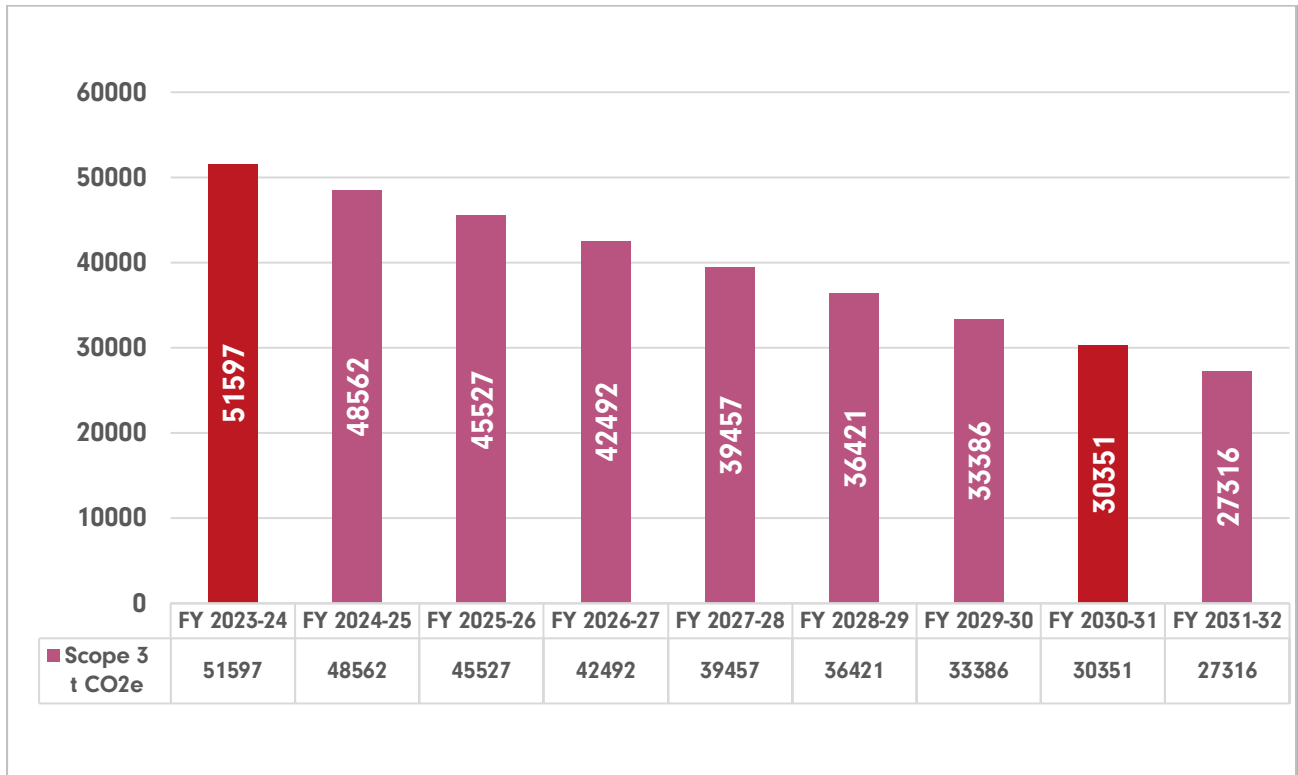
Further reduction depends on the strategies for the decarbonization of purchased electricity and the increase of self-generated

electricity on our Mexico and Czech Republic located entities.

Considering our long-term target of becoming carbon-neutral by 2040, our current emissions are still well ahead of the year-to-date target of 12378 t CO<sub>2</sub>e, based on a linear progression from the base year.

## SCOPE 3 EMISSIONS

### Fiscal Year 2023-24 / Projection to 2031-32



Due to changes in the calculation methodology and the inclusion of additional elements in the scope 3 emissions calculation, comparisons with the previous year's results are not meaningful. Nonetheless, the improvement measures we implemented in prior years continue to positively impact our scope 3 emissions balance.

The figures above outline the scope 3 emission reductions required in the coming years to meet our 2040 zero-emission target.

During the reporting period, scope 3 emissions represented 85.5% of the Schwan Cosmetics Group's total global emissions, highlighting the critical need for substantial CO<sub>2</sub> reductions in this area moving forward.

## EMISSION REDUCTION INITIATIVES

### AIR FREIGHT AVOIDANCE

Air freight emissions currently account for a substantial share of total upstream emissions, demanding proactive measures for effective reduction. Recognizing the urgency of the matter, Schwan Cosmetics has initiated two comprehensive projects with the aim of yielding positive outcomes in the near future through strategic interventions.

The first project involves a pivotal shift from air freight to ocean freight for raw material procurement in our plants located in Brazil, Mexico, Colombia and the USA. The target for FY 2023-24 was 25%. The teams went into detailed planning and revising of buying cycles and planning horizon. The result was remarkable.

# 30% reduction of airfreight



By relocating production capacities for components to the countries processed, supply chains will be shortened, and air freight avoided or replaced by sea freight,

without any compromise on our lead-time excellence. Details on this project are laid out under section Sustainable Procurement.

### ENVIRONMENTALLY ADVANCED PRODUCT SOLUTIONS

Our product development teams are actively engaged in creating alternative formulas and packaging solutions. Our ambitious target is to introduce, for each product category, at least one alternative with a lower environmental impact, reflecting our

commitment to innovative and eco-friendly offerings.

Details on our product development activities can be found in the section "Sustainable Product Development".

### ELECTRICITY EMISSION

The current share of emission free electricity already contributes significantly to reducing emissions from purchased energy. Looking ahead, the expansion of our local solar

power fields in Mexico, the Czech Republic, and Germany will expectedly further reduce emissions from purchased in the coming years.

## SUPPLY CHAIN EFFICIENCY

By relocating another 5 molds for plastic parts closer to the production sites in the Americas, we will be able to save about 68 tons of GHG emissions, on the assumption that demands are remaining constant. Previous relocations already have an impact on the upstream emissions caused through air freight to the Americas.

**68 t CO<sub>2</sub>e**

**GHG emissions saving**

## HEAT RECOVERY SYSTEM / CZECH REPUBLIC

In our facility in the Czech Republic a heat exchanger unit has been integrated into the existing heating system. It allows to recover energy from compressors and other processing systems that generate process-related waste heat.

**519556 kWh**

**Annual Energy Saving**

## ON-SITE SOLAR POWER PLANT IN GERMANY

The construction works on our on-site solar power plant in Germany made significant progress over this fiscal year. Solar power supplies started in July 2024 delivering up to 10000 kWh per day. In their final expansion stage, this facility will cover 30% of the average annual electricity consumption and up to 100% during peak times.



Model of the solar power field installed at our Headquarters, in Heroldsberg, Germany site

In the upcoming fiscal year, we will begin installing solar power parks at the Heroldsberg and Cesky Krumlov locations. In their final expansion stage, these facilities will cover 30% of the average annual electricity consumption and up to 100% during peak times. The associated effective CO<sub>2</sub> savings depend on the currently sourced electricity mix and will be disclosed in the following CSR report.



Model of the solar power field installed at our Headquarters, in Heroldsberg, Germany site

### **GHG EMISSIONS INTENSITY (SCOPE1,2)**

The product emissions intensity declined again from 19 grams CO<sub>2</sub>e/unit produced to 18 grams CO<sub>2</sub>e/unit. Since 2016/17 the emissions intensity per product reduced by 58%.

Details to the long-standing development of product emissions see Appendix II, Table 3.

**- 58%**  
per product  
emission intensity

### **MID TERM TARGETS**

On our way to zero emissions in 2040 we did define the following mid-term Targets:

#### **Mid-term Target 1:**

**63% Reduction**

**SCOPE 1,2, EMISSIONS  
BY FISCAL YEAR 2031-32**

#### **Mid-term Target 2:**

**47% Reduction**

**SCOPE 3 EMISSIONS  
BY FY 2031-32**

## STATEMENT ON OTHER EMISSIONS

Schwan Cosmetics neither imports, exports, nor produces ozone-depleting substances (ODS). Nitrogen oxides (NOX) and sulfur oxides (SOX), along with other potential air emissions, are generated solely as byproducts of gas and combustion processes. However, these emissions are considered insignificant for our overall emission calculation. Conversely, particulate matter produced during commuting, travel, and tire abrasion is challenging to quantify but is also deemed inconsequential to our overall emission balance sheet.

## WATER

In response to changing global climate conditions and the growing significance of water resources, Schwan Cosmetics Group is actively monitoring and managing water-related factors. We consistently evaluate our water usage and production intensity to gain

a comprehensive understanding of our impact on this critical resource. To maintain an overview of our total water consumption and per-unit usage, we regularly assess both overall water use and consumption intensity across our production processes.

## WATER CONSUMPTION AND WATER REDUCTION TARGET

Until the end of FY2024-25 we set a target of -10% total water consumption across the entire Schwan Cosmetics Group. All entities are requested to regularly review their water use practice and implement appropriate water saving measure. For a detailed overview of the historical trajectory of our water consumption per entity, please refer to Appendix II, Table 5.

Fiscal Year	Water Consumption [MI]			Target
	2021-22	2022-23	2023-24	2024-2025
Group	81.70	75.60	79.23	67.65

Overall water consumption and discharge is determined by the production volume produced. All water is obtained exclusively from local water networks and can be assumed as fresh water. All waste-water is discharged into public sewer systems. Consumption as well as discharged quantities are determined by water invoices or gauge readings where available. The difference between consumption and discharge are uses for irrigation or evaporated air-coolers.

When significant modifications to water pipes or other construction work are carried out, the entities consult local stakeholders, such as public water and wastewater authorities, to ensure compliance with local regulations and standards. This process covers water consumption and disposal, including rainwater retention. In FY 2023-24,

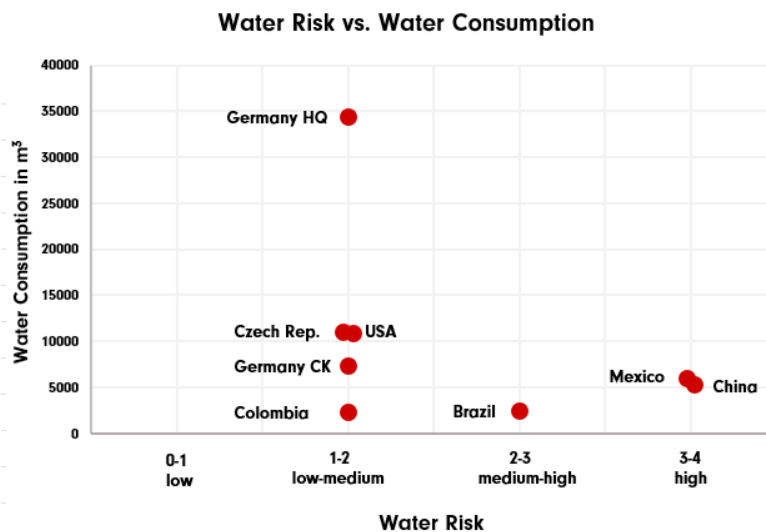
existing water discharge rights were reviewed due to the construction of the photovoltaic (PV) system in Germany ensuring they adhered to the approved building permits for the Schwan Cosmetics German site.

Unfortunately, due to a defective installation at Schwan Germany, the existing circular-cooling system for the hot condensate of our steam generator had to be temporarily replaced by a flow-through cooling system that is permanently supplied with fresh water to guarantee a waste-water temperature suitable for a drainage into the public sewage systems. As a result, water consumption increased by 18% in our biggest factory. After a technical solution has been found we expect water consumption to drop significantly again in the new fiscal year.

## WATER-RISK VS. CONSUMPTION-CORRELATION

Clean water supplies are today increasingly viewed as a constraint on economic growth, ecosystems, and social justice. Sustainable water use is becoming more important, as companies recognize their own potential for both negative and positive impacts on water.

The classification of existing water risks at our global sites is carried out for the current FY according to the assessments of the World Resources Institute.



83% of the total water consumption is utilized in places of low (0-1) to low medium (1-2) water risk areas whereas 17% face a medium-high (2-3) to high overall water risk. Conventional measures to reduce water consumption have already been implemented at these entities, as well as other sites. Decisions have yet to be made on further reaching measures to effectively reduce overall water consumption.

Information on water discharge is outlined under Appendix II, Table 6.

## WASTE

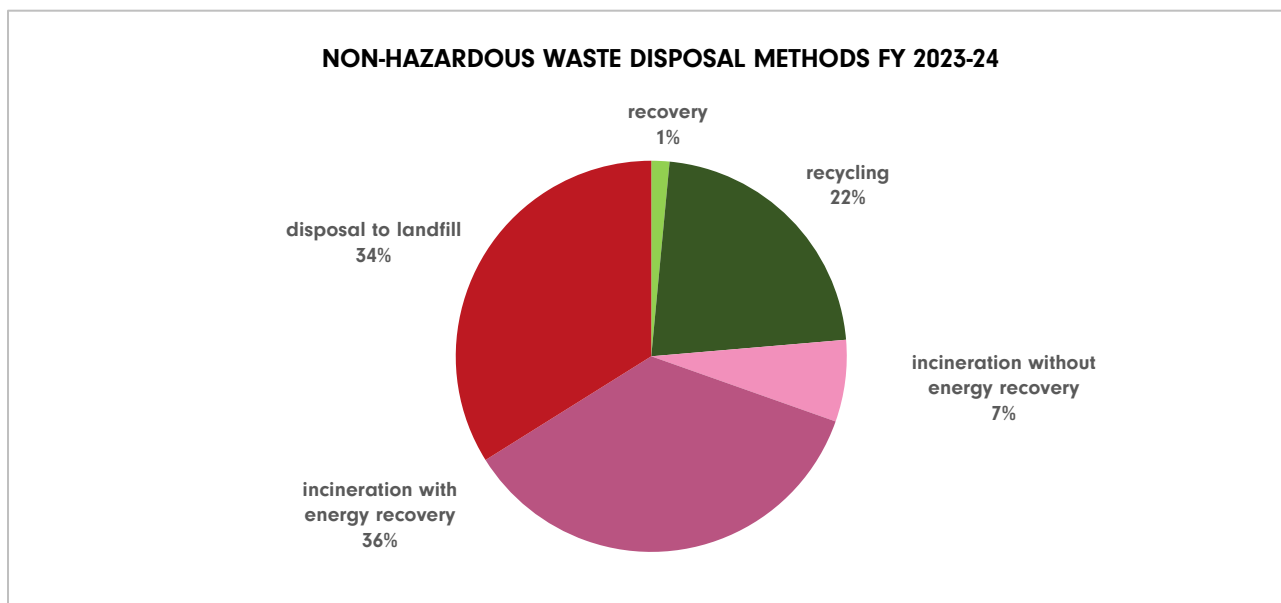
Our top priority is reducing waste through replacement and reduction. Though there is not much potential for reusing material, we are recycling materials whenever possible. Our commitment extends to converting waste into energy through licensed power plants when reuse or recycling is not feasible. It's noteworthy that although an increase in production typically leads to a significant rise in waste, in fiscal year 2023-24, the total amount of waste decreased by 3%. However, 34% of our waste still ended up in landfills, partly due to necessary corrections in our Mexican facility.

In fact, the primary environmental risk associated with Schwan Cosmetics' waste generation lies in waste deposited in landfills. All our disposals are however transported to officially authorized waste disposal facilities, expected to possess the

expertise to mitigate environmental harm. Moreover, the bulk of the remaining non-hazardous waste destined for landfills is classified as domestic waste. As a result, we perceive the environmental impact of both hazardous and non-hazardous waste sent to landfills as relatively minimal. Nonetheless, our unwavering commitment is to persist in waste avoidance and reduction efforts.

Acknowledging the challenges in accessing incineration facilities in specific subsidiaries, we have revised our landfill target. The new goal aims to limit landfill of non-hazardous waste to a maximum of 20% by end of FY 2024-25. During this period, we encourage entities with remaining landfill waste to explore and adopt cost-effective alternatives, aligning with our collective commitment to responsible waste management.

## NON-HAZARDOUS WASTE RECOVERY, RECYCLING, AND DISPOSAL



For further details per entity as well as the different methods of non-hazardous waste disposal refer to Table 7, Appendix II “Non-Hazardous Waste Disposal”.

## HAZARDOUS WASTE DISPOSAL

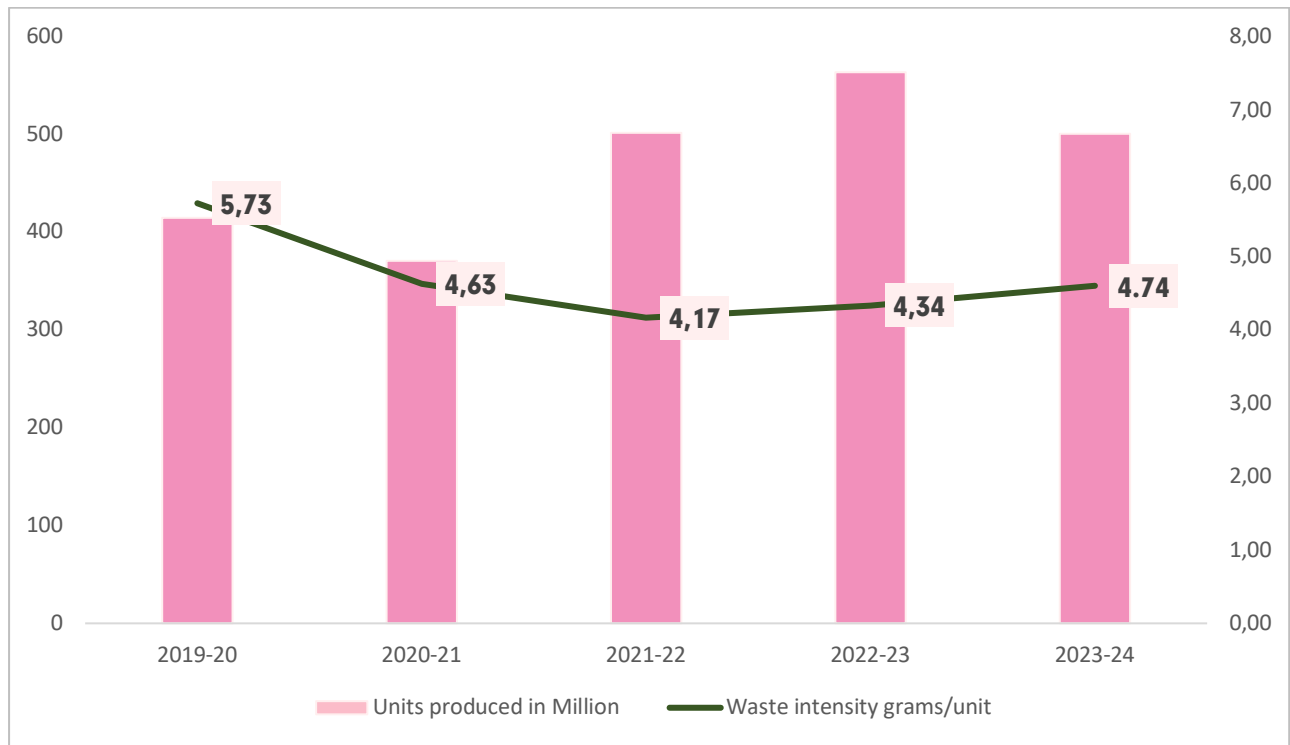
Following a significant decrease of hazardous waste in the previous year, the total further decreased by 11% due to slightly lower production numbers. Nevertheless, our target remains to fully eliminate hazardous waste disposal to landfills by FY 2024-25.

Entity / FY	Method of Disposal	Hazardous Waste Disposal [tons]		
		2021-22	2022-23	2023-24
Schwan Cosmetics Group	total	460.66	289.42	256.50
	thereof disposal to landfill	53.34	38.53	48.72
	in %	12%	13%	19%

For a detailed overview per site, please refer to Table 8, Appendix II “Hazardous Waste Disposal”.

## WASTE INTENSITY

Waste production is directly tied to overall production volume, and when the product range remains unchanged, waste numbers usually correlate with the total number of products produced. This relationship enables the measurement of “waste-intensity” per product, indicating their impact on waste efficiency.



The encouraging news is that waste per unit has declined since FY 2019-20 by 17%, reaching 4.74 g/unit in FY 2023-24. The outlined targets will further reinforce our commitment to minimizing the environmental impact of our products, both in their development and throughout the organization.

For further details on waste intensity per site and year, refer to Appendix II, Tables 9, 10 and 11 on “Hazardous / Non-Hazardous and total Waste Intensity”.



## BIODIVERSITY

Due to the nature and set up of our operations Schwan Cosmetics maintains a low impact on biodiversity.

Our facilities are designed with sustainability in mind – compact size and height to minimize our physical presence. We prioritize efficient space use, minimizing land use and preventing unnecessary disruption to ecosystems. All our facilities are located in areas specifically designated as commercial zones which do not include areas with nature conservation requirements and/or subsurface and underground land.

Due to the high hygienic and microbiological

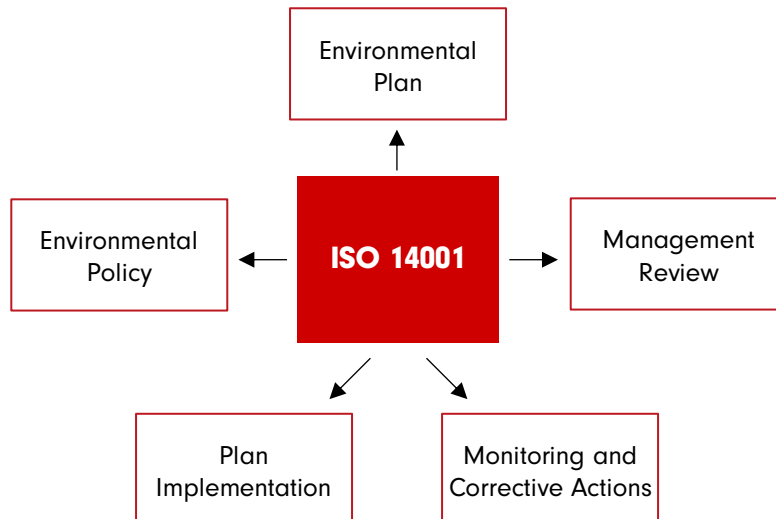
requirements for raw ingredients, components, and final products the introduction of invasive species, pathogens or pests is highly unlikely both, on imports and exports. We also do not directly engage in agricultural, forestry, or mining activities. Our manufacturing methods involve no chemical production processes whatsoever; they are solely of a physical nature.

Compliance with internationally recognized cosmetic industry standards and regulations is integral to our operations. Raw materials used for our products comply with cruelty-free certifications.



One of our entities, Schwan Cosmetics CR s.r.o. (N48.83306; E14.32763) is located inside an IUCN Category V (landscape/seascape conservation) protected area, close to its south-east edge, as a “lived-in working landscape”, the lowest protection status according to IUCN. This category targets to protect overall landscapes and seascapes that have value to biodiversity, while not targeting to protect identified species and habitats.

The site, spanning 0.075 km<sup>2</sup> in total with a built-up area of 0.035 km<sup>2</sup>, undergoes regular scrutiny by authorities to ensure adherence to the IUCN's specific environmental criteria. This ongoing monitoring prevents any inadvertent adverse effects on the protected area. Additionally, the site's ISO 14001 certification aids in the sustainable management and mitigation of environmental risks.



To minimize environmental impact and better blend with the surroundings, the factory's roof is covered with grass.

As a result, given Schwan Cosmetics' overall low impact on biodiversity, we strategically prioritize sustainability initiatives that align with our commitment to environmental responsibility. We nevertheless maintain flexibility in our approach, with a commitment to continuous improvement and an ongoing reassessment of biodiversity considerations as we potentially expand our

operation and further finetune our sustainability efforts throughout our supply chains.

Since none of the other entities require an environmental permit, it can be concluded that no significant environmental impacts do exist.

There is no information available for review, which suggests, that there are any risks of hazards that could lead to the extinction of species.



# SUSTAINABLE PRODUCT DEVELOPMENT

## MANAGEMENT APPROACH

Our customers require and trust that we incorporate their individual sustainability product targets into our development process for new products. Market requirements and trends frequently change, and it is essential to stay updated on the best practices and approaches to fulfill end-consumer sustainability understanding, interpretation, and demands. In addition, we have a strong internal ambition to reduce our environmental impact and contribute positively to society every day.

To manage the diversity of customer requirements, end-consumer needs, and internal ambitions, the “Sustainability & Material Innovation” (SMI) team is in place – a group of material experts, packaging experts, process experts, and managers.

The SMI team gathers customer input (meetings, trade fairs, grey/black-lists) and tracks end-consumer trends (interviews, news, social media, blogs). For areas where customers or consumers haven't decided on a sustainability approach (e.g., recycled vs. biobased materials), the SMI team creates internal decision trees based on scientific and expert data to guide the most sustainable product solutions.

With the comprehensive information, we developed our set of sustainability KPIs in the areas of future sustainable formula

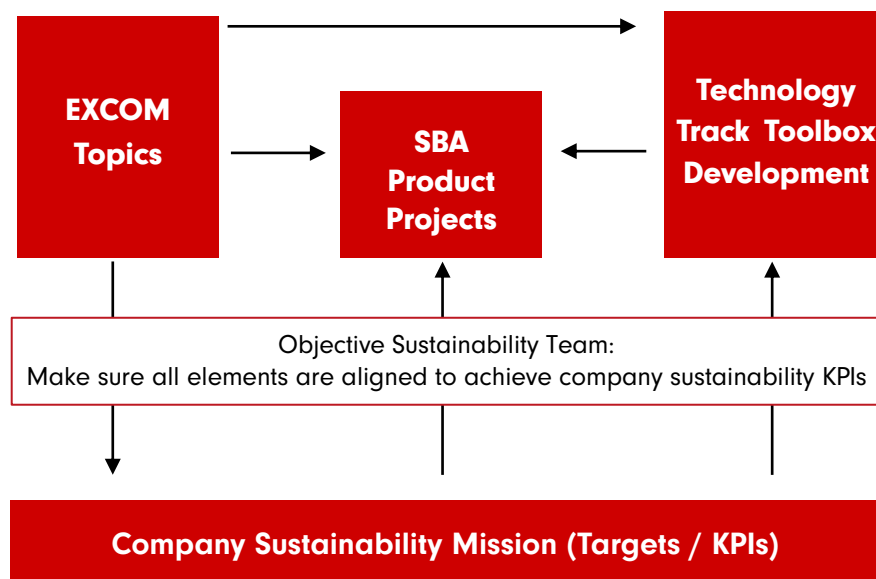
development, the usage of wood, the reduction of virgin plastics in products, circular design principles, and the reduction of plastics for secondary packaging (see below).

The Sustainability & Material Innovation team is part of the R&D team and reports directly to the Head of R&D – while the Head of R&D is a direct report of the Schwan Cosmetics CEO.

Regular meetings with the CEO, the R&D Head, and the Sustainability & Material Innovation team assure the reporting of sustainability KPIs and critical information flow to the top management. Moreover, the sustainability KPIs and the current most crucial activities and projects are reported and discussed by the Schwan-STABILO holding leadership team on a monthly basis.

## SUSTAINABILITY AND MATERIAL INNOVATION

### SUSTAINABLE BUSINESS INNOVATION



The global production sites have a dotted reporting line to the SMI team. The Sustainability & Material Innovation team actively participates in all regular R&D department meetings, including those in the formula development and product/material development departments.

The new product development process is designed in a stage-gate logic. The SMI team is part of all important decision meetings. The task of the SMI team is to make sure that we have the right activities, research, projects, and development roadmaps in place to meet our sustainability KPIs.

## **CHALLENGES FOR SUSTAINABILITY AND INNOVATIVE PRODUCT DEVELOPMENT**

At Schwan Cosmetics, sustainability is deeply embedded in our purpose, vision, and strategy. Over the past several years, we have invested significant resources into the development of innovative, sustainable product alternatives. Our commitment to creating environmentally friendly solutions remains unwavering, even as we navigate the challenges of market acceptance and adaption.

**“Our approach to sustainability goes beyond mere compliance; it is a core driver of how we develop products and bring them to market,”**

says Dr. Alexander Doll, R&D Senior Vice President at Schwan Cosmetics.

We understand that true sustainability must encompass not just environmental considerations, but also performance, design, and cost-effectiveness. As such, we are committed to developing sustainable solutions that meet the following key criteria:

### **SUPERIOR PERFORMANCE SUPPORTED BY SUSTAINABLE SOLUTIONS**

Every sustainable product we develop is designed to match or exceed the performance of traditional alternatives. Whether it's the wearability of our cosmetics or the durability of packaging, our products deliver the high-quality experience our customers expect.

### **NO COMPROMISE ON SENSORY & AESTHETIC QUALITIES**

In the beauty industry, product feel, appearance, and packaging play a critical role in customer satisfaction. Our sustainable innovations are created with no trade-offs in haptics, decoration, or appearance. We ensure that our eco-friendly solutions are as visually appealing and pleasant to use as any conventional product.

### **COST-EFFECTIVE SOLUTIONS**

We recognize that sustainability should not come with a premium price tag for our customers. By smartly developing products with sustainable materials and processes, we aim to keep costs in line with—or below—traditional product lines. Our objective is to offer accessible and affordable sustainable options to a wide range of consumers.

While we are proud of our efforts to date, we recognize that market adaption of sustainable products has been slower than

expected. The insights gained from this process are invaluable, and they will help guide future innovation. By closely monitoring consumer feedback and evolving trends, we continue to refine our product offerings to better align with the expectations of our customers.

Our commitment to sustainability is not only about responding to market demand — it is about leading the way toward a more responsible and sustainable future for the cosmetics industry. We believe that by continuously improving our products and processes, we can drive meaningful change, both for our business and for the environment.

### **LOOKING AHEAD**

As we look to the future, we remain dedicated to our sustainability goals. Innovation, customer satisfaction, and environmental responsibility will continue to shape our product development strategy. We are excited to explore new opportunities to make sustainable beauty accessible to everyone while contributing to the global effort to protect our planet.

Together with our partners, customers, and stakeholders, we will continue to innovate and push boundaries, working towards a future where sustainability is the norm, not the exception.

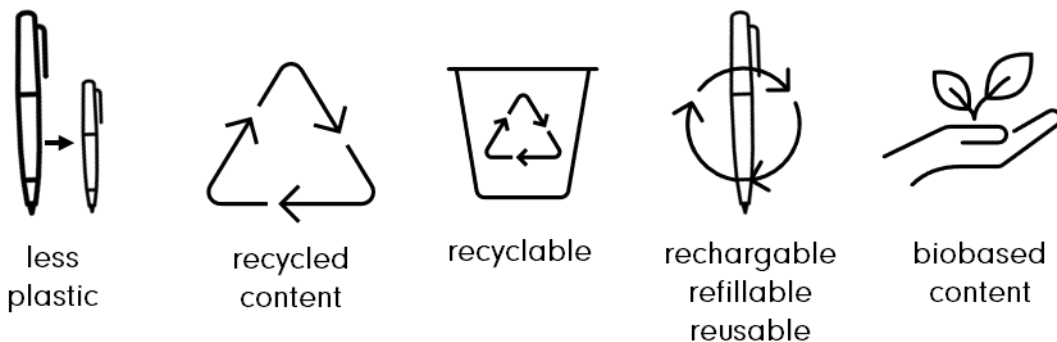
## **PRODUCT DEVELOPMENT TARGETS**

In fiscal year 2020-21 we started defining product targets to transparently communicate and track the effort of sustainable product development at Schwan Cosmetics and to meet our customer's needs for sustainability. Our sustainability objectives serve to align every new product development towards common goals. With this approach, we will achieve our goal of transferring our existing product portfolio toward sustainable product solutions for the cosmetics market.

## PRODUCT DEVELOPMENT

In 2022-2023 we adapted our strategic approach for sustainable packaging development to **offer 100% environmentally enhanced alternatives within our portfolio technologies by the end of FY 2027-28**. We strategically shifted our ambitious sustainable product goal from a fixed percentage reduction approach to a more adaptable, customer-centric portfolio-based model. It offers customers greater flexibility in selecting sustainable products while recognizing the varied needs and preferences of our clientele.

For the customer centric approach, we have integrated 5 dimensions that contribute in different ways to a holistic sustainability approach:



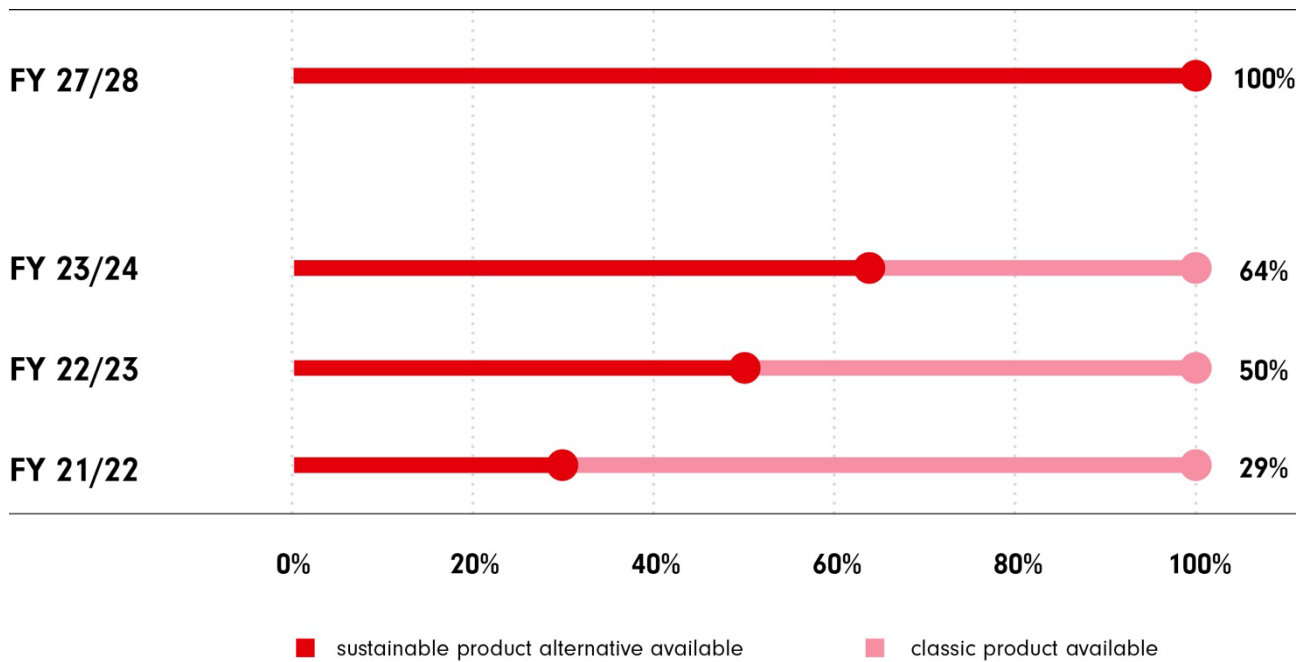
The dimensions selected are:

- **Less plastic** including all product solutions that are produced with a reduced amount of plastic compared to previous versions or standard alternatives.
- **Recycled content and biobased content** focusing on the material choice itself to reduce virgin plastics as a material resource. This includes products using post-consumer recycled (PCR), post-industrial recycled (PIR) materials but also biobased materials based on feedstocks like sugarcane that are converted to polyethylene (PE) or polylactic acid (PLA).
- **Rechargeable, refillable and reusable products** can extend the product life cycle and reduce the plastic use by rechargeable units, refillable product parts or reusable components like cosmetic sponges or brushes.
- **Recyclable products** are designed in such a way that they can be returned to the recycling process after use and thus reprocessed and reused to manufacture new products.

As we evolve toward a customer-centric sustainability strategy, we remain steadfast in our dedication to reducing the use of virgin fossil plastic and contributing to a circular economy that minimizes waste to landfills and incineration plants.

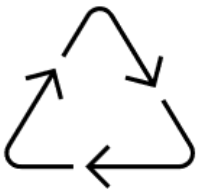
We therefore conducted the first comprehensive analysis of our sustainable enhanced products portfolio. The portfolio consists of three main categories: Sharpenables, Mechanicals, and Liquids, encompassing 14 hero products.

## PROGRESS ON SUSTAINABLE PRODUCTS



In fiscal year 2023-24, we successfully increased the share of high-performance sustainable alternatives from 50% of our portfolio to 64% by developing sustainable solutions, such as new eyebrow mascara packaging made from recycled content and a refillable mechanical lip liner.

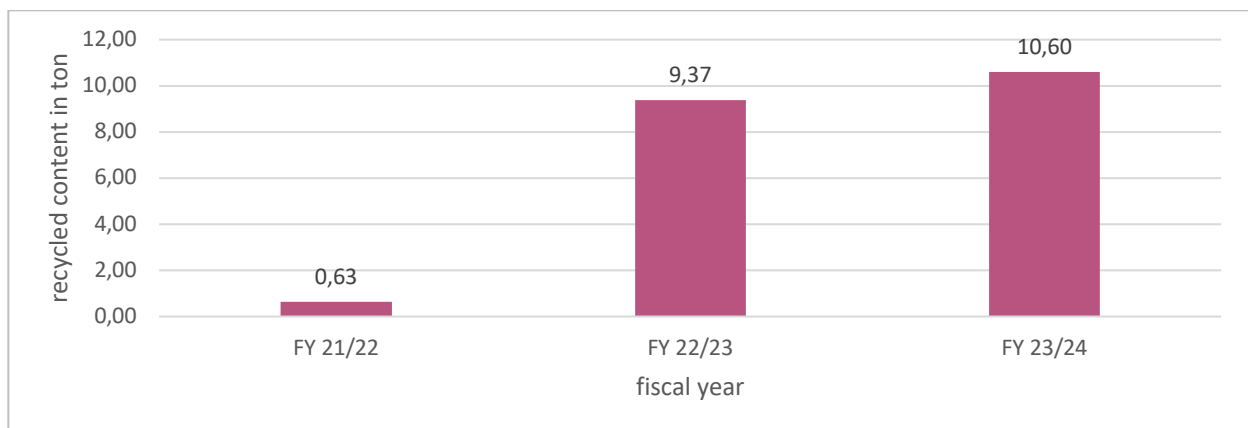
## RECYCLED CONTENT GROWTH



recycled content

In recent years we added several product solutions to our portfolio that are containing high amounts of recycled content like the PCR Purist or PCR caps for wooden pencils.

In the last financial year, we exceeded the mark of 10 tons of recycled material. By gradually expanding our portfolio with PCR product solutions, we are confident that we will continue to replace further quantities of virgin plastics with recycled materials in the next financial year.

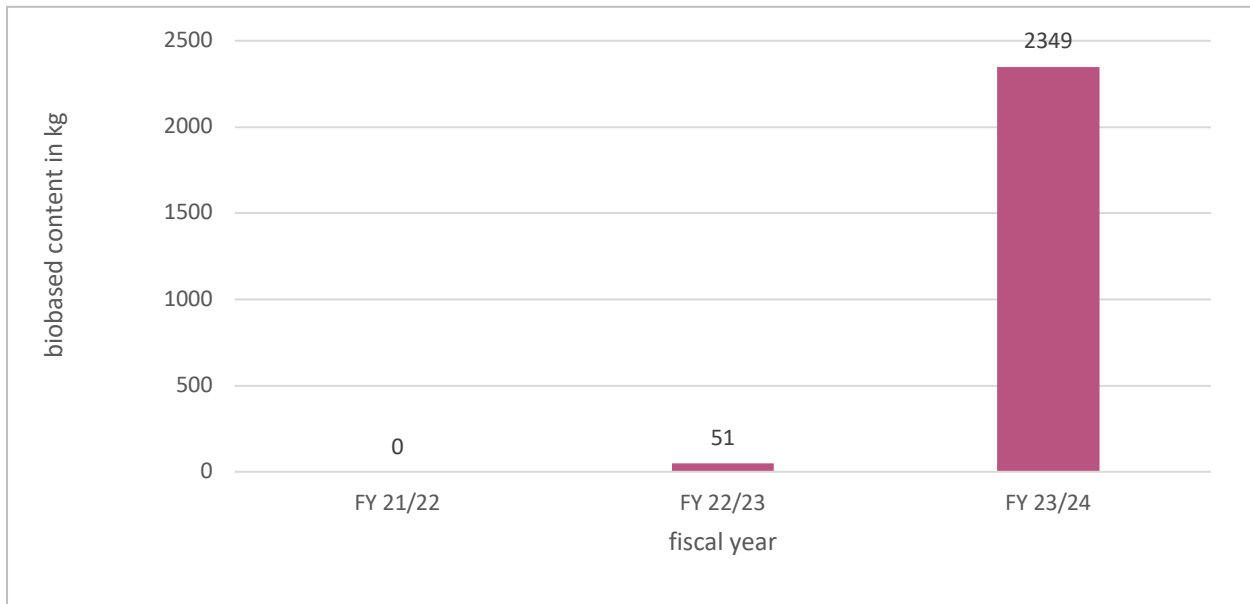




biobased content

## BIOBASED CONTENT GROWTH

In the previous year 2022-23, we added TheBetterBarrel to our portfolio, a sharpenable cosmetic product in which the barrel already consists of 72% biobased material. This fiscal year, we successfully increased the quantity of biobased materials from 50 kg to nearly 2349 kg.



rechargeable  
refillable  
reusable

## RECENT SUSTAINABLE PRODUCT LAUNCHES

### SHAPEMATIC – NEW REFILLABLE LIPLINER PENCIL

In fiscal year 2023-24 Schwan Cosmetics launched a new refillable lip liner which was also nominated for sustainability award at Cosmopack Asia 2023.

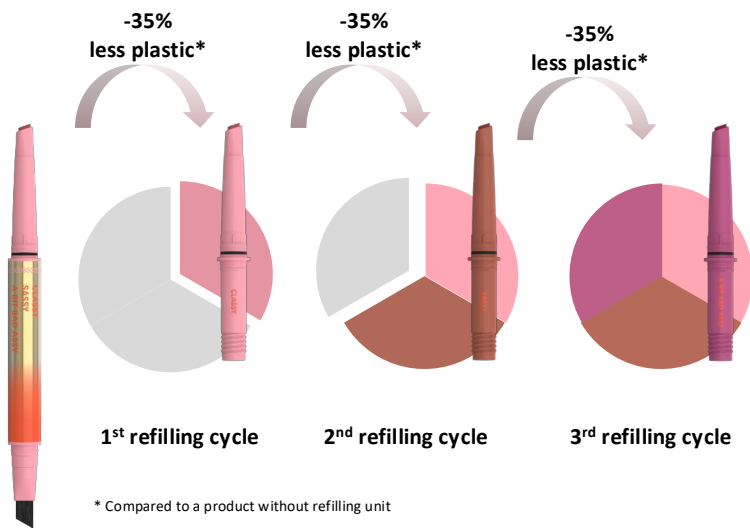
The pencil was combined with an innovative formula to create a new product, “Power Up Your Pout”. This combination consists of a refillable mechanical lip liner with exchangeable cartridges featuring a peptide and jojoba oil-infused formulation and a unique, drop-shaped tip for an easy application with 3-in-1 plump, define, and fill lip makeup.

The product combines a maximum-performance formula and active care ingredients with sustainability and eco-conscious design due to the refilling opportunities and the drop-shaped tip.

The cartridge is exchangeable to offer a mix & match makeup to suit the consumer style and their mood!



The refillable PowerUpYourPout lip liner aligns perfectly with our strategy, enabling us to implement closed-loop systems for our products and prevent waste from ending up in landfills or incinerators.



One refill unit can save around 35% plastic compared to a non-refillable product. After three refills, it eliminates the need for a full new pencil, reducing plastic use and extending the life cycle of reusable components.

## EXPANDING OUR REFILLABLE PRODUCT SOLUTIONS

In FY 2022-23 we launched a metal lipstick casing with the option to refill as an extension of Schwan’s already existing refillable product solutions like the REFILL & STYLE liquid liner, which offer sustainable beauty alternatives to single-use and disposable liquid liners, a significant contributor to beauty products’ plastic waste.

With the new launch of a refillable mechanical lip liner in FY 2023-24 we are gradually expanding our product portfolio to include more refillable solutions.



Figure 1 - Schwan Cosmetics Refill Portfolio including Liquid Liner, Lipstick and Mechanical Liner



recycled  
content

## **BROWPOWER – NEW LIQUID BROW PENCIL WITH RECYCLED CONTENT**

We also launched a new liquid brow pencil for our eyebrow portfolio, featuring a PCR bottle and cap made from 70% recycled content. Paired with our liquid brow formulations, this product shapes, colors, and fixes unruly brows in one swipe, reducing virgin fossil plastics through PCR materials while delivering flawless brows.

**CONTAINS UP TO**

**70%**

**RECYCLED CONTENT WITH  
PCR MATERIAL IN BOTTLE AND CAP**



## TheBetterBarrel RELAUNCH – IT IS SO EASY BEING GREEN

With TheBetterBarrel, we introduced a new sustainable product in 2022-23, seamlessly combining high-performing textures with an eco-friendly barrel designed for sharpenable cosmetic pencils.

The components, made from 72% biobased material, side-stream wood chips, and natural binders, are both sustainable and airtight, preserving volatile ingredients.

To offer more sustainable options, we relaunched TheBetterBarrel in FY 2023-24. Customers can now customize their barrel with various formulations, colors, decorations, and applicators to suit their preferences.

**CONTAINS UP TO**

# 72%

**BIOBASED CONTENT WITH  
BIOBASED MATERIAL IN BARREL**



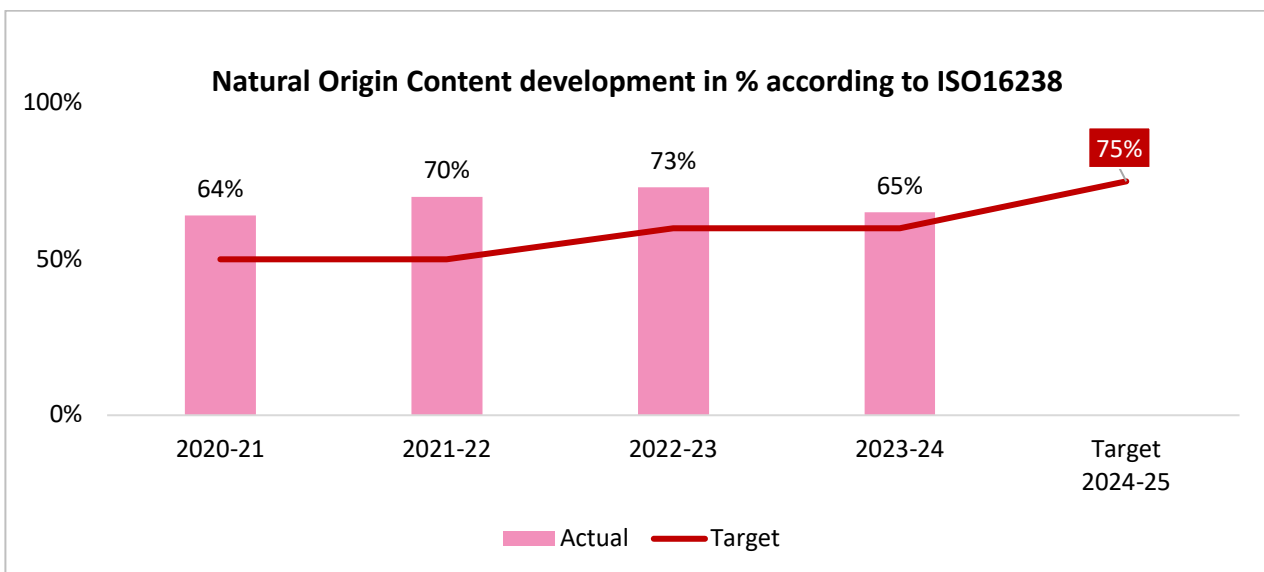


## FORMULA DEVELOPMENT

Our sustainable product development is aligned with the Natural Origin Content (NOC) of our formulas. The NOC indicates the percentage of natural-origin ingredients in our formulations. It is calculated based on the Natural Origin Index (NOI) of each ingredient, following the guidelines of ISO 16128.

We measure our performance using the average Natural Origin Content across our entire product range as a key performance indicator (KPI).

In fiscal year 2023-24, our average NOC reached 65%, notably exceeding our goal of 60%. Nonetheless, this is a considerable decrease from last year's NOC of 73%.



**IN FY 2023-24 WE ACHIEVED**

**65%**

**NATURAL ORIGIN CONTENT ACCORDING TO ISO16128**

The main reason for the decline in NOC in our products is our strong focus on performance attributes like durability, comfort, and aesthetics. This approach is driven by market demands and ensures our products meet the high standards expected by our customers and consumers. However, sourcing high-performance raw materials that are both naturally derived and consistently high in quality remains a significant challenge. Furthermore, the ISO 16128 criteria for calculating NOC are often

not suited for the new types of raw materials. The NOC has been a useful starting point for measuring our sustainability efforts. However, it is evidently too one-dimensional and limited in scope.

Future sustainability decisions must take a more holistic approach that balances environmental stewardship, social responsibility, and commercial success, ultimately advancing our sustainable development.



Environmental Stewardship



Social Responsibility



Commercial Success

We are currently evaluating our entire raw material portfolio based on a broader set of criteria. Key considerations include origin, feedstock transparency and traceability, environmental and social impact, biodegradability, manufacturing processes, safety, availability, and market demand. These factors address the critical aspects of the raw material lifecycle, from sourcing to disposal, enabling developers, regulators, customers, and consumers to make informed and sustainable choices.

Sustainability is a dynamic concept that evolves with changing technological innovations, industry standards, and consumer demands. It is crucial to continuously monitor and assess the available information and its implications. In the upcoming fiscal year, we will set a new target to track our activities, guiding us toward increasingly sustainable product development.

## RECENT SUSTAINABLE FORMULA LAUNCHES

### MATCH – CLEAN AND MICROBIOME FRIENDLY CONCEALER

In 2023-24 we introduced our microbiome-friendly formula MATCH for our face portfolio. A cover stick that is formulated with natural, modern and clean ingredients and has a natural origin content of up to 98% according to ISO 16128. Effortlessly blend away blemishes, scars, spots, pimples and everything you want to hide with its creamy full coverage formula.

The conscious blend of vegan, natural, and modern ingredients – such as tapioca starch, aloe vera, natural waxes, and high-performance oils – delivers a lasting, comfortable wear of up to 17 hours. In addition to high natural origin content, the formula includes upcycled sunflower seed wax and renewable raw materials like a biodegradable emulsifier of natural origin.

CONTAINS UP TO

**98%**

**NATURAL ORIGIN CONTENT  
ACCORDING TO ISO16128**



Clean Beauty



Cruelty free

## REFOCUS – CLEAN AND BLENDABLE SUPER STAY EYELINER

In FY 2023-24, we developed REFOCUS, a natural super stay eyeliner and lipliner formula that pairs perfectly with TheBetterBarrel. These premium liners offer up to 91% natural content (ISO 16128) and are made with clean ingredients, including plant-based volatile oil and natural waxes. The formula provides a smooth, soft glide, lasts up to 16 hours, and is water-, smudge-, transfer-, and sweatproof. It is natural, clean, vegan, and blends easily.

CONTAINS UP TO

**91%**

**NATURAL ORIGIN CONTENT  
ACCORDING TO ISO16128**



Clean Beauty



Vegan



Cruelty free

# SUSTAINABLE SOLUTIONS FOR SECONDARY PACKAGING

## LOCAL SECONDARY PACKAGING CAMPAIGNS

Starting in Germany, we analyzed all secondary packaging for Schwan Cosmetics and set a target to reduce virgin fossil plastics by 25% by the end of 2022. We explored alternatives like reducing plastic or using post-consumer recycled (PCR) and biobased materials. In FY 2022-23, we achieved a 13% reduction but could not fully implement all measures, so we extended the target into FY 2023-24.

One of our main initiatives has been the global transition away from Styrofoam trays. Each year, we process around 400000 trays, which amounts to a volume of 1000m<sup>3</sup>, illustrated as a 10m cube in the image outside our headquarters in Heroldsberg, Germany. Although Styrofoam trays are effective for safely shipping products from production to customers, expanded polystyrene is not recyclable. To minimize waste from secondary packaging, we are replacing them with recyclable alternatives.



Over the past two years, we have worked on replacement solutions such as boxes made from cardboard or – for higher protection - specialized thermoforming trays made from recycled PET.

100% PCR tray (EcoTray)



Carton Boxes (Styrofoam replacement)

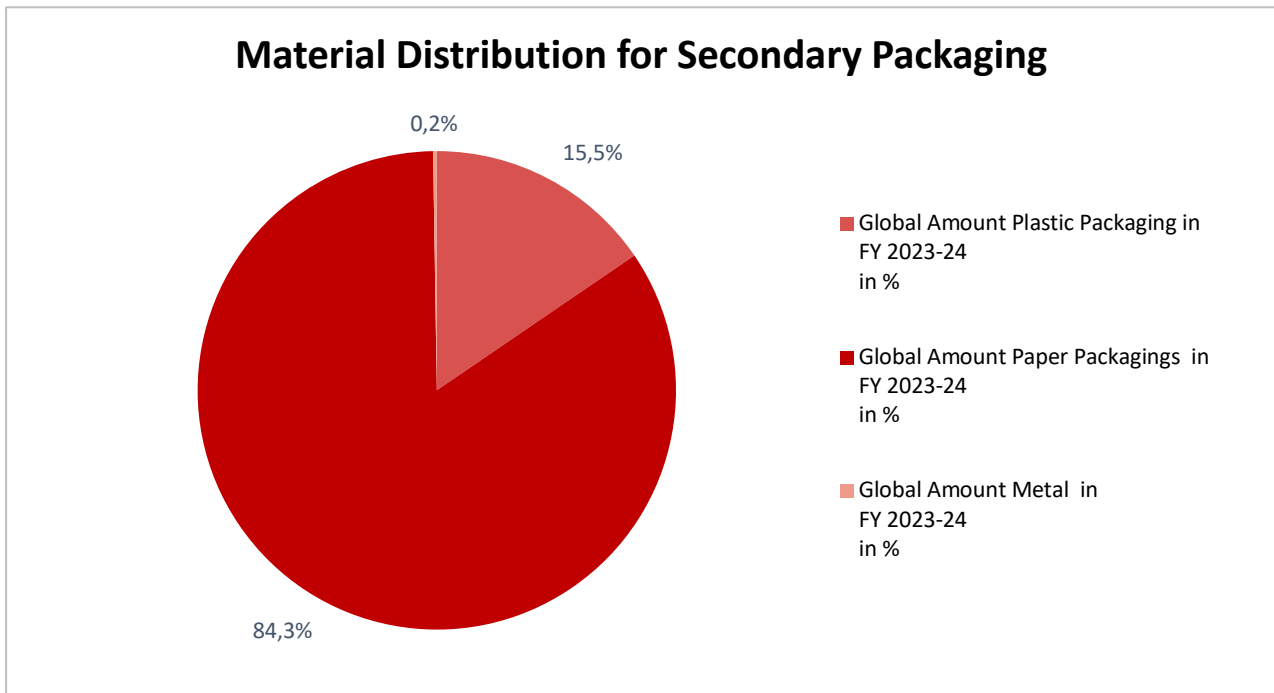


The rollout started this fiscal year. We had a total of 382 combinations of Styrofoam trays to meet customer requirements. We started the transition to more sustainable packaging by first streamlining our packaging combinations, which has simplified our processes. As a result, we managed to replace 36% of Styrofoam trays with suitable carton boxes and 37% were changed to the new EcoTray.

Further EcoTray versions are currently in development to transition the remaining Styrofoam trays to recycled plastic trays. Our goal is to finalize the changeover by the end of 2024.

## GLOBAL SECONDARY PACKAGING OVERVIEW

In this fiscal year, we expanded our tracking of secondary packaging to include purchased goods from all subsidiaries, enhancing our global sustainability efforts. In terms of weight, our purchased secondary packaging composed of approximately 84.3% paper, 15.5% plastic, and 0.2% metal.



The percentage of plastic in our secondary packaging is less than one-sixth, with the majority already being paper-based. Additionally, we reduced our purchase of plastic-based secondary packaging by 16% compared to previous FY 2022-23.

In recent years, we have successfully reduced secondary packaging solutions in Germany that rely on fossil virgin plastic. We achieved this by decreasing the thickness of shrink sleeves, introducing sealing labels, and replacing Styrofoam trays. Transitioning to paper-based or recycled solutions has proven to be an effective approach, which we plan to implement in other entities to further decrease the overall proportion of plastic packaging globally.



# GOVERNANCE

## MANAGEMENT APPROACH

Schwan Cosmetics is committed to respecting the highest standards of business conduct, fighting corruption in all its forms, both active and passive, and acting to prevent any potential violation of its business integrity. Schwan Cosmetics expresses its commitment to ensuring the respect of ethical values for our business conduct within our Corporate Code of Conduct. Together with our corporate values, it forms the foundation that we consider essential for our success. As lawful conduct beyond our corporate boundaries is important to us, we have also formulated our expectations of our business partners in a corresponding Supplier Code of Conduct (see chapter Sustainable Sourcing).

The managing Directors of all entities of the Schwan Cosmetics Group create annual reports that are summarized and evaluated by the Global CSR Team.

## BUSINESS ETHICS POLICY

Through our Business Ethics Policy, we consolidate our guidelines for collaborating with both employees and business partners, along with the management processes for implementing them. We have established binding targets, which we routinely assess and disclose in our CSR reports. This business ethics become the guiding principles for all our conduct and actions.

## COMPLIANCE MANAGEMENT

The company's responsible functions formulate policies and guidelines and bear the responsibility for executing corporate governance within their respective spheres of authority. This includes a wide range of areas, including anti-corruption, money laundering, product compliance, occupational safety, fire protection, environmental protection, materials compliance, and labor and social law. They ensure that all departments and employees who are entrusted with or come into contact with the respective topics are informed and trained accordingly.

To ensure alignment not only within the Schwan Cosmetics International Group but throughout the entire organization under the

guidance of the holding company, we have revised and harmonized the Code of Conducts for both - employees and suppliers. The updated editions offer even more comprehensive guidance on meeting legal obligations and upholding transparent, secure, and fair business practices. Training will be completed until end of 2023.

Furthermore, we have assessed the susceptibility to bribery based on employees' roles and will deliver tailored Bribery Prevention Training to the relevant departments.

All entities prepare annual Business Ethics Reports which include information on GRI Standard compliance as listed below:

Incident type	Fiscal Year	Unit	CI Germany	CG Germany	CK Germany	C1 USA	C2 China	C3 Czech	C4 Brazil	C5 Colomb.	CC Mexico	Target
GRI 205-2 Anti-corruption communication and training	2021-22	%	100	100	100	100	100	100	100	100	100	100
	2022-23		100	100	100	100	100	100	100	100	100	100
	2023-24		100	100	100	49	100	95	100	100	83	100
GRI 205-3 Incidents of Corruption	2021-22	No.	0	0	0	0	0	0	0	0	0	0
	2022-23		0	0	0	0	0	0	0	0	0	0
	2023-24		0	0	0	0	0	0	0	0	1	0
GRI 206-1 Anti-competitive behavior	2021-22	No.	0	0	0	0	0	0	0	0	0	0
	2022-23		0	0	0	0	0	0	0	0	0	0
	2023-24		0	0	0	0	0	0	0	0	0	0
GRI 415-1 Political Contributions	2021-22	€	0	0	0	0	0	0	0	0	0	0
	2022-23		0	0	0	0	0	0	0	0	0	0
	2023-24		0	0	0	0	0	0	0	0	0	0
GRI 417-2 Product information	2021-22	No.	0	0	0	0	0	0	0	0	0	0
	2022-23		0	0	0	0	0	0	0	0	0	0
	2023-24		0	0	0	0	0	0	0	0	0	0
GRI 418-1 Customer privacy	2021-22	No.	0	0	0	0	0	0	0	0	0	0
	2022-23		0	0	0	0	0	0	0	0	0	0
	2023-24		0	0	0	0	0	0	0	0	0	0

Following an internal audit review, it was discovered that one Schwan Cosmetics employee had engaged in fraudulent activities involving an external savings fund established for all employees. This individual apparently acted in collusion with an employee of the external organization. Upon discovery, the employee was immediately dismissed, and legal actions were initiated to recover the misappropriated funds. In addition, internal processes were reviewed and strengthened with additional control measures to prevent future incidents.

## INCIDENTS OF DISCRIMINATION GRI 406-1

Fiscal Year	CI Germany	CG Germany	CK Germany	C1 USA	C2 China	C3 Czech Rep.	C4 Brazil	C5 Mexico	CC Colombia	Objective
2021-22	0	0	0	0	0	0	0	0	0	0
2022-23	0	0	0	1	0	0	0	0	0	0
2023-24	0	1	0	0	0	0	0	0	0	0

A case of harassment involving an employee was brought to our attention. In line with our zero-tolerance policy, the matter was investigated, and the employee found responsible had their contract terminated with immediate effect. Subsequently, additional compliance training was provided to reinforce awareness of discrimination issues and ensure adherence to appropriate behavior standards.

## NON-COMPLIANCE WITH LAWS AND REGULATIONS GRI 2-27

In fiscal year 2023-24, there were no instances of non-compliance with laws and regulations to be reported for all entities of Schwan Cosmetics. No reports were made regarding violations, and there were no penalties imposed or outstanding. Essentially, the company operated in accordance with laws and faced no sanctions, neither monetary nor non-monetary related to non-compliance.

## CORRUPTION RISK-ASSESSMENT

In principle, the private label business of Schwan Cosmetics can be associated with a low risk of corruption. Reasons for this is that our business is associated with transparent contracts, strict compliance requirements, clear business processes and professional procurement management.

A corruption risk assessment conducted for all entities within the organizational boundaries of this report in FY 2021/22 affirmed that all personnel and departments in contact with potential corruption risks displayed a keen awareness and remained current on the policies and procedures designed to mitigate the risk of incidents.

Potential corruption risks are among others:

Risk	Description
Due Diligence	Financial integrity of suppliers and customers
Employee's Conflict of Interest	Acceptance of bribes or gifts on an inappropriate level
Insufficient Training	Inadequate understanding of anti-corruption measures.
Whistleblower Protection	Absence of mechanisms to protect Whistleblowers from retaliation.
Contractual Relationships	Risk of money laundering
Inadequate Monitoring	Lack of ongoing monitoring of contract performance
Petty Cash Payments	Illegal money transfer
Payment Cycle Procedure	Unjustified /fraudulent payment to external

Risks were evaluated along likelihood, business impact and their resulting overall risk. Measures to mitigate risks were defined and implemented and their effectiveness evaluated.

Despite extensive risk mitigation measures, we encountered a corruption incident in FY 2023-24 involving one employee and possibly, a business partner, as detailed above. Appropriate actions were defined, including the termination of contracts, and legal actions were instigated against both the employee and the business partner, which are still ongoing. As a consequence, our internal practice was optimized again though it shows that despite all the instructions and training there is room for further training and improvements on global alignment. For detailed information on

communication and training please refer to Table 13, Appendix I "GRI 205-2 Anti-corruption policy communication and training (Code of Conduct)".

Internal verification processes are to be implemented within the coming years. As a pilot project our Mexican production facility has been setting up a Corruption Management System according to ISO 37001 Standard. The plan is to schedule an Internal Audit accompanied by a consultant in October 2024 in preparation for the external audit scheduled for January 2025.

As confirmed during our SEDEX audits no legal actions were brought forward for anti-competitive behavior, anti-trust, and monopoly practices.

## **CHILD LABOR, FORCED LABOR, COMPULSORY LABOR**

Our own risk assessment has shown that there is only a low risk of child labor forced labor, compulsory labor at our own sites. This is the result of an assessment of the local legal situation, internal guidelines, and annual third-party audits by SEDEX.

The recently enforced German Supply Chain Due Diligence Law, required a review and detailing of the existing due diligence process for suppliers and the implementation of an enhanced Supplier Code of Conduct including the prohibition of child labor, forced labor, compulsory labor at our suppliers. The latest assessment

encompasses all direct and indirect material suppliers for Schwan Cosmetics, accounting for 95% of the purchasing volume, whereof 69% of the suppliers have been found to be compliant. The remaining 31% refers to suppliers located in risk countries that have not yet been evaluated, but this does not indicate non-compliance, as they will undergo further assessment going forward.

Where risks have been identified, measures to minimize them will be implemented in cooperation with suppliers concerned (see also Supplier Due diligence Process on Page 56).

## **INFORMATION SECURITY**

### **MANAGEMENT APPROACH**

With the ongoing expansion of interconnected information systems across all business sectors and with customers, the importance of ensuring information security and integrity has risen significantly throughout the entire organization. We therefore have ongoing and continuously updated and repeated globally implemented information security measures.

These include, among other things, regulations for:

- Global Information Security Guidelines for Employees and Visitors
- Passcode Guideline
- Remote Access Agreement
- Intranet Guideline for sharing documents
- Data retention Schedule
- Guideline for the Archiving of Documents

## **INFORMATION SECURITY RISK ASSESSMENT**

The effectiveness of the measures was assessed internally by means of an Information Risk Assessment and by our Auditing Company Roedl & Partner.

## **INFORMATION SECURITY TRAINING PROGRAM**

We extended our global Information Security Training program ("SoSafe") for all employees who have computer access. Regular updates are necessary to continue safeguarding our system against potential threats that could compromise both company and external contact information.

The training sessions enhance the knowledge and awareness of employees who access our information systems regarding workplace regulations and digital media risks. Training effectiveness is assessed through post-module questionnaires.

For further details per region, please refer to Table 1 Appendix III Governance "Information Security Training Participation and Training hours".

# **4408 h**

**Total IT training hours  
across all sites in  
FY 2023-24**

There have been 0 complaints concerning breaches of customer privacy and losses of customer data for the Schwan Cosmetics Group. Table 2 Appendix III Governance "Information Security Training Participation and Training hours".

## COMPLAINT MECHANISM & WHISTLEBLOWING SYSTEM

The successfully implemented whistleblower system in 2021 enables employees, business partners, and third parties to report suspicions of misconduct, such as violations of the law or the Code of Conduct. Reports can be made anonymously, in line with the EU Whistleblower Directive and legal requirements through the internet or email in

all the countries where we operate. The primary goal is to make reporting easy and free from concerns about potential personal consequences. Moreover, employees still have the option to directly contact their managers, the HR department, or other designated individuals within the organization, as they have done in the past.

### ANNUAL WHISTLEBLOWER REPORT

FS-PP Berlin, the law firm entrusted with the receipt and processing of relevant information through the whistleblowing system of the entire Schwanhaeuser Group, created again the annual report on all activities for fiscal year 2023-24. Across the entire Group six contacts were documented. None of the notices addressed issues of corruption or unfair competition practices. Following internal assessment, none of the notices were deemed serious enough to warrant further action and consequently, the cases were closed.

## GENERAL STATEMENTS AND AFFIRMATIONS

### STATEMENT ON POLITICAL CONTRIBUTIONS

In accordance with the requirements of the Schwanhaeuser Group Code of Conduct, none of the Schwan Cosmetics entities do any political contributions, neither financial nor non-financial. All MDs confirm compliance with this policy in the annually prepared Business Ethics Reports.

### STATEMENT ON NON-COMPLIANCE WITH LAWS IN THE SOCIAL AND ECONOMIC AREA

Within the reporting period no compliance issues with laws in the social and economic area have been filed this includes public legal cases regarding corruption.

### RESTATEMENTS OF INFORMATION

For the fiscal year 2023-24, we have begun reporting all Scope 3 emissions in accordance with the Greenhouse Gas (GHG) Protocol. This transition has led to a significant increase in our reported emissions figures. Consequently, the current data cannot be directly compared to those from previous years.

The supplier assessment in FY 2023-24 has been conducted globally, including all production sites. Hence, a comparison with the FY 2022-23 figures is not practical.

### CHANGES IN REPORTING

There are no significant changes made from previous reporting periods, neither on the list of material topics nor on reporting boundaries

## **VERIFICATION BY AN EXTERNAL ORGANIZATION**

Schwan Cosmetics International GmbH management authorized the global CSR manager to commission an external auditor from DQS CFS GmbH, August-Schanz-Str. 21, 60433 Frankfurt, to certify our management system according to GRI as follows:

### **SCOPE: CORE GRI REPORTING**

- Verification of materiality analysis/context
- Type of Assurance: Type 2; moderate
- Verification KPIs Head Quarter
- Verification KPIs Sites (Sample of 4 Sites / remote)

The comprehensive certificate can be found in Appendix V on Page 150.

# GRI CONTENT INDEX

<b>Statement of use</b>	Schwan Cosmetics Group has reported the information cited in this GRI content index for the period 1 July 2023 to 30 June 2024 with reference to the GRI Standards.		
<b>GRI 1 used</b>	GRI 1: Foundation 2021		
Chapters	Disclosure Material Topics	Page(s)	comments
<b>GRI 2: General Disclosures 2021</b>			
<b>The Organization and its Reporting Practices</b>	2-1	Organizational details	
		a. Name of the organization	4
		b. Ownership and legal form	6, 21
		c. Location of headquarters	6, 21
		d. Countries of operations	9, 21
	2-2	Entities included in the organization's sustainability reporting	
		a. List all entities included in sustainability reporting	21
		b. List differences between entities included in financial reporting and sustainability reporting	21
		c. Explain the approach used for consolidating the information of multiple entities	21
	2-3	Reporting period, frequency, and contact point	
		a. Reporting period and frequency	4
		b. Reporting cycle for financial reporting and explain any deviation to sustainability reporting	4
		c. Publication date of the report or reported information	4
		d. Contact point for questions regarding the report	113
	2-4	Restatements of information	
	a. Restatements of information made from previous reporting periods	104	
2-5	External assurance		
	Policy and practice for seeking external assurance	4, 105	
	Reference to the external assurance including level of assurance	105, 150ff	
<b>Activities &amp; Workers</b>	2-6	Activities, value chain, and other business relationships	
		a. Business sector(s)	6f
		b. Activities, products, services, and markets served	6ff
		Supply chain	9, 55ff
		Downstream organizations and their activities	6
		c. Other relevant business relationships	146
		d. Describe significant changes compared to previous reporting periods	104
	2-7	Employees	
		a. Total numbers of employees by gender and region	119
		b. Permanent and temporary employees by gender and region	119

<b>Statement of use</b>	Schwan Cosmetics Group has reported the information cited in this GRI content index for the period 1 July 2023 to 30 June 2024 with reference to the GRI Standards.		
<b>GRI 1 used</b>	GRI 1: Foundation 2021		
Chapters	Disclosure	Page(s)	comments
	Material Topics		
<b>Activities &amp; Workers</b>	Non-guaranteed hours employees by gender and region	118	
	Full-time and part-time employees by gender and region	118	
	c. Description of methodology	26ff	
	d. Explain data under a. and b. if necessary to understand	26ff	
	e. Describe significant fluctuations in the number of employees during and between reporting periods	29, 121	
	2-8 Workers who are not employees		
	a. Total numbers of workers who are not employees	28f, 119	
	b. Methodologies and assumptions	28f	
	c. Significant fluctuations	28f	
<b>Governance</b>	2-9 Governance structure and composition		not reported
	2-10 Nomination and selection of the highest governance body		*) Conf.
	2-11 Chair of the highest governance body		not reported
	2-12 Role of the highest governance body in overseeing the management of impacts		not reported
	2-13 Delegation of responsibility for managing impacts		not reported
	2-14 Role of the highest governance body in sustainability reporting		not reported
	2-15 Conflicts of interest		not reported
	2-16 Communication of critical concerns		not reported
	2-17 Collective knowledge of the highest governance body		not reported
	2-18 Evaluation of the performance of the highest governance body		not reported
	2-19 Remuneration policies		not reported
	2-20 Process to determine remuneration		*) Conf.
	2-21 Annual total compensation ratio		*) Conf.
<b>Strategy, Policies, and Practices</b>	2-22 Statement on sustainable development strategy	5, 83	
	2-23 Policy commitments		not reported
	2-24 Embedding policy commitments		not reported
	2-25 Processes to remediate negative impacts		not reported
	2-26 Mechanisms for seeking advice and raising concerns	104	
	2-27 Compliance with laws and regulations	100	
	2-28 Membership associations	16f	
	2-29 Approach to stakeholder engagement	18f	
	2-30 Collective bargaining agreements	128	
	<b>GRI 3: Material Topics 2021</b>		
	3-1	3-1 Process to determine material topics	18
	3-2	3-2 List of material topics	20
<b>Biodiversity (not material due to the nature of our operation)</b>			
<b>GRI 3 Material Topic</b>	3-3	Explanation of the material topic and its boundary	79f
<b>GRI 304 Biodiversity 2016</b>	304-1	Operational site in, or adjacent to, protected areas	79f
	304-2	Significant impacts of activities, products, and services on biodiversity	79f
	304-3	Habitats protected or restored	79f
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	79f
<b>Economic Performance</b>			
<b>GRI 201 Economic Performance 2016</b>			not reported
<b>Market presence</b>			
<b>GRI 202 Market Presence 2016</b>			not reported
<b>Indirect economic impacts</b>			
<b>GRI 203 Indirect Economic Impacts 2016</b>			not reported

<b>Statement of use</b>	Schwan Cosmetics Group has reported the information cited in this GRI content index for the period 1 July 2023 to 30 June 2024 with reference to the GRI Standards.		
<b>GRI 1 used</b>	GRI 1: Foundation 2021		
Chapters	Disclosure Material Topics		Page(s) comments
<b>Procurement Practices</b>			
<b>GRI 3 Material Topic</b>	3-3	Explanation of the material topic and its boundary	55ff
<b>GRI 204: Procurement Practices 2016</b>	204-1	Proportion of spending on local suppliers	62, 148
<b>Anti-Corruption</b>			
<b>GRI 3 Material Topic</b>	3-3	Explanation of the material topic and its boundary	98f
<b>GRI 205 Anti-corruption 2016</b>	205-1	Corruption risk assessment	100f
	205-2	Communication and training about anti-corruption policies and procedures	99, 125
	205-3	Confirmed incidents of corruption and actions taken	101
<b>Anti-Competitive Behavior</b>			
<b>GRI 3 Material Topic</b>	3-3	Explanation of the material topic and its boundary	98f
<b>GRI 206 Anti-competitive Behavior 2016</b>	206-1	Legal actions for anti-competitive, antitrust, and monopoly practices behavior	101
<b>Tax</b>			
<b>GRI 207 Tax 2019</b>			not reported
<b>Materials</b>			
<b>GRI 301 Materials 2016</b>			not reported
<b>Energy</b>			
<b>GRI 3 Material Topic</b>	3-3	Explanation of the material topic and its boundary	63f
<b>GRI 302 Energy 2016</b>	302-1	Scope 1,2 energy consumption	65
		a.+b. Total fuel consumption from non-renewable and renewable sources in joules	132
		c. In Joules or watt-hours electricity, heating cooling, and steam	132
		d. Ditto but energy sold	65
		e. Total energy consumption in joules	132
		f. Standards, methodologies and calculation	133f
		g. Source of the conversion factors used	141
	302-2	Energy consumption outside the organization	not reported
	302-3	Energy intensity ratio	132
	302-4	Reduction of energy consumption	65f, 132
302-5	Reductions in energy requirements of products and services	not reported	
<b>Water and Effluents</b>			
<b>GRI 3 Material Topic</b>	3-3	Explanation of the material topic and its boundary	75f
<b>GRI 303 Water and Effluents 2018</b>	303-1	Interactions with water as a shared resource	75f
	303-2	Management of water discharge-related impacts	75
	303-3	Water withdrawal from all areas	75, 137
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<b>GHG Emissions</b>			
<b>GRI 3 Material Topic</b>	3-3	Explanation of the material topic and its boundary	66ff
<b>GRI 305 Emissions 2016</b>	305-1	Direct (Scope 1) GHG emissions	67
	305-2	Energy indirect (Scope 2) GHG emissions	67
	305-3	Other indirect (Scope 3) GHG emissions	68f
	305-4	GHG emissions intensity	74, 132
	305-5	Reduction of GHG emissions	72ff
	305-6	Emissions of ozone-depleting substances (ODS)	75
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx)	75

<b>Statement of use</b>	Schwan Cosmetics Group has reported the information cited in this GRI content index for the period 1 July 2023 to 30 June 2024 with reference to the GRI Standards.		
<b>GRI 1 used</b>	GRI 1: Foundation 2021		
<b>Chapters</b>	<b>Disclosure</b>		<b>Page(s)</b>
	<b>Material Topics</b>		<b>comments</b>
<b>Spills</b>			
<b>GRI 306 Effluents and Waste 2016</b>			not reported
<b>Waste</b>			
<b>GRI 3 Material Topic</b>	3-3	Explanation of the material topic and its boundary	76ff
<b>GRI 306 Waste 2020</b>	306-1	Waste generation and significant waste-related impacts	76ff
	306-2	Management of significant waste-related impacts	76ff
	306-3	Waste generated	77,138f
	306-4	Waste diverted from disposal	77
	306-5	Waste directed to disposal	77
<b>Supplier Environmental Assessment</b>			
<b>GRI 3 Material Topic</b>	3-3	Explanation of the material topic and its boundary	55ff
<b>GRI 308 Supplier Environmental Assessment 2016</b>	308-1	New suppliers screened using environmental criteria	61, 148
	308-2	Negative environmental impacts in the supply chain and actions taken	58
<b>GRI 400 Social Standards Series</b>			
<b>Employment</b>			
<b>GRI 3 Material Topic</b>	3-3	Explanation of the material topic and its boundary	26ff
<b>GRI 401 Employment 2016</b>	401-1	New employee hires and employee turnover	120f
	401-2	Employment benefits	29, 121
	401-3	Parental leave	not reported
<b>Labor/Management Relations</b>			
<b>GRI 402 Labor/ Management Relations 2016</b>			not reported
<b>Occupational Health &amp; Safety</b>			
<b>GRI 3 Material Topic</b>	3-3	Explanation of the material topic and its boundary	48f
<b>GRI 403 Occupational Health &amp; Safety 2018</b>	403-1	Occupational health and safety management system	not reported
	403-2	Hazard identification, risk assessment, and incident investigation	49f
	403-3	Occupational health services	49
	403-4	Worker participation, consultation, and communication on occupational health and safety	49f
	403-5	Worker training on occupational health and safety	50, 126
	403-6	Promotion of worker health	not reported
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	not reported
	403-8	Workers covered by an occupational health and safety management system	not reported
	403-9	Work-related injuries	not reported
	403-10	Work-related ill health	not reported
<b>Training &amp; Education</b>			
<b>GRI 3 Material Topic</b>	3-3	Explanation of the material topic and its boundary	33ff
<b>GRI 404 Training &amp; Education 2016</b>	404-1	Average hours of training per year per employee	not reported
	404-2	Programs for upgrading employee skills and transition assistance programs	34ff
	404-3	Percentage of employees receiving regular performance and career development reviews	127
<b>Diversity &amp; Equal Opportunity</b>			
<b>GRI 3 Material Topic</b>	3-3	Explanation of the material topic and its boundary	30ff
<b>GRI 405 Diversity &amp; Equal Opportunity 2016</b>	405-1	Diversity of governance bodies and employees	123
	405-2	Ratio of remuneration of women to men	124

Statement of use		Schwan Cosmetics Group has reported the information cited in this GRI content index for the period 1 July 2023 to 30 June 2024 with reference to the GRI Standards.		
GRI 1 used		GRI 1: Foundation 2021		
Chapters	Disclosure Material Topics		Page(s)	comments
<b>Non-discrimination</b>				
GRI 3 Material Topic	3-3	Explanation of the material topic and its boundary	30ff	
GRI 406 Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	100	
<b>Freedom of Association and Collective Bargaining</b>				
GRI 3 Material Topic	3-3	Explanation of the material topic and its boundary	38	
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	38, 56f, 128	
<b>Child Labor -Suppliers</b>				
GRI 3 Material Topic	3-3	Explanation of the material topic and its boundary	57, 59	
GRI 408 Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	57, 148	
<b>Forced or Compulsory Labor -Suppliers</b>				
GRI 3 Material Topic	3-3	Explanation of the material topic and its boundary	57	
GRI 409 Forced or Compulsory Labor 2016	409-1	Forced or compulsory labor -suppliers	57	
<b>Security Practices</b>				
GRI 410 Security Practices 2016				not reported
<b>Rights of Indigenous People</b>				
GRI 411 Rights of Indigenous People 2016				not reported
<b>Local Communities</b>				
GRI 413 Local Communities 2016				not reported
<b>New Suppliers screened using Social Criteria</b>				
GRI 3 Material Topic	3-3	Explanation of the material topic and its boundary	55ff	
GRI 414 Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	148	
	414-2	Negative social impacts in the supply chain and actions taken	58	
<b>Public Policies</b>				
GRI 3 Material Topic	3-3	Explanation of the material topic and its boundary	98ff	
GRI 415 Public Policy 2016	415-1	Political contributions made	104	
<b>Customer Health &amp; Safety</b>				
GRI 3 Material Topic	3-3	Explanation of the material topic and its boundary	52	
GRI 416 Customer Health & Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	53	
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	53	
<b>Marketing &amp; Labelling</b>				
GRI 3 Material Topic	3-3	Explanation of the material topic and its boundary	54	
GRI 417 Marketing & Labeling 2016	417-1	Requirements for product and service information and labeling		not reported
	417-2	Incidents of non-compliance concerning product and service information and labeling	54, 130	
	417-3	Incidents of non-compliance concerning marketing communications		not reported
<b>Customer Privacy</b>				
GRI 3 Material Topic	3-3	Explanation of the material topic and its boundary	99	
GRI 418 Customer Privacy 2016	418	Substantiated complaints concerning breaches of customer privacy and losses of customer data	103, 143	

## **METHODOLOGICAL NOTES**

### **GHG EMISSIONS (SCOPE 1,2)**

Calculations of GHG emissions have been performed according to ISO 14064-3:2019 Standard and documented within a comprehensive GHG report, which has been Third part verified for the results of the previous business year. It is covering methods, observations, analytical procedures, and control mechanisms, as well as organizational and operational boundaries. Consequently, the figures are expected to be in full compliance with the Greenhouse Gas Protocol.

### **GHG EMISSIONS (SCOPE 3)**

Out of a total of 15 scope 3 categories, 7 categories have been identified as the most relevant for Schwan Cosmetics in terms of GHG emissions output: Purchased Goods and Services (1); Capital Goods (2); Upstream Transportation and Distribution (4); Waste Generated in Operations (5); Business Travel (6); Employee Commuting (7); Downstream Transportation and Distribution (9).

Reviewing our current assets and considering our current business-setup as a private label manufacturer, we can confirm not to generate emissions in the categories: Upstream leased assets (8); Processing of sold goods (10); Use of sold goods (11); End of life treatment of sold goods (12); Downstream leased assets (13); Franchises (14); Investments (15). They are therefore exempt from inclusion in our Scope 3 emissions reporting.

For a comprehensive explanation of the methodologies employed for the reported categories, please consult the commentary provided in Table 3 within Annexure II.

### **EMISSIONS CALCULATION / EMISSION INTENSITY FACTORS**

All emissions of this report are determined by INDIRECT Emissions Calculation and follow a consolidation approach based on operational control. The total consumption of energy is determined by invoices and reports of third parties according to their availability. In case no third-party receipts, protocols, or other evidence was available, local consumption reports have been prepared by the responsible personnel of the entities. For the calculation of actual emissions, reliable actual and trustworthy national and international sources of emission-factors/GWP-factors have been selected for the separate calculation of the six GHGs (CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>) in tons of CO<sub>2</sub> equivalent.

## **ENERGY**

The selection of emission factors for the calculation of energy emissions was made in accordance with the recommendations of the GHG Protocol, depending on the availability of trustworthy and recognized data sources in the following order:

- a.) Supplier data
- b.) Locally available data (location, region)
- c.) Country-specific
- d.) International
- e.) Default values IPCC5

## **DIRECT FUGITIVE EMISSIONS / REFRIGERANTS**

Default values for the GWP of refrigerants given by IPCC5 have been used. The data for the loss of refrigerants have been taken from maintenance protocols or robust assumption on the annual loss have been made.

## **MOBILE COMBUSTION**

Emission was determined based on the total consumption of diesel and gasoline provided by the leasing partner for the car fleet. Alternatively, local reports (vehicle size/milage) have been prepared by the responsible personnel of the entities.

For the calculation of the emission, intensity factors provided by <https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2024/> was used.

## **ACCIDENTS**

The injury rate is the rate between the total number of injuries with absences exceeding three days, including the injuries as a result of commuting incidents. A high-consequence work-related injuries (excluding fatalities) rate has not been defined for the Organization why no data was available for this report.

## **CONTACT:**

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## **APPENDIX:**

- Appendix I: Social Statistics
- Appendix II: Environment Statistics
- Appendix III: Governance Statistics
- Appendix IV: Sustainable Sourcing
- Appendix V: CSR-Report Verification



**APPENDIX I**  
**SOCIAL**  
**STATISTICS**

**TABLE 1: TOTAL EMPLOYMENT**

Fiscal Year 2023-2024										
Entity	CI Germany	CG Germany	CK Germany	C1 USA	C2 China	C3 Czech	C4 Brazil	C5 Colombia	CC Mexico	Schwan Cosmetics Group
Total Heads	331	828	119	296	64	599	155	218	759	3369
Thereof Direct Workers	0	444	52	204	37	363	72	112	501	1785
Thereof Indirect Staff	281	334	61	92	27	192	73	102	250	1412
Thereof Inactive Staff	19	22	0	0	0	44	4	0	0	89
Thereof Apprentices & Trainees	31	28	6	0	0	0	6	4	8	83
Total Heads Active	281	778	113	296	64	550	145	155	751	3133

**TABLE 2: NO. OF APPRENTICESHIPS/TRAINEES/INTERNS**

Entity	CI Germany	CG Germany	CK Germany	C1 USA	C2 China	C3 Czech	C4 Brazil	C5 Colombia	CC Mexico	Schwan Cosmetics Group
Total Heads	331	828	119	296	64	599	155	218	759	3369
No of Apprentice- and Scholarships / Trainees	31	28	6	0	0	0	6	4	8	83

**TABLE 3a: EMPLOYMENT BY TYPE OF CONTRACT AND REGION GRI 2-7b**

Number of Employees by Type of Contract								
Type of Contract Entity	Fiscal Year	Permanent	Temporary	Total Heads Active	Leased Staff	Apprentice & Trainees	Inactive Staff (e.g. partial retirement)	Total Heads
CG-CI Germany	2021-22	981	16	997	24	55	63	1139
	2022-23	997	53	1050	23	54	46	1173
	2023-24	1018	41	1059	0	59	41	1159
CK Germany	2021-22	100	0	100	0	4	0	104
	2022-23	109	0	109	0	4	0	113
	2023-24	112	1	113	0	6	0	119
C1 USA	2021-22	308	2	310	0	0	0	310
	2022-23	275	3	278	0	0	0	278
	2023-24	289	7	296	0	0	0	296
C2 China	2021-22	63	0	63	0	0	0	63
	2022-23	64	0	64	0	0	0	64
	2023-24	64	0	64	0	0	0	64
C3 Czech Rep.	2021-22	547	0	547	18	0	52	617
	2022-23	534	3	537	22	0	51	610
	2023-24	550	0	550	5	0	44	599
C4 Brazil	2021-22	163	0	163	0	9	2	174
	2022-23	181	0	181	0	7	4	192
	2023-24	145	0	145	0	6	4	155
C5 Colombia	2021-22	115	61	176	0	5	0	181
	2022-23	86	70	156	32	6	0	194
	2023-24	77	78	155	59	4	0	218
CC Mexico	2021-22	702	0	702	0	8	0	710
	2022-23	725	0	725	0	11	0	736
	2023-24	751	0	751	0	8	0	759
Schwan Cosmetics Group	2021-22	2979	79	3058	42	81	117	3298
	2022-23	2971	129	3100	77	82	101	3360
	2023-24	3006	127	3133	64	83	89	3369

**TABLE 3b: EMPLOYMENT BY TYPE OF CONTRACT GRI 2-7a+b**

Number of full-time and part-time employees by gender and region							
Entity	Type of Contract <sup>*)</sup>	Women			Men		
		2021-22	2022-23	2023-24	2021-22	2022-23	2023-24
CG-CI Germany	Full-time	510	541	469	487	509	495
	Part-time	n.a.	n.a.	70	n.a.	n.a.	25
	<b>Total employees</b>	<b>510</b>	<b>541</b>	<b>539</b>	<b>487</b>	<b>509</b>	<b>520</b>
CK Germany	Full-time	2	6	6	98	103	107
	Part-time	n.a.	n.a.	0	n.a.	n.a.	0
	<b>Total employees</b>	<b>2</b>	<b>6</b>	<b>6</b>	<b>98</b>	<b>103</b>	<b>107</b>
C1 USA	Full-time	183	156	174	127	122	122
	Part-time	n.a.	n.a.	0	n.a.	n.a.	0
	<b>Total employees</b>	<b>183</b>	<b>156</b>	<b>174</b>	<b>127</b>	<b>122</b>	<b>122</b>
C2 China	Full-time	45	46	45	18	18	19
	Part-time	n.a.	n.a.	0	n.a.	n.a.	0
	<b>Total employees</b>	<b>45</b>	<b>46</b>	<b>45</b>	<b>18</b>	<b>18</b>	<b>19</b>
C3 Czech Rep.	Full-time	289	297	288	258	237	249
	Part-time	n.a.	n.a.	13	n.a.	n.a.	0
	<b>Total employees</b>	<b>289</b>	<b>299</b>	<b>301</b>	<b>258</b>	<b>238</b>	<b>249</b>
C4 Brazil	Full-time	122	136	110	41	45	35
	Part-time	n.a.	n.a.	0	n.a.	n.a.	0
	<b>Total employees</b>	<b>122</b>	<b>136</b>	<b>110</b>	<b>41</b>	<b>45</b>	<b>35</b>
C5 Colombia	Full-time	127	132	134	49	24	21
	Part-time	n.a.	n.a.	0	n.a.	n.a.	0
	<b>Total employees</b>	<b>127</b>	<b>132</b>	<b>134</b>	<b>49</b>	<b>24</b>	<b>21</b>
CC Mexico	Full-time	485	513	533	217	212	218
	Part-time	n.a.	n.a.	0	n.a.	n.a.	0
	<b>Total employees</b>	<b>485</b>	<b>513</b>	<b>538</b>	<b>217</b>	<b>212</b>	<b>213</b>
Schwan Cosmetics Group	Full-time	1763	1829	1759	1295	1271	1276
	Part-time	n.a.	n.a.	83	n.a.	n.a.	25
	<b>Total employees</b>	<b>1763</b>	<b>1829</b>	<b>1842</b>	<b>1295</b>	<b>1271</b>	<b>1291</b>

\*) Schwan Cosmetics Group does not employ non-guaranteed hours employees.

**TABLE 4a: EMPLOYEES BY TYPE OF CONTRACT AND GENDER GRI 2-7a+b**

Number of employees by type of contract and gender							
Entity	Type of Contract	Women			Men		
		2021-22	2022-23	2023-24	2021-22	2022-23	2023-24
CG-CI Germany	Permanent	499	501	502	482	496	516
	Temporary	11	40	37	5	13	4
	<b>Total employees</b>	<b>510</b>	<b>541</b>	<b>539</b>	<b>487</b>	<b>509</b>	<b>520</b>
CK Germany	Permanent	2	6	6	98	103	106
	Temporary	0	0	0	0	0	1
	<b>Total employees</b>	<b>2</b>	<b>6</b>	<b>6</b>	<b>98</b>	<b>103</b>	<b>107</b>
C1 USA	Permanent	182	153	171	126	122	117
	Temporary	1	3	3	1	0	4
	<b>Total employees</b>	<b>183</b>	<b>156</b>	<b>174</b>	<b>127</b>	<b>122</b>	<b>121</b>
C2 China	Permanent	45	46	45	18	18	19
	Temporary	0	0	0	0	0	0
	<b>Total employees</b>	<b>45</b>	<b>46</b>	<b>45</b>	<b>18</b>	<b>18</b>	<b>19</b>
C3 Czech Rep.	Permanent	289	297	301	258	237	249
	Temporary	0	2	0	0	1	0
	<b>Total employees</b>	<b>289</b>	<b>299</b>	<b>301</b>	<b>258</b>	<b>238</b>	<b>249</b>
C4 Brazil	Permanent	122	136	110	41	45	35
	Temporary	0	0	0	0	0	0
	<b>Total employees</b>	<b>122</b>	<b>136</b>	<b>110</b>	<b>41</b>	<b>45</b>	<b>35</b>
C5 Colombia	Permanent	76	66	61	39	20	16
	Temporary	51	66	73	10	4	5
	<b>Total employees</b>	<b>127</b>	<b>132</b>	<b>134</b>	<b>49</b>	<b>24</b>	<b>21</b>
CC Mexico	Permanent	485	513	533	217	212	218
	Temporary	0	0	0	0	0	0
	<b>Total employees</b>	<b>485</b>	<b>513</b>	<b>533</b>	<b>217</b>	<b>212</b>	<b>218</b>
Schwan Cosmetics Group	Permanent	1700	1718	1729	1279	1253	1276
	Temporary	63	111	113	16	18	14
	<b>Total employees</b>	<b>1763</b>	<b>1829</b>	<b>1842</b>	<b>1295</b>	<b>1271</b>	<b>1290</b>

**TABLE 4b: EMPLOYEES BY REGION GRI 2-8<sup>\*)</sup>**

	Fiscal Year	CI-CG Germany	CK Germany	C1 USA	C2 China	C3 Czech	C4 Brazil	C5 Colombia	CC Mexico	Schwan Cosmetics Group
Leased Employees	2021-22	24	0	0	0	18	0	0	0	42
	2022-23	23	0	0	0	22	0	32	0	77
	2023-24	0	0	0	0	5	0	59	0	64

\* The methodology is the same as for regular employees - FTE basis and numbers at the end of FY (June)

**TABLE 5: EMPLOYEES HIRED BY AGE AND GENDER GRI 401-1**

Employees Hired												
Gender		Women					Men					
Age Group	Fiscal Year	< 30 Years	30 < x ≤ 50 Years	> 50 Years	Total	Total [%] to absolute female workforce	< 30 Years	30 < x ≤ 50 Years	> 50 Years	Total	Total [%] to absolute male workforce	Total [%] to absolute workforce
CG-CI Germany	2021-22	15	14	0	29	5%	2	11	0	13	2%	4%
	2022-23	34	27	7	68	13%	20	14	4	38	7%	10%
	2023-24	2	17	3	22	4%	7	9	0	16	3%	4%
CK Germany	2021-22	0	0	0	0	0%	9	2	1	12	12%	12%
	2022-23	1	0	0	1	17%	4	4	1	9	9%	9%
	2023-24	0	0	0	0	0%	3	4	1	8	7%	7%
C1 USA	2021-22	19	30	22	71	39%	22	18	9	49	39%	39%
	2022-23	28	29	18	75	48%	21	19	10	50	41%	45%
	2023-24	32	40	12	84	52%	29	34	12	75	52%	52%
C2 China	2021-22	0	2	0	2	5%	0	0	0	0	0%	3%
	2022-23	0	1	0	1	2%	0	0	0	0	0%	2%
	2023-24	2	4	0	6	13%	0	1	0	1	5%	11%
C3 Czech Rep.	2021-22	26	58	10	94	31%	44	47	22	113	44%	37%
	2022-23	26	35	11	72	24%	23	33	5	61	26%	25%
	2023-24	21	26	6	53	18%	30	22	7	59	24%	20%
C4 Brazil	2021-22	11	17	6	34	27%	4	7	0	11	27%	27%
	2022-23	0	39	1	40	29%	5	7	0	12	27%	29%
	2023-24	3	5	2	10	9%	2	1	0	3	9%	9%
C5 Colombia	2021-22	58	57	4	119	82%	13	15	0	28	78%	81%
	2022-23	54	49	3	106	80%	21	19	1	41	171%	94%
	2023-24	22	21	1	44	33%	3	2	1	6	29%	32%
CC Mexico	2021-22	79	96	24	199	41%	52	20	9	81	37%	39%
	2022-23	72	67	25	164	32%	40	22	7	69	33%	32%
	2023-24	126	97	17	240	45%	89	44	10	143	67%	51%
Group	2021-22	208	274	66	548	29%	146	120	41	307	23%	27%
	2022-23	215	247	65	527	29%	134	118	28	280	22%	26%
	2023-24	222	205	41	459	25%	163	117	31	311	24%	25%

**TABLE 6: EMPLOYEE TURNOVER BY AGE AND GENDER GRI 401-1**

Employee turnover												
	Women						Men					
Age Group	Fiscal Year	< 30 Years	30 < x ≤ 50 Years	> 50 Years	Total	Total [%] to absolute female workforce	< 30 Years	30 < x ≤ 50 Years	> 50 Years	Total	Total [%] to absolute male workforce	Total [%] to absolute workforce
CG-CI Germany	2021-22	4	13	4	21	4%	2	8	5	15	3%	3%
	2022-23	3	10	4	17	3%	3	6	3	12	2%	3%
	2023-24	2	12	12	26	5%	4	6	3	13	3%	4%
CK Germany	2021-22	0	1	0	1	17%	1	1	1	3	3%	4%
	2022-23	0	0	0	0	0%	3	1	0	4	4%	4%
	2023-24	0	0	0	0	0%	4	2	5	11	10%	10%
C1 USA	2021-22	33	53	28	114	63%	28	38	18	84	67%	64%
	2022-23	36	36	31	103	66%	21	25	14	60	48%	59%
	2023-24	22	33	17	72	41%	31	31	14	76	63%	50%
C2 China	2021-22	0	0	0	0	0%	0	2	1	3	13%	5%
	2022-23	0	0	0	0	0%	0	0	0	0	0%	0%
	2023-24	0	4	2	6	13%	1	1	0	2	11%	13%
C3 Czech Rep.	2021-22	15	36	13	64	21%	21	28	12	61	24%	22%
	2022-23	12	33	17	62	21%	16	29	10	55	23%	22%
	2023-24	21	24	14	59	20%	20	18	10	48	19%	19%
C4 Brazil	2021-22	21	13	3	22	18%	5	6	2	13	31%	21%
	2022-23	8	22	6	36	25%	3	5	1	9	20%	25%
	2023-24	6	29	4	39	35%	3	7	1	11	31%	34%
C5 Colombia	2021-22	42	30	0	72	50%	4	13	0	17	47%	49%
	2022-23	40	50	4	94	71%	19	18	1	38	158%	85%
	2023-24	16	24	2	42	31%	4	5	0	9	43%	33%
CC Mexico	2021-22	94	66	20	180	37%	66	37	12	115	52%	42%
	2022-23	98	76	19	193	38%	80	37	6	123	58%	44%
	2023-24	52	40	6	98	18%	46	23	5	74	35%	23%
Group	2021-22	209	212	68	474	25%	127	133	51	311	17%	24%
	2022-23	197	227	81	505	28%	145	121	35	301	24%	26%
	2023-24	119	166	57	342	19%	113	93	38	244	19%	19%

**TABLE 7: BENEFITS OF EMPLOYMENT GRI 401-2**

Benefits of Employment <sup>*)</sup>										
	CI Germany	CG Germany	CK Germany	C1 USA	C2 China	C3 Czech	C4 Brazil	C5 Colombia	CC Mexico	
Life Insurance	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Health Care	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Disability & Invalidation Coverage	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Parental Leave	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Retirement Provision	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Stock Ownership	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Others	✓	✓	✓	✓	✓	✓	✓	✓	✓	

\*) All benefits are provided to full-time, part-time and temporary employees

**TABLE 8: PROPORTION OF FEMALE / MALE EMPLOYEES**

Number of employees by gender and region							
Entity	Women			Men			
		2021-22	2022-23	2023-24	2021-22	2022-23	2023-24
CG-CI Germany	No.	569	541	539	543	509	520
	%	51%	52%	51%	49%	48%	49%
CK Germany	No.	6	6	6	98	103	107
	%	6%	6%	5%	94%	94%	95%
C1 USA	No.	182	156	174	126	122	122
	%	59%	56%	59%	41%	44%	41%
C2 China	No.	45	46	45	18	18	19
	%	71%	72%	70%	29%	28%	30%
C3 Czech Rep.	No.	306	299	301	255	238	249
	%	55%	56%	55%	45%	44%	45%
C4 Brazil	No.	125	136	110	41	45	35
	%	75%	75%	76%	25%	25%	24%
C5 Colombia	No.	145	132	134	36	24	21
	%	80%	85%	86%	20%	15%	14%
CC Mexico	No.	489	513	533	221	212	218
	%	69%	71%	71%	31%	29%	29%
Schwan Cosmetics Group	No.	1708	1718	1729	1260	1253	1276
	%	58%	58%	58%	42%	42%	42%

**TABLE 9: WOMEN IN EXECUTIVE POSITION GRI 405-1**

Schwan Cosmetics Group			
	2021-22	2022-23	2023-24
Total Heads Active	3058	3100	3133
Employees in Executive Position Total	188	179	187
Women	38.8%	38.5%	38.5%
Men	61.2%	61.5%	61.5%

**TABLE 10: DIVERSITY OF GOVERNANCE BODIES AND EMPLOYEES GRI 405-1**

FY 2023-24												
GRI 405-1 Diversity of Governance Bodies and Employees (by Gender and Age)												
Category	Gender	Age group	CI-CG Germany	CK Germany	C1 USA	C2 China	C3 Czech	C4 Brazil	C5 Colombia	CC Mexico	Schwan Cosmetics Group	
Governance Bodies (CEOs & Excom)	Women	< 30 Years	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
		30≤X≤ 50	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
		>50 Years	0.03%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.03%
	Men	< 30 Years	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
		30≤X≤ 50	0.00%	0.00%	0.00%	0.06%	0.00%	0.00%	0.00%	0.00%	0.03%	0.10%
		>50 Years	0.10%	0.03%	0.03%	0.00%	0.06%	0.03%	0.03%	0.03%	0.00%	0.29%
Sen Executives (VP, Directors, Managers with team responsibility)	Women	< 30 Years	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.10%	0.00%	0.10%	
		30≤X≤ 50	0.22%	0.00%	0.19%	0.22%	0.32%	0.22%	0.35%	0.16%	1.69%	
		>50 Years	0.16%	0.00%	0.13%	0.00%	0.10%	0.00%	0.06%	0.03%	0.48%	
	Men	< 30 Years	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
		30≤X≤ 50	0.61%	0.06%	0.19%	0.03%	0.38%	0.19%	0.03%	0.35%	1.85%	
		>50 Years	0.64%	0.06%	0.16%	0.00%	0.26%	0.03%	0.06%	0.22%	1.44%	
White collar	Women	< 30 Years	0.93%	0.00%	0.26%	0.13%	0.29%	0.26%	0.67%	2.27%	4.79%	
		30≤X≤ 50	5.71%	0.06%	0.41%	0.35%	1.50%	0.96%	0.86%	1.05%	10.92%	
		>50 Years	3.45%	0.10%	0.32%	0.03%	0.16%	0.10%	0.06%	0.35%	4.56%	
	Men	< 30 Years	0.45%	0.03%	0.03%	0.03%	0.26%	0.13%	0.06%	1.92%	2.90%	
		30≤X≤ 50	2.59%	0.22%	0.13%	0.06%	0.64%	0.38%	0.29%	1.21%	5.52%	
		>50 Years	2.90%	0.26%	0.10%	0.00%	0.10%	0.00%	0.13%	0.54%	4.02%	
Blue collar	Women	< 30 Years	0.22%	0.03%	0.70%	0.00%	0.86%	0.06%	0.29%	3.35%	5.52%	
		30≤X≤ 50	2.59%	0.00%	1.76%	0.54%	4.02%	1.37%	1.50%	7.82%	19.60%	
		>50 Years	3.89%	0.00%	1.79%	0.16%	2.36%	0.41%	0.38%	2.14%	11.14%	
	Men	< 30 Years	0.93%	0.73%	0.80%	0.00%	1.50%	0.03%	0.03%	1.21%	5.23%	
		30≤X≤ 50	3.06%	1.09%	1.44%	0.32%	3.22%	0.26%	0.03%	0.86%	10.28%	
		>50 Years	5.33%	0.93%	1.02%	0.10%	1.53%	0.19%	0.00%	0.45%	9.54%	

**TABLE 11: RATIO OF BASIC SALARY AND REMUNERATION OF WOMEN TO MEN GRI 405-2**

GRI 405-2 Ratio of basic salary and remuneration of women to men							
Entity	No of employees	Year	Governance Bodies	Senior Executives	White Collar	Blue Collar	Consolidated Average
CI-CG Germany	997	2021-2022	90%	90%	98%	97%	95%
	1050	2022-2023	93%	93%	91%	97%	93%
	<b>1059</b>	<b>2023-2024</b>	<b>100%</b>	<b>98%</b>	<b>99%</b>	<b>99%</b>	<b>99%</b>
CK Germany	100	2021-2022	100%	100%	100%	100%	100%
	109	2022-2023	100%	100%	90%	100%	97%
	<b>113</b>	<b>2023-2024</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>91%</b>	<b>93%</b>
C1 USA	310	2021-2022	100%	83%	86%	77%	82%
	278	2022-2023	100%	84%	82%	80%	82%
	<b>296</b>	<b>2023-2024</b>	<b>100%</b>	<b>86%</b>	<b>97%</b>	<b>103%</b>	<b>101%</b>
C2 China	63	2021-2022	100%	100%	94%	80%	91%
	64	2022-2023	100%	100%	100%	70%	90%
	<b>64</b>	<b>2023-2024</b>	<b>100%</b>	<b>100%</b>	<b>124%</b>	<b>103%</b>	<b>109%</b>
C3 Czech Rep.	547	2021-2022	100%	87%	79%	85%	84%
	537	2022-2023	100%	96%	86%	86%	89%
	<b>550</b>	<b>2023-2024</b>	<b>100%</b>	<b>98%</b>	<b>93%</b>	<b>94%</b>	<b>94%</b>
C4 Brazil	163	2021-2022	100%	101%	72%	78%	84%
	181	2022-2023	100%	92%	89%	82%	88%
	<b>145</b>	<b>2023-2024</b>	<b>100%</b>	<b>124%</b>	<b>93%</b>	<b>81%</b>	<b>90%</b>
C5 Colombia	176	2021-2022	100%	93%	103%	97%	98%
	156	2022-2023	100%	87%	90%	101%	93%
	<b>155</b>	<b>2023-2024</b>	<b>100%</b>	<b>91%</b>	<b>101%</b>	<b>87%</b>	<b>93%</b>
CC Mexico	702	2021-2022	100%	67%	101%	101%	90%
	725	2022-2023	100%	92%	101%	101%	98%
	<b>751</b>	<b>2023-2024</b>	<b>100%</b>	<b>85%</b>	<b>100%</b>	<b>100%</b>	<b>99%</b>
Schwan Cosmetics Group	3058	2021-2022	90%	90%	92%	90%	91%
	3100	2022-2023	93%	93%	91%	90%	91%
	<b>3133</b>	<b>2023-2024</b>	<b>100%</b>	<b>96%</b>	<b>99%</b>	<b>97%</b>	<b>98%</b>

**TABLE 12: EMPLOYEES FROM VULNERABLE GROUPS GRI 405-1**

FY 2023-24										
	CI Germany	CG Germany	CK Germany	C1 USA	C2 China	C3 Czech Rep.	C4 Brazil	C5 Colombia	CC Mexico	Schwan Cosmetics Group
Total Heads Active	281	778	113	296	64	550	145	155	751	3,133
Total Heads from vulnerable groups	14	88	4	126	2	11	3	27	367	642
Percentage	5%	11%	4%	43%	3%	2%	2%	17%	49%	20%

**TABLE 13: COMMUNICATION & TRAINING ON DISCRIMINATION, HUMAN RIGHTS AND CORRUPTION (CODE OF CONDUCT) GRI 205-2**

GRI 205-2 Anti-corruption Policy communication and training (Code of Conduct)										
FY 2023-24										
Category	Indicator	CI-CG Germany	CK Germany	C1 <sup>1)</sup> USA	C2 China	C3 <sup>1)</sup> Czech Rep.	C4 Brazil	C5 Colombia	CC <sup>1)</sup> Mexico	Schwan Cosmetics Group
CEOs & Excom (Governance Body)	No. of employees	4	1	1	2	2	1	1	1	13
	%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Senior Executives	No. of employees	51	4	21	8	33	14	19	24	174
	%	100%	100%	100%	100%	100%	100%	100%	100%	100%
White collar	No. of employees	502	21	39	19	92	57	65	230	1,025
	%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Blue collar	No. of employees	502	87	235	35	423	73	70	496	1,921
	%	100%	100%	36%	100%	94%	100%	100%	74%	84%
Group	No. of employees	<b>1059</b>	<b>113</b>	<b>296</b>	<b>64</b>	<b>550</b>	<b>145</b>	<b>155</b>	<b>751</b>	<b>3133</b>
	%	<b>100%</b>	<b>100%</b>	<b>49%</b>	<b>100%</b>	<b>95%</b>	<b>100%</b>	<b>100%</b>	<b>83%</b>	<b>90%</b>

\* In C1, C3 and CC the new Code of Conduct was communicated to all employees but due to employee turnover and timing not all employees received training

**TABLE 14: AVERAGE TRAINING HOURS PROVIDED PER EMPLOYEE**

Fiscal Year	Entity	CI Germany	CG Germany	CK Germany	C1 USA	C2 China	C3 Czech Rej	C4 Brazil	C5 Colombia	CC Mexico	Schwan Cosmetics Group
2023-24	Total heads active	281	778	113	296	64	550	145	155	751	<b>3133</b>
	Total training hours	2328	5388	432	2658	1300	19211	2899	2486	21345	<b>58047</b>
	Aver. training hour per employee	8	7	4	9	20	35	20	16	28	<b>19</b>
2022-23	Total heads active	280	770	113	296	64	550	145	155	751	<b>3124</b>
	Total training hours	1952	4695	362	5480	1306	29905	2531	1641	19937	<b>67809</b>
	Aver. training hours per employee	7	6	3	19	20	54	17	11	27	<b>22</b>
2021-22	Total heads active	264	733	100	310	63	547	163	176	702	<b>3058</b>
	Total training hours	1643	2900	237	2479	1209	24420	1605	3864	31849	<b>70206</b>
	Aver. training hours per employee	6	4	2	8	19	45	10	22	45	<b>23</b>

**TABLE 15: TOTAL WORKFORCE WHO RECEIVED HEALTH AND SAFETY TRAINING WITHIN THE LAST 12 MONTHS GRI 403-5**

Fiscal Year	Entity	CI/CG Germany	CK Germany	C1 USA	C2 China	C3 Czech Rep.	C4 Brazil	C5 Colombia	CC Mexico	Schwan Cosmetics Group
2021-22	Total Heads Active	997	100	310	63	547	163	176	702	3058
	Health & Safety Training	836	100	310	63	547	129	176	702	2863
	Percentage	84%	100%	100%	100%	100%	79%	100%	100%	94%
2022-23	Total Heads Active	1050	109	278	64	537	181	156	725	3100
	Health & Safety Training	1050	109	273	64	537	154	156	725	3068
	Percentage	100%	100%	98%	100%	100%	85%	100%	100%	99%
2023-24	Total Heads Active	1059	113	296	64	550	145	155	751	3133
	Health & Safety Training	1059	113	296	64	550	145	155	751	3133
	Percentage	100%	100%	100%	100%	100%	100%	100%	100%	100%

**TABLE 16: ENVIRONMENTAL TRAINING WITHIN THE LAST 36 MONTHS**

Fiscal Year	Entity	CI-CG Germany	CK Germany	C1 USA	C2 China	C3 Czech Rep.	C4 Brazil	C5 Colombia	CC Mexico	Schwan Cosmetics Group
2021-22	Total Heads Active	997	100	310	63	547	163	176	702	3058
	Environmental Training	836	100	308	63	561	129	176	702	2875
	Percentage	84%	100%	99%	100%	103%	79%	100%	100%	94%
2022-23	Total Heads Active	280	109	278	64	537	181	156	725	3100
	Environmental Training	280	109	278	64	537	181	156	725	3100
	Percentage	100%	100%	100%	100%	100%	100%	100%	100%	100%
2023-24	Total Heads Active	1059	113	296	64	550	145	155	751	3133
	Environmental Training	839	113	244	64	550	145	155	751	281
	Percentage	79%	100%	82%	100%	100%	100%	100%	100%	89%

**TABLE 17: REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEWS GRI 404-3**

Percentage of employees receiving regular performance review							
Entity	Fiscal Year	Gender		Working Category			
		Women	Men	Executives & Directors (leadership role)	Managers	White Collar	Blue Collar
CG-CI Germany	2021-22	n/a	n/a	n/a	n/a	n/a	n/a
	2022-23	98%	99%	100%	100%	97%	100%
	2023-24	98%	99%	100%	100%	97%	100%
CK Germany	2021-22	n/a	n/a	n/a	n/a	n/a	n/a
	2022-23	100%	100%	100%	100%	100%	100%
	2023-24	100%	100%	100%	100%	100%	100%
C1 USA	2021-22	n/a	n/a	n/a	n/a	n/a	n/a
	2022-23	100%	100%	100%	100%	100%	100%
	2023-24	100%	100%	100%	100%	100%	100%
C2 China	2021-22	n/a	n/a	n/a	n/a	n/a	n/a
	2022-23	100%	100%	100%	100%	100%	100%
	2023-24	100%	100%	100%	100%	100%	100%
C3 Czech Rep.	2021-22	n/a	n/a	n/a	n/a	n/a	n/a
	2022-23	100%	100%	100%	100%	100%	100%
	2023-24	100%	100%	100%	100%	100%	100%
C4 Brazil	2021-22	n/a	n/a	n/a	n/a	n/a	n/a
	2022-23	30%	49%	100%	100%	100%	0%
	2023-24	45%	62%	100%	100%	100%	0%
C5 Colombia	2021-22	n/a	n/a	n/a	n/a	n/a	n/a
	2022-23	100%	100%	100%	100%	100%	100%
	2023-24	100%	100%	100%	100%	100%	100%
CC Mexico	2021-22	n/a	n/a	n/a	n/a	n/a	n/a
	2022-23	27%	67%	100%	100%	100%	9%
	2023-24	21%	60%	100%	100%	100%	0%
Group	2021-22	n/a	n/a	n/a	n/a	n/a	n/a
	2022-23	81%	88%	100%	100%	100%	76%
	2023-24	73%	92%	100%	100%	99%	70%

**TABLE 18: FREEDOM OF ASSOCIATION RISK EVALUATION THROUGH SMETA-AUDITS GRI 407-1**

GRI 407-1 Operations and suppliers in which workers' rights to exercise freedom of association or collective bargaining may be violated or at significant risk either in terms of:									
Entity	CI-CG Germany	CK Germany	C1 USA	C2 China	C3 Czech Rep.	C4 Brazil	C5 Colombia	CC Mexico	
2021-22	Risk of violation	low	low	low	low	low	low	low	low
	Risk evaluation through	annual SMETA Audit	n.a.*	annual SMETA Audit	annual SMETA Audit	annual SMETA Audit	annual SMETA Audit	annual SMETA Audit	annual SMETA Audit
2022-23	Risk of violation	low	low	low	low	low	low	low	low
	Risk evaluation through	annual SMETA Audit	n.a.*	annual SMETA Audit	n.a.**	annual SMETA Audit	annual SMETA Audit	annual SMETA Audit	annual SMETA Audit
2023-24	Risk of violation	low	low	low	low	low	low	low	low
	Risk evaluation through	annual SMETA Audit	n.a.*	annual SMETA Audit	annual SMETA Audit	annual SMETA Audit	annual SMETA Audit	annual SMETA Audit	annual SMETA Audit

\*CK does not engage directly with customers and has so far been excluded from third-party SEDEX audit as they are essentially a supplier to the group.

\*\*C2 China could not perform a SEDEX audit due to the ongoing restrictions in China during FY 2022-2023

**TABLE 19: TOTAL WORKFORCE COVERED BY FORMAL ELECTED EMPLOYEE REPRESENTATIVES GRI 407-1**

FY 2023-24										
	CI Germany	CG Germany	CK Germany	C1 USA	C2 China	C3 Czech Rep.	C4 Brazil	C5 Colombia	CC Mexico	Schwan Cosmetics Group
Total Heads Active	281	778	113	296	64	550	145	155	751	3133
No of Heads represented by elected Employee Representatives	281	778	113	0	64	537	145	155	751	2837
Percentage	100%	100%	100%	0%	100%	98%	100%	100%	100%	91%

**TABLE 20: WORKFORCE COVERED 100% BY FORMAL COLLECTIVE AGREEMENTS CONCERNING WORKING CONDITIONS SINCE 2005 GRI 407-1**

FY 2023-24										
	CI Germany	CG Germany	CK Germany	C1 USA	C2 China	C3 Czech Rep.	C4 Brazil	C5 Colombia	CC Mexico	Schwan Cosmetics Group
Total Heads Active	281	778	113	296	64	550	145	155	751	3133
Collective Agreement	281	778	113	296	64	550	145	155	751	3133
Percentage	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

**TABLE 21: ACCIDENTS PER SCHWAN COSMETICS ENTITY**

FY 2023-24								
Accidents		Severity			Total Incidents	Total Absence Days	Absences days per 100 employees	Total No. of employees
Entity	Fiscal Year	Less severe	More severe	Fatal				
CG-CI Germany	2021-22	9	8	0	17	385	34	1139
	2022-23	10	8	0	18	111	11	1050
	2023-24	11	7	0	18	176	17	1059
CK Germany	2021-22	4	0	0	4	60	58	104
	2022-23	3	3	0	6	37	34	109
	2023-24	2	7	0	9	67	59	113
C1 USA	2021-22	1	1	0	2	13	4	308
	2022-23	1	7	0	8	45	16	278
	2023-24	1	8	0	9	52	18	296
C2 China	2021-22	0	0	0	0	0	0	63
	2022-23	0	0	0	0	0	0	64
	2023-24	0	0	0	0	0	0	64
C3 Czech Rep.	2021-22	9	17	0	26	153	25	617
	2022-23	11	6	0	17	621	116	537
	2023-24	8	7	0	13	428	78	550
C4 Brazil	2021-22	3	1	0	4	15	9	166
	2022-23	0	2	0	2	28	15	181
	2023-24	1	2	0	0	9	6	145
C5 Colombia	2021-22	6	0	0	6	56	31	181
	2022-23	6	0	0	6	62	40	156
	2023-24	7	1	0	8	60	39	155
CC Mexico	2021-22	18	9	0	27	21	3	710
	2022-23	27	6	0	33	44	6	725
	2023-24	9	3	0	12	192	26	751
Schwan Cosmetics Group	2021-22	50	36	0	86	703	21	3288
	2022-23	58	32	0	90	948	31	3100
	2023-24	39	35	0	69	984	31	3133

**TABLE 22: PRODUCT LABELING INCIDENTS GRI 417-2**

Year	Target	Actual
2018-19	0	0
2019-20	0	0
2020-21	0	0
2021-22	0	0
2022-23	0	0
<b>2023-24</b>	0	0

**TABLE 23: INCIDENTS OF NON-COMPLIANCE CONCERNING MARKETING COMMUNICATION GRI 417-3**

Year	Target	Actual
2018-19	0	0
2019-20	0	0
2020-21	0	0
2021-22	0	0
2022-23	0	0
<b>2023-24</b>	0	0



**APPENDIX II  
ENVIRONMENT  
STATISTICS**

**TABLE 1-1: ENERGY CONSUMPTION [MWH]**

Fiscal Year	Fuel				Electricity			Total Energy	
	Total Fuel [MWh]	Thereof non-renewable [MWh]	Thereof renewable [MWh]	Renewable share	Electricity total [MWh]	Thereof Renewable [MWh]	Renewable share	[MWh]	Renewable share
2023-24	17214	14207	3007	17.5%	31134	22088	70.9%	48348	51.9%
2022-23	20659	20659	0	0.0%	32211	23404	72.7%	52870	44.3%
2021-22	20781	20781	0	0.0%	35064	24232	69.1%	55845	43.4%
2020-21	19426	19426	0	0.0%	29306	21686	74.0%	48732	44.5%
2019-20	20587	20587	0	0.0%	27815	0	0.0%	48402	0.0%

\*) The Renewable Electricity Share in 2022-23 was corrected from 17176 MWh to 23404 MWh as it did not include the atomic energy share and was thus inconsistent to the previous years.

**TABLE 1-2 ENERGY CONSUMPTION [GJ]**

Fiscal Year	Fuel				Electricity			Total Energy	
	Total Fuel [GJ]	Thereof non-renewable [GJ]	Thereof renewable [GJ]	Renewable share	Electricity total [GJ]	Thereof renewable [GJ]	Renewables share	[GJ]	Renewables share
2023-24	61970	51146	10825	17.5%	112082	79518	70.9%	174052	51.9%
2022-23	74372	74372	0	0.0%	115960	84254	72.7%	190332	44.3%
2021-22	74812	74812	0	0.0%	126230	87235	69.1%	201042	43.4%
2020-21	69934	69934	0	0.0%	105502	78070	74.0%	175435	44.5%
2019-20	74113	74113	0	0.0%	100134	0	0.0%	174247	0.0%

\*) The Renewable Electricity Share in 2022-23 was corrected from 61833 GJ to 84254 GJ as it did not include the atomic energy share and was thus inconsistent to the previous years.

**TABLE 2: ENERGY INTENSITY RATIO (PER 1000 UNITS produced)**

Energy Efficiency [kWh/1000units]				
Fiscal Year	2020-21	2021-22	2022-23	2023-24
kWh/1000units	131.29	111.14	93.74	96.54

**TABLE 3: GHG EMISSIONS INTENSITY (SCOPE1,2)**

Business Year	2016-17	2020-21	2021-22	2022-23	2023-24
Total Emissions Scope 1,2 [tons CO <sub>2</sub> e]	24852	10749	9370	10102	9406
Emissions intensity per product [g CO <sub>2</sub> e/unit]	43	29	19	18	19
Reduction [%] to Base Year 2016/17	0	32	56	58	56

## TABLE 4: CALCULATION METHODOLOGIES

### **Scope 1 and 2**

All scope 1,2 emissions are determined by **INDIRECT Emissions Calculation**.

Total consumption of energy is determined by invoices and reports of third parties according to their availability. In case no third-party receipts, protocols or other evidence was available, a local consumption report has been prepared by the responsible personal for the relevant entity.

For the calculation of actual emissions, emission-factors/GWP-factors for the separate calculation of the six GHGs (CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>) in metric tons and in tons of CO<sub>2</sub> equivalent, reliable actual and trustworthy sources are to be used. The actual sources and calculation methodology is outlined in a separate scope 1and 2 GHG report for every entity.

### **Scope 3**

#### **General**

All reported emissions are determined by INDIRECT Emissions Calculation based on primary data collected regarding consumption, distance, or expenditures/investments, as well as the use of secondary data for emission factors. The latter were preferably obtained or determined from supplier data or sourced from internationally recognized references, if supplier data were not accessible.

The methodology for calculating emissions fully complies with the requirements of the GHG Protocol and the SBTi. Where primary data could not be completely collected, conservative assumptions were made to extrapolate existing results on group level, thereby providing the most meaningful and reliable information possible about the global emissions. Wherever such methods were applied, they are indicated on a case-by-case basis.

#### **Re 3.1 Purchased Goods and Services**

##### **Significant changes on content reported:**

Scope of emissions has been completed by including and detailing the following elements not reported in previous reports: Secondary Packaging materials, metal components and indirect materials and services

##### **GHG emissions calculation and methodology of calculation**

Emissions are calculated by weight or volume of components and materials as well as material specific emission-factors. Other investments, machinery and services are determined using spend-based emission factors. Materials used, weights and volumes are obtained from ERP-systems for the Germany entity.

Total emissions of Schwan Cosmetics are calculated by linear extrapolation of the Germany results to global figures along the sales volume. This can be assumed as a reliable approach due to the similarity of products manufactured, production technology and materials used.

#### **Re 3.2 Capital Goods**

##### **Significant changes on content reported:**

Capital goods have not been reported in previous reports

### **GHG emissions calculation and methodology of calculation**

Capital goods are consolidated by Schwan's BOFC system for all entities reported within the Operational boundaries. Spend based emission factors have been used to calculate the emissions connected to Capital goods.

### **Re 3.3 Fuel and Energy-related emissions not included in scope 1,2 emissions**

#### **Significant changes on content reported:**

Fuel and Energy-related emissions not included in scope 1,2 emissions have not been reported in previous reports.

### **GHG emissions calculation and methodology of calculation**

Emissions are calculated for Stationary combustion (excl Emergency power generators), mobile combustion, and Transportation & Distribution losses related to supplied electricity. Emissions calculation is based on direct energy consumption or traveling distances, is direct consumption could not be measured.

### **Re 3.4 Upstream Transportation and Distribution**

#### **Significant changes on content reported:**

Downstream transportation paid by the organization have been reported in previous reports under section 3.9 "Downstream Transportation". In line with GHG Protocol such emissions are now included in section 3.4

### **GHG emissions calculation and methodology of calculation**

A separate GHG emissions report for Upstream Transportation and Distribution according to ISO 14064 Standard has been prepared for FY 2023-24. It includes all emissions within the organizational and operational boundaries of this CSR report.

### **Re 3.5 Waste Generated in Operations**

#### **GHG emissions calculation**

Emissions for Waste generated in operations are calculated based on the type of waste reported (household waste) by all Schwan entities and the method used to legally dispose of it either by recovery, recycling, incineration, or landfill. For the calculation of actual emissions from waste, reliable sources of CO<sub>2</sub> equivalent including the six GHGs (CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>) in metric tons and in tons have been used.

Depending on the preferred country-specific method of disposal we distinguish between incineration and landfill.

### **Re 3.6 Business Travel**

A separate GHG emissions report for Business Travels according to ISO 14064 Standard has been prepared for FY 2023-24. It includes all emissions within the organizational and operational boundaries of this CSR report.

#### **GHG emissions calculation**

All emissions of this report are determined by INDIRECT Emissions Calculation. Emissions are calculated by mode of transportation used by Schwan Cosmetics employees and for air and rail travel by distance to their business destination. For the calculation of actual emissions from air and rail travel, emission-factors for the separate calculation of the six GHGs (CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>) in metric tons and in tons of CO<sub>2</sub> equivalent, a reliable, actual, and trust-worthy source has been used.

Business travel with company cars is shown under Scope 1+2 emissions. Business travel by rental cars or taxis are calculated by money spent on each mode of transportation. Due to no information available on climate gases HFCs, PFCs, or SF<sub>6</sub> used in the transport vehicles, we focused our emissions calculations on the top three gases.

### **Re 3.7 Employee Commuting**

A separate GHG emissions report for Commuting according to ISO 14064 Standard has been prepared for FY 23-24. It includes all emissions related to commuting within the organizational and operational boundaries of this CSR report.

#### **GHG emissions calculation**

All emissions of this report are determined by INDIRECT Emissions Calculation. Emissions are calculated by mode of transportation used by Schwan Cosmetics employees, distance to their homes and frequency of weekly travelling. For the calculation of actual emissions, emission-factors for the separate calculation of the six GHGs (CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>) in metric tons and in tons of CO<sub>2</sub> equivalent, a reliable, actual and trustworthy source has been used.

#### **Information gathering**

The required employee's information on mode of transportation distance to homes and weekly frequency of travelling was acquired either by voluntary participation to a commuting survey or information available on file within the HR departments of the entities.

#### **Upscaling methodologies**

Standardized methodologies have been used to assure a reliable upscaling of the information where only sample information was available. These consider country-specific circumstances, which may have an influence on the overall result. Week-to-Year calculation.

### **Re 3.8 Upstream Leased Assets**

The company does not maintain any rented buildings or other leased assets, which is why no corresponding emissions are reported

### **Re 3.9 Downstream Transportation and Distribution**

#### **Significant changes on content reported:**

Downstream transportation as specified by the GHG protocol are reported for the first time in this report. The emissions reported for previous periods are related to "Downstream Transportation paid by the reporting organization", which are now included under section 3.4 "Upstream Transportation and Distribution".

#### **GHG emissions calculation**

All emissions of this report are determined by INDIRECT Emissions Calculation. Emissions are calculated by mode of transportation used (Air, Truck, Sea). For the calculation of actual emissions, emission-factors for the separate calculation of the six GHGs (CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>) in metric tons and in tons of CO<sub>2</sub> equivalent, a reliable, actual and trustworthy source has been used.

#### **Assumptions made**

For this report, it was assumed that the proportion of transports, the selected modes of transportation and the average transport routes are comparable for all Schwan Cosmetics companies. The resulting emissions were then extrapolated along the production volumes. A refinement of the calculation method is planned for the following reporting years

### **Re 3.10 Processing of sold products**

The company does not sell semi-finished Products, why no emissions related to the processing of sold products must be considered.

### **Re 3.11 Use of Sold Products**

Product use does not consume any energy, why no emissions related the use of sold products are reported.

### **Re 3.12 End-of-life of sold products**

Due to the Fact that all products manufactured are distributed by our clients and are exclusively offered under consumer´s brand names, Schwan is unable to obtain any direct information about product end-of-life processes.

#### **Assumptions made**

1. Products are disposed or incinerated; there is no reuse or recycling
2. Country of disposal is the country of manufacturing of the product
3. Actual method of disposal corresponds with the primary method of disposal for household waste in the country manufacturing of the product

#### **GHG emissions calculation**

Emissions are calculated along the total numbers of products manufactured per country

### **Re 3.13 Downstream Leased Assets**

The internal review of the company's inventory revealed that the company does not maintain any downstream leased assets.

### **Re 3.14 Franchises**

The internal review of the company's inventory revealed that the company does not maintain any franchises

### **Re 3.15 Investments**

The Investment reported is a minority share of a production and distribution facility of cosmetic products with the same product portfolio and value chain as the organizations reported within the operational boundaries of Schwan Cosmetics.

#### **Assumptions made**

As no primary data on scope 1,2 emissions or related resource consumption could be obtained from the investment the following assumptions have been made for the calculation of the investment-related emissions:

1. The scope 1,2 emissions intensity corresponds with the average emissions intensity of the consolidated entities.
2. The emissions can be extrapolated along the sales figures of Schwan Cosmetics and the investment.

**TABLE 5: WATER CONSUMPTION / WATER INTENSITY**

Entity	Fiscal Year	Water Consumption [MI]			Water consumption per units produced [liter]		
		2021-22	2022-23	2023-24	2021-22	2022-23	2023-24
CI/CG Germany	C1 USA	24.02	29.00	34.35	0.11	0.12	0.17
	C2 China	4.62	8.68	7.29	n.a.	n.a.	n.a.
	C3 Czech Rep.	22.99	11.37	10.75	0.33	0.16	0.18
	C4 Brazil	4.54	4.67	5.31	0.40	0.45	0.63
	C5 Colombia	13.85	10.93	10.99	0.13	0.08	0.09
	CC Mexico	2.21	2.85	2.37	0.12	0.12	0.17
		3.62	3.47	2.25	0.30	0.24	0.19
		5.87	4.65	5.91	0.08	0.06	0.08
	<b>Schwan Cosmetics Group</b>	<b>81.70</b>	<b>75.60</b>	<b>79.23</b>	<b>0.16</b>	<b>0.13</b>	<b>0.16</b>

**TABLE 6: WATER DISCHARGE**

Entity	Fiscal Year	Water Discharge [MI]		
		2021-22	2022-23	2023-24
CI/CG Germany	public sewers	23.84	29.00	34.35
	reused	0.00	0.00	0.00
	recycled	0.00	0.00	0.00
CK Germany	public sewers	4.62	7.96	7.29
	reused	0.00	0.00	0.00
	recycled	0.00	0.00	0.00
C1 USA	public sewers	10.80	5.79	5.86
	reused	0.00	0.00	0.00
	recycled	0.00	0.00	0.00
C2 China	public sewers	4.54	4.67	5.31
	reused	0.00	0.00	0.00
	recycled	0.00	0.00	0.00
C3 Czech	public sewers	13.85	9.61	10.51
	reused	0.00	0.00	0.00
	recycled	0.00	0.00	0.00
C4 Brazil	public sewers	0.55	0.51	2.37
	reused	0.00	0.00	0.00
	recycled	0.00	0.00	0.00
C5 Colombia	public sewers	3.62	3.47	2.25
	reused	0.00	0.00	0.00
	recycled	0.00	0.00	0.00
CC Mexico	public sewers	5.87	4.65	4.64
	reused	0.00	0.00	0.00
	recycled	0.00	0.00	0.00
<b>Schwan Cosmetics Group</b>	<b>public sewers</b>	<b>67.68</b>	<b>65.66</b>	<b>72.59</b>
	<b>reused</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>recycled</b>	<b>0</b>	<b>0</b>	<b>0</b>

Comment:

All water is either directly discharged to public sewage systems or pre-treated prior to discharge.

**TABLE 7: NON-HAZARDOUS WASTE DISPOSAL**

Entity / FY	Method of Disposal	Non-hazardous Waste Disposal [tons]				
		2019-20	2020-21	2021-22	2022-23	2023-24
CI-CG Germany	total	862.00	429.00	517.00	1,065.75	868.59
	thereof recovery	6.00	7.00	10.00	0.00	0.00
	thereof recycling	101.00	81.00	76.00	135.75	143.61
	thereof incineration without energy recovery	0.00	0.00	0.00	0.00	66.46
	thereof incineration with energy recovery	755.00	341.00	431.00	930.00	658.52
	thereof disposal to landfill	0.00	0.00	0.00	0.00	0.00
USA	total	181.90	160.00	227.44	233.00	288.27
	thereof recovery	0.00	0.00	0.00	0.00	0.00
	thereof recycling	88.50	67.60	82.60	65.00	61.68
	thereof incineration without energy recovery	0.00	0.00	0.00	0.00	76.67
	thereof incineration with energy recovery	0.00	0.00	0.00	0.00	0.00
	thereof disposal to landfill	93.40	92.40	144.84	168.00	149.92
China	total	4.19	4.43	4.61	6.00	4.54
	thereof recovery	0.00	0.00	0.00	0.00	0.00
	thereof recycling	0.00	0.00	0.00	0.80	0.00
	thereof incineration without energy recovery	0.00	0.00	0.00	0.00	0.00
	thereof incineration with energy recovery	4.19	4.43	4.61	5.00	4.54
	thereof disposal to landfill	0.00	0.00	0.00	0.00	0.00
Czech Rep.	total	358.58	332.68	384.33	311.53	309.54
	thereof recovery	189.09	146.90	144.54	4.28	7.80
	thereof recycling	81.14	66.26	79.69	93.50	86.62
	thereof incineration with energy recovery	0.00	0.00	0.00	0.00	0.00
	thereof disposal to landfill	88.35	119.53	160.10	213.75	215.11
Brazil	total	56.78	41.75	50.26	132.00	49.58
	thereof recovery	0.00	0.00	2.40	86.26	0.00
	thereof recycling	35.70	24.06	24.25	25.67	23.30
	thereof incineration without energy recovery	0.00	0.00	0.00	0.00	0.00
	thereof incineration with energy recovery	0.00	0.00	0.00	0.00	17.94
	thereof disposal to landfill	21.08	17.69	23.61	20.51	8.34
Colombia	total	30.27	33.49	65.93	61.00	78.06
	thereof recovery	0.00	0.00	0.00	0.00	0.00
	thereof recycling	28.68	30.78	63.68	56.00	70.72
	thereof incineration without energy recovery	0.00	0.00	0.00	0.00	0.00
	thereof incineration with energy recovery	0.00	0.00	0.00	0.00	0.00
	thereof disposal to landfill	2.50	2.72	2.25	5.00	7.34
Mexico	total	210.17	172.69	223.10	192.00	383.42
	thereof recovery	0.00	0.00	0.00	0.00	0.00
	thereof recycling	38.17	35.69	32.10	31.00	46.05
	thereof incineration without energy recovery	0.00	0.00	0.00	0.00	0.00
	thereof incineration with energy recovery	0.00	0.00	0.00	0.00	0.00
	thereof disposal to landfill	172.00	137.00	191.00	161.00	337.37
CK Germany	total	263.20	172.78	162.44	156.72	136.55
	thereof recovery	61.00	0.00	18.34	0.00	23.92
	thereof recycling	29.90	35.69	55.80	75.28	37.37
	thereof incineration without energy recovery	0.00	0.00	0.00	0.00	0.00
	thereof incineration with energy recovery	172.30	137.09	88.30	81.44	75.27
	thereof disposal to landfill	0.00	0.00	0.00	0.00	0.00
Group	total	1967.09	1346.82	1635.11	2158.00	2118.54
	thereof recovery	256.09	153.90	175.28	90.54	31.72
	thereof recycling	403.09	341.08	414.12	483.00	469.35
	thereof incineration without energy recovery	0.00	0.00	0.00	0.00	143.13
	thereof incineration with energy recovery	931.49	482.52	523.91	1016.44	756.26
	thereof disposal to landfill	377.32	369.34	521.80	568.26	718.08
Disposal to landfill in %		19%	27%	32%	26%	34%

\*) There was a notable increase in non-hazardous waste in our Mexican facility following the transition from multiple disposal facilities to a single streamlined process, which revealed inconsistencies in past waste documentation. Nevertheless, the group managed a decrease of total volume of 6%. As the majority of plastic waste is reprocessed in an internal PIR stream there is no reuse of waste that may be reported.

**TABLE 8: HAZARDOUS WASTE DISPOSAL**

Entity / FY	Method of Disposal	Hazardous Waste Disposal [tons]		
		2021-22	2022-23	2023-24
CI-CG Germany	total	<b>226.00</b>	<b>116.00</b>	<b>71.78</b>
	Disposed by incineration with energy recovery	170.00	42.00	49.59
	Disposed by incineration without energy recovery	56.00	74.00	22.19
	thereof disposal to landfill	0.00	0.00	0.00
C1 USA	total	<b>4.00</b>	<b>2.70</b>	<b>5.73</b>
	Disposed by incineration with energy recovery	0.00	0.00	0.00
	Disposed by incineration without energy recovery	4.00	2.70	5.73
	thereof disposal to landfill	0.00	0.00	0.00
C2 China	total	<b>0.98</b>	<b>0.86</b>	<b>0.82</b>
	Disposed by incineration with energy recovery	0.00	0.00	0.00
	Disposed by incineration without energy recovery	0.98	0.86	0.82
	thereof disposal to landfill	0.00	0.00	0.00
C3 Czech Rep.	total	<b>125.27</b>	<b>115.00</b>	<b>91.85</b>
	Disposed by incineration with energy recovery	125.27	78.58	43.13
	Disposed by incineration without energy recovery	0.00	0.00	0.00
	thereof disposal to landfill	0.00	36.42	48.72
C4 Brazil	total	<b>60.51</b>	<b>2.11</b>	<b>28.22</b>
	Disposed by incineration with energy recovery	6.62	0.00	28.18
	Disposed by incineration without energy recovery	0.55	0.00	0.04
	thereof disposal to landfill	53.34	2.11	0.00
C5 Colombia	total	<b>13.30</b>	<b>22.25</b>	<b>21.42</b>
	Disposed by incineration with energy recovery	0.00	0.00	0.00
	Disposed by incineration without energy recovery	13.30	22.25	21.42
	thereof disposal to landfill	0.00	0.00	0.00
CC Mexico	total	<b>30.60</b>	<b>30.50</b>	<b>30.80</b>
	Disposed by incineration with energy recovery	30.60	30.50	30.80
	Disposed by incineration without energy recovery	0.00	0.00	0.00
	thereof disposal to landfill	0.00	0.00	0.00
CK Germany	total	<b>0.00</b>	<b>0.00</b>	<b>5.88</b>
	Disposed by incineration with energy recovery	0.00	0.00	0.00
	Disposed by incineration without energy recovery	0.00	0.00	5.88
	thereof disposal to landfill	0.00	0.00	0.00
Group	total	<b>460.66</b>	<b>289.42</b>	<b>256.50</b>
	Disposed by incineration with energy recovery	<b>332.49</b>	<b>151.08</b>	<b>151.70</b>
	Disposed by incineration without energy recovery	<b>74.83</b>	<b>99.81</b>	<b>56.08</b>
	thereof disposal to landfill	<b>53.34</b>	<b>38.53</b>	<b>48.72</b>
Disposal to landfill in %		<b>12%</b>	<b>13%</b>	<b>19%</b>

**TABLE 9: NON-HAZARDOUS WASTE INTENSITY**

Entity / FY	Non-hazardous Waste [tons]					Waste intensity [grams/unit]				
	2019-20	2020-21	2021-22	2022-23	2023-24	2019-20	2020-21	2021-22	2022-23	2023-24
CI-CG Germany	862	429	517	1,066	869	3.99	2.56	2.41	4.52	4.21
C1 USA	182	160	227	233	212	3.74	3.15	3.30	3.22	4.75
C2 China	4	4	5	6	5	0.65	1.12	0.40	0.57	0.54
C3 Czech Rep.	359	333	384	312	310	4.72	4.29	3.68	2.42	2.42
C4 Brazil	57	42	50	132	50	5.85	3.37	2.74	5.61	3.62
C5 Colombia	30	33	66	61	78	3.49	6.71	5.56	4.15	6.66
CC Mexico	210	173	223	192	383	4.28	3.22	3.07	2.45	5.32
CK Germany	263	173	162	157	137	0.00	0.00	0.00	0.00	0.00
<b>Schwan Cosmetics Group</b>	<b>1967</b>	<b>1347</b>	<b>1635</b>	<b>2158</b>	<b>2042</b>	<b>4.74</b>	<b>3.63</b>	<b>3.25</b>	<b>3.83</b>	<b>4.23</b>

**TABLE 10: HAZARDOUS WASTE INTENSITY**

Entity / FY	Hazardous Waste [tons]					Waste intensity [grams/unit]				
	2019-20	2020-21	2021-22	2022-23	2023-24	2019-20	2020-21	2021-22	2022-23	2023-24
CI-CG Germany	230	160	226	116	72	1.06	0.95	1.05	0.49	0.35
C1 USA	2	3	4	3	24	0.04	0.07	0.06	0.04	0.09
C2 China	0	0	1	1	1	0.02	0.04	0.09	0.08	0.10
C3 Czech Rep.	165	121	125	115	92	2.17	1.56	1.20	0.89	0.72
C4 Brazil	4	31	61	2	28	0.43	2.48	3.30	0.09	2.06
C5 Colombia	9	10	13	22	21	1.06	1.91	1.12	1.51	1.83
CC Mexico	0	48	31	31	31	0.00	0.89	0.42	0.39	0.43
CK Germany	0	0	0	0	6	0.00	0.00	0.00	0.00	0.00
<b>Schwan Cosmetics Group</b>	<b>410</b>	<b>373</b>	<b>461</b>	<b>289</b>	<b>275</b>	<b>0.99</b>	<b>1.01</b>	<b>0.92</b>	<b>0.51</b>	<b>0.51</b>

**TABLE 11: HAZARDOUS & NON-HAZARDOUS WASTE INTENSITY**

Entity / FY	Hazardous + Non-hazardous Waste [tons]					Waste intensity grams/unit				
	2019-20	2020-21	2021-22	2022-23	2023-24	2019-20	2020-21	2021-22	2022-23	2023-24
CI-CG Germany	1,092	589	743	1,182	940	5.05	3.51	3.46	5.01	4.56
C1 USA	184	163	231	236	236	3.78	3.22	3.36	3.25	3.83
C2 China	4	5	6	7	5	0.67	1.15	0.49	0.66	0.64
C3 Czech Rep.	523	454	510	427	401	6.88	5.85	4.87	3.31	3.13
C4 Brazil	61	72	111	134	78	6.28	5.86	6.04	5.70	5.68
C5 Colombia	39	43	79	83	99	4.55	8.62	6.68	5.66	8.48
CC Mexico	210	221	254	223	414	4.28	4.11	3.49	2.84	5.75
CK Germany	263	173	162	157	142	0.00	0.00	0.00	0.00	0.00
<b>Schwan Cosmetics Group</b>	<b>2377</b>	<b>1720</b>	<b>2096</b>	<b>2447</b>	<b>2317</b>	<b>5.73</b>	<b>4.63</b>	<b>4.17</b>	<b>4.34</b>	<b>4.74</b>

**TABLE 12: METHODOLOGIES, ASSUMPTIONS, AND/OR CALCULATION TOOLS USED****Energy Consumption / Emissions Calculations**

Measurement by calibrated meters (electricity, gas, fuel)

Invoices from suppliers (electricity, gas, fuel)

Conversion factors for the energy sources from the invoices and by primary or secondary sources see Appendix II, Table 4: Calculation Methodologies



**APPENDIX III**  
**GOVERNANCE**  
**STATISTICS**

**TABLE 1 INFORMATION SECURITY TRAINING PARTICIPATION AND TRAINING HOURS**

	Fiscal Year	CI-C-CK Germany	C1 USA	C2 China	C3 Czech	C4 Brazil	C5 Colombia	CC Mexico	Schwan Cosmetics Group	
No. of employees trained	2021-22	877	111	30	244	86	119	57	1524	
IT Training hours		2631	340	92	747	208	364	174	4556	
No. of employees trained	2022-23	878	123	31	186	91	69	145	1523	
IT Training hours		1752	174	3	279	0	21	264	2493	
No. of employees trained	2023-24	958	79	32	293	77	28	52	1519	
IT Training hours		2874	148	48	916	157	168	97	4408	

**TABLE 2 NUMBER OF COMPLAINTS CONCERNING BREACHES OF CUSTOMER PRIVACY AND/OR LOSSES OF CUSTOMER DATA**

Fiscal Year	CI Germany	CG Germany	CK Germany	C1 USA	C2 China	C3 Czech Rep.	C4 Brazil	C5 Mexico	CC Colombia	Objective
2021-22	0	0	0	0	0	0	0	0	0	0
2022-23	0	0	0	0	0	0	0	0	0	0
2023-24	0	0	0	0	0	0	0	0	0	0

## TABLE 3 ESG RISK ASSESSMENT

Risk	Description	Management Approach
<b>Environment</b>		
Risks related to the procurement of raw materials along the value chain	<p>Growing awareness of the public associated with the environmental (deforestation/biodiversity) and social impact of the production of Palm Oil in the countries of origin.</p> <p>MICA and MICA-based pigments may be subject to unacceptable working and living conditions in the environment of Natural Mica Sourcing</p>	<ul style="list-style-type: none"> <li>Contributing Member of the Roundtable on Sustainable Palm Oil (RSPO) since 2016</li> <li>Communication of the Annual Progress toward 100% RSPO certified Palm Oil</li> <li>Ordinary Member of RSPO</li> <li>Implementation of a Corporate Environmental Policy at Group level</li> <li>Implementation of a Corporate Policy for Sustainable Sourcing at Group level</li> </ul>
Risks related to the handling of the hazardous substances	The use of chemicals, whose use is limited and regulated by EU and international regulations (e.g., REACH), may be potentially harmful to the environment.	<ul style="list-style-type: none"> <li>Implementation of an environmental management system, according to ISO 14001:2015 standard in some Group's sites</li> <li>Implementation of local procedures to manage chemical substances in compliance with local requirements.</li> <li>Implementation of a Corporate Environmental Policy at Group level</li> </ul>
Risks related to the management of waste	Activities involving the handling, collection and disposal of waste and hazardous substances may potentially result, if not accurately managed, the contamination of soil, surface, or underground waters due to spills on the ground, and impacts related to the incorrect disposal of waste could have been recovered.	<ul style="list-style-type: none"> <li>Implementation of an environmental management system, according to ISO 14001:2015 standard, in some Group's sites</li> <li>Implementation of local procedures to correctly manage waste.</li> <li>Implementation of a Corporate Environmental Policy at Group level</li> <li>Implementation of a regular reporting for waste</li> </ul>
Risks related to the production of GHG emissions	The absence of an emissions management program could expose the Group to a potential reputational and legislative risk when called to report its environmental performance because of the increase in international, European and national pressures on this issue	<ul style="list-style-type: none"> <li>Implementation of an environmental management system, according to ISO 14001:2015 standard, in some Group's sites</li> <li>Development of specific projects aiming at the energy efficiency</li> <li>Implementation of an Environment Policy at Group level</li> <li>Implementation of local actions to continuously reduce the environmental impact</li> </ul>
Risks related to the production of GHG change emissions	The absence of an emissions management program could expose the Group to a potential reputational and legislative risk when called to report its environmental performance because of the increase in international, European and national pressures on this issue	<ul style="list-style-type: none"> <li>Implementation of an environmental management system, according to ISO 14001:2015 standard, in some Group's sites</li> <li>Development of specific projects aiming at the energy efficiency</li> <li>Implementation of an Environment Policy at Group level</li> <li>Implementation of local actions to continuously reduce the environmental impact</li> <li>Third party verification of scope1,2 emissions</li> </ul>
Risks related to emission of air pollutants	<p>Local and accidental pollution may cause significant harm to the environment.</p> <p>Non-compliance with local regulations bears the risk of Production closures and fines</p> <p>Local and accidental pollution events expose the Group to a potential reputational risk to business partners and other external stakeholders</p>	<ul style="list-style-type: none"> <li>Implementation of an Environment Policy at Group level</li> <li>Annual reporting to Schwan Cosmetics headquarters to monitor conformance with local regulations</li> </ul>
Risks related to water pollution	Local and accidental pollution may cause significant harm to the environment	<ul style="list-style-type: none"> <li>Implementation of Global and Local Accidental Pollution Policies</li> <li>Implementation of local policies and measures to avoid local and accidental pollution.</li> </ul>

Risk	Description	Management Approach
<b>Social</b>		
<b>Human Rights</b>		
Risks related to employees' health and safety	All Employees' activities (production, administration, logistics, etc.) are accompanied by a potential risk to health and safety which must be continuously monitored and assessed	<ul style="list-style-type: none"> <li>Implementation of a health and safety management system ISO 45001:2018 in some Group's sites</li> <li>Annual conduct of Ethical Trade Audit (SMETA) on all entities of the group, regarding human rights and health &amp; safety of employees.</li> <li>Implementation of local procedures to correctly manage health and safety aspects.</li> <li>Implementation of a Corporate Sustainability Policy at Group level</li> <li>Implementation of a regular Health &amp; Safety reporting to Schwan Cosmetics headquarter</li> </ul>
Risks related to noncompliance in terms of human rights	The different human rights laws in force in the countries where Schwan Cosmetics operates could challenge Schwan's ability to verify that the Group's standards are equally respected by all companies and suppliers	<ul style="list-style-type: none"> <li>Annual conduct of Ethical Trade Audit (SMETA) on all entities of the group, regarding human rights and health &amp; safety of employees.</li> <li>Implementation of a Corporate Sustainability Policy at Group level</li> </ul>
Risks related to the violation of human rights along the value chain	The presence of two activities, mica extraction and the metallization process, present a high risk of violation of human and labor rights along the supply chain.	<ul style="list-style-type: none"> <li>Member of the Responsible Mica Initiative (RMI), an organization that promotes the transparent traceability of the mica extractive process, guaranteeing human rights within the areas subjected to such risk.</li> <li>Implementation of a Sustainable Procurement Policy at Group level</li> <li>Implementation of a Supplier Code of Conduct</li> <li>Implementation of a supplier onboarding assessment and approval process</li> </ul>
<b>Customer/Consumer Safety</b>		
Risks related to non-compliance in terms of materials/ ingredients management	The use of materials/ingredients constrained by norms and legislations and regulated at the European and international level	<ul style="list-style-type: none"> <li>Compliance with the European "Cosmetic Regulation" (Regulation EC no. 1223/2009) regulating composition, labeling, and packaging materials of cosmetic products.</li> <li>Continuous monitoring of updates regarding the local and relevant international regulations related to product safety.</li> <li>Implementation of an ERP-based integrated compliance Check at Group level</li> </ul>
Risks related to the management of regulated materials/ingredients at contract level	Avoidance of incorrect information to B2B customers (for example on product labels), could cause reputational and financial damage to the customer and, ultimately, harm the final consumer.	<ul style="list-style-type: none"> <li>Compliance with the European "Cosmetic Regulation" (Regulation EC no. 1223/2009) for all materials in use regarding the composition of the product, labeling and packaging of cosmetic products</li> <li>Continuous monitoring of updates regarding the local and relevant international legislation related to product labeling.</li> <li>Implementation of an ERP-based integrated compliance Check at Group level*</li> </ul>
<b>Governance</b>		
<b>Corruption / Bribery / Fraud</b>		
Risks related to corruption, bribery fraud, and anti-competitive behavior.	The risks associated with corruption derive from the nature and size of the organization, which operates in different countries, characterized by a different approach to the topic, both at the normative level and from an individual's behavioral point of view.	<ul style="list-style-type: none"> <li>Risk Management Assessment implemented related to external parties which are suitable to bear the risk of corruption, bribery and fraud.</li> <li>Implementation of a Code of Conduct on a corporate level</li> <li>Employees training on the Code of Conduct</li> </ul>
<b>Payment Cycle Procedure / Purchasing</b>		
Unjustified payments to external by: Double payment Discounts / Credit Notes Invoices without delivery/ service provided.	Invoices may be paid double by book-keeping department. Unjustified discounts and credit notes may be granted to suppliers. Unjustified invoices are issued by third parties and sent in for payment.	<ul style="list-style-type: none"> <li>Purchase order management system with mandatory approval process including fixed limits.</li> <li>Payments only on approved invoices (on authorized signature) or executed purchase orders (on system-booked delivery).</li> <li>4 eyes principle (integrated into electronic approval process)</li> <li>Internal Control System audited review by Roedl&amp;Partner auditors</li> <li>Cash transactions policy in place</li> <li>Training of employees on SOP</li> </ul>

Risk	Description	Management Approach
<b>Governance</b>		
<b>Contractual relationships with sales agents:</b>		
Illegal money kickbacks from sales agents to internal sales	Discounts to sales agents may be arranged for illegal kickback payments on private accounts.	<ul style="list-style-type: none"> <li>All contracts must be reviewed by legal before approval.</li> <li>Global policy on contractual agreements with customers in place</li> </ul>
<b>Contractual relationships with customers</b>		
Risk of money laundering		<ul style="list-style-type: none"> <li>"Know your customer"- Policy in place (documented Background-checks for customers)</li> <li>Money Laundering policy</li> </ul>
Risk of unethical trade		<ul style="list-style-type: none"> <li>Sanction List screening (Terrorism, international trade sanctions)</li> <li>Know your customer" - Policy in place (documented Background-checks for customers)</li> </ul>
<b>Management of Suppliers</b>		
Suppliers involved in unethical trade	Supplier may be subject to international sanction lists. Supplier may have a suspicious background regarding payments and money transactions.	<ul style="list-style-type: none"> <li>Supplier onboarding procedure (SLC) in place</li> <li>Sanction List screening (Terrorism, international trade sanctions)</li> </ul>
Supplier involved in Money Laundering or Terrorism financing of other illegal practices	Businesses may connect to or be involved in transactions with terrorist groups or other practices that are contrary to international trade regulations.	<ul style="list-style-type: none"> <li>Money Laundering policy in place</li> </ul>
Gifts given by suppliers	Gifts may be suitable to create undesirable relationships between suppliers and employees that prevent neutral order placement	<ul style="list-style-type: none"> <li>Existing Work Regulation limiting gifts to small values</li> </ul>
<b>Third-Party Processing / Management of subcontractors/extended workbench</b>		
Gifts given by suppliers	Gifts may be suitable to create undesirable relationships between suppliers and employees that prevent neutral order placement.	<ul style="list-style-type: none"> <li>Existing Work Regulation limits gifts to small values</li> </ul>
<b>Relations with the Public Administration</b>		
Inappropriate Lobbying and Illegal influence on political and administrative officeholders and decision-makers can lead to lawsuits and loss of reputation	Inappropriate Lobbying and Illegal influence on political and administrative officeholders, political parties, and their associated organizations may lead to lawsuits and loss of reputation	<ul style="list-style-type: none"> <li>Implementation of a code of conduct</li> </ul>
<b>Handling of Reports of Irregularities Procedure</b>		
Irregular actions may cause financial and reputational damage		<ul style="list-style-type: none"> <li>Whistleblowing Policy globally implemented</li> </ul>



**APPENDIX IV  
SUSTAINABLE  
SOURCING  
STATISTICS**

**TABLE 1: NEW SUPPLIERS SCREENED USING ENVIRONMENTAL AND SOCIAL CRITERIA GRI 308-1 and 414-1**

Fiscal Year	no. of new suppliers	no. of suppliers screened using		percentage
		environmental criteria	social criteria	
2021-22	51	42	42	82%
2022-23	64	59	59	92%
2023-24	70	66	66	94%

**TABLE 2: ANTI-CORRUPTION POLICY AND PROCEDURES COMMUNICATED TO BUSINESS PARTNERS (SUPPLIER CODE OF CONDUCT) GRI 205-2**

Fiscal Year	Category	Unit	CI/CG	CK	C1	C2	C3	C4	C5	CC	Schwan Cosmetics Group
			Germany	Germany	USA	China	Czech Rep.	Brazil	Colombia	Mexico	
2021-22	Suppliers	No. contacted	0	0	0	0	0	0	0	0	0
		% of supplier	0%	0%	0%	0%	0%	0%	0%	0%	0%
	Others	No. contacted	0	0	0	0	0	0	0	0	0
		% of supplier	0%	0%	0%	0%	0%	0%	0%	0%	0%
2022-23	Suppliers	No. contacted	187	18	54	13	0	66	28	108	474
		% of supplier	89%	35%	49%	33%	0	79%	100%	79%	52%
	Others	No. contacted	0	0	0	0	0	0	0	0	0
		% of supplier	0%	0%	0%	0%	0%	0%	0%	0%	0%
2023-24	Suppliers	No. contacted	113	37	54	9	211	67	39	83	613
		% of supplier	93%	76%	49%	100%	100%	100%	100%	100%	74%
	Others	No. contacted	0	0	0	0	0	0	0	0	0
		% of supplier	0%	0%	0%	0%	0%	0%	0%	0%	0%

**TABLE 3: local<sup>\*)</sup> spend of purchasing volume per entity GRI 204-1**

Fiscal Year	CI/CG	CK	C1	C2	C3	C4	C5	CC
	Germany	Germany	USA	China	Czech Rep.	Brazil	Colombia	Mexico
2023-24	60%	94%	62%	56%	20%	37%	41%	24%

\*) The definition of local in this case entails all Tier-1 suppliers located in the same country as the production site.

Significant locations of operation are all Schwan production sites.

**APPENDIX V**  
**CSR REPORT**  
**VERIFICATION**

# Independent Assurance Statement

## To the Management and Stakeholders of Schwan Cosmetics International GmbH

DQS has been engaged by Schwan Cosmetics to provide independent assurance over the Schwan Cosmetics Global CSR Report FY 2023-2024. The engagement took place from October 21, 2024 and was concluded on November 19, 2024.

### Objectives

The objective of this assurance engagement was to independently express conclusions on underlying reporting processes and validate qualitative and quantitative claims, so as to limit misinterpretation by stakeholders and increase the overall credibility of the reported information and data.

### Scope of assurance

The assurance encompassed the entire report and focused on all figures, statements and claims related to sustainability during the reporting period July 1, 2023 to June 30, 2024. More specifically, this included:

- Statements, information and performance data contained within the Global CSR Report;
- Schwan Cosmetics reported data and information as per the requirements of the Global Reporting Initiative Standards, incl. the following GRI disclosure: 204-1, 205-1/-2/-3, 206-1, 302-1, 302-3, 302-4; 303-1, 303-2, 303-3/-4/-5; 304, 305, 306-1 to -5, 308-1, 308-2; 401-1, 401-2; 403-2/-3/-4/-5, 404-2/-3; 405, 406, 407, 408, 409; 414-1/-2, 415-1, 416-1/-2; 417-2; 418-1

The assurance engagement was performed in accordance with a Type 2 assurance of the AA1000 Assurance Standard (AA1000AS v3), which consists of:

- Evaluating the company's sustainability framework and processes using the inclusivity, materiality, responsiveness and impact criteria of the AA1000 AccountAbility Principles (AA1000APS 2018), and
- Evaluating the quality of the reported sustainability performance information.

### Level of assurance and limitations

A type 2 moderate level of assurance under AA1000AS was provided for this engagement. Information and performance data subject to assurance is limited to the scope described above. The assurance did not cover financial data, technical descriptions of buildings, equipment and production processes or other information not related to sustainability or already supported by existing documents, such as third-party audits or certifications and previous Schwan Cosmetics annual reports. The assurance engagement is not a compliance audit and does not assess or evaluate compliance with applicable laws and regulations.

### Independence and Competences of the Assurance Provider

The DQS Group is an independent professional services firm that provides assurance on sustainability disclosures under the Global Reporting Initiative (GRI), CDP and other specialized

management and reporting mechanisms. Independent verifiers have not been involved in the development of the data or have been associated with Schwan Cosmetics's data collection or strategic processes. DQS Group ensures that the assurance team possesses the required competencies, maintained neutrality and performed ethically throughout the engagement. Further information, including a statement of impartiality, can be found at: [www.dqsglobal.com](http://www.dqsglobal.com).

Schwan Cosmetics management was responsible for the preparation and presentation of the sustainability data. This responsibility includes establishing data collection systems, quantification processes, application of appropriate methodologies and assumptions and reporting practices.

### **Assurance Methodology**

The assurance procedures and principles used for this engagement were drawn from the International Standard AA1000AS and methodology developed by DQS, which consists of the following steps:

1. Identifying statements and data sets, which are classified according to the relevant data owners and the type of evidence required for the verification process. Identify samples of data to be assessed, reflecting the structure and operations of Schwan Cosmetics.
2. Reviewing the Sustainability Report to determine whether the material topics identified during our procedures have been adequately disclosed.
3. Carrying out interviews with key functional managers and data owners at Schwan Cosmetics office in Heroldsberg (Germany)
4. Assessing the collected information and provide recommendations for immediate correction where required or for future improvement of the report content.

### **Evaluation of the adherence to AA1000 AccountAbility Principles**

**Inclusivity** - *How the organization engages with stakeholders and enables their participation in identifying issues and finding solutions.*

The stakeholder identification and engagement process is well implemented through Schwan Cosmetics and the Report brings out key stakeholder concerns as material aspects of significant stakeholders. The report is considered to be in line with the principle of inclusivity. Therefore, it is recommended that Schwan Cosmetics should continue with the planned process of direct dialogue with the external stakeholders at determined intervals.

**Materiality** - *How the organization recognizes issues that are relevant and significant to itself and its stakeholders.*

The Report addresses the range of environmental, social and economic issues that Schwan Cosmetics have identified as being of material importance. The identification of material issues has considered both internal assessments of impacts, risks and opportunities, as well as stakeholders' views and concerns. The Report fairly brings out aspects and topics and its respective boundaries for the diverse operations of Schwan Cosmetics. The report is considered to be in line with the principle of materiality.

**Responsiveness** - *How the organization responds to stakeholder issues and feedback through decisions, actions, performance and communication.*

Schwan Cosmetics is responding to those issues that it has identified as material and demonstrates this in its policies, objectives, indicators and performance targets. The organization

and its stakeholders can use the reported information as a reasonable basis for their opinions and decision-making. Subsidiarity in the collection of data gives the locations a high degree of personal responsibility. The report is considered to be in line with the principle of responsiveness.

**Impact** - *How the organization monitors, measures, and ensures accountability for how its actions affect their broader ecosystems.*

Schwan Cosmetics has implemented systems to monitor and measure its economic, environmental and social impacts. We find a close interaction with the responsibilities at the assessed sites. Identified impacts are incorporated into both stakeholder engagement as well as the periodic materiality assessment process. The sustainability report discloses impacts in a balanced and effective way, indicating both realized and unrealized goals. The report is considered to be in line with the principle of impact.

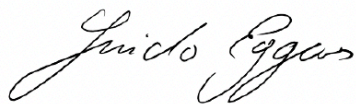
### Conclusion

On the basis of a moderate assurance engagement according to the above-listed criteria, nothing has come to our attention that causes us to believe that the disclosures within the scope of this assurance engagement are materially misstated.

On behalf of the assurance team

November 21, 2024

Frankfurt, Germany



**Guido Eggers**

Managing Director  
DQS CFS GmbH



**AA1000**

Licensed Assurance Provider

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**schwan cosmetics**