

GLOBAL CSR REPORT FY 2022/23



schwan cosmetics



TABLE OF CONTENTS

Index	Page
About this report	4
Letter of the CEO to Schwan Stakeholders	5
General information about the group / Business Overview	6-9
Corporate Philosophy & Core Values	9-12
Sustainability: Governance, Policy, and Plan	13-16
Select Cooperations, Memberships and Awards	17-18
Schwan Cosmetics Stakeholders and Materiality Analysis	19-20
Organizational Boundaries	21
Commitment to the United Nation`s Sustainable Development Goals	22
Sustainability Goals and Progress	23-24
Risk Management Approach	25
Social Accountability	26-50
Management Approach	26-27
SEDEX SMETA Audits	27
Employee Experience	28-29
Benefits of Employment	30
Diversity, Equality, and Inclusion	31-32
Training and Development	33-36
Employee Representation	36
Corporate Community Engagement	37-42
Corporate Social Investment	43-44
Occupational health & safety	45-47
Customer health & safety	48-49
Product Labeling / Product information	50
Sustainable Sourcing	51-56
Management Approach	51-52
Supplier Due diligence and Risk Assessment	53
Mica & Palm Oil	54
Sustainable Wood sourcing	55
Supplier screening on environmental criteria	56
Supply chain statements	56
Environment	57-69
Management Approach	57-58
Energy Consumption	59
GHG Emissions	60-63
Emission Reduction Initiatives	64-65
Water	66
Waste	67-68
Biodiversity	69

Sustainable Product Development

70-80

Management Approach	70-71
Sustainability & Material Innovation	72
Packaging Development	73-76
Formula development	77-79
Sustainable solutions for Secondary packaging	80

Governance

81-86

Management Approach	81
Business Ethics Policy	82
Compliance Management	82-83
Corruption Risk Assessment	83-84
Child Labor, Forced Labor, Compulsory Labor	84
Information Security	85
Complaint Mechanism and Whistleblowing-System	86
General Statements and Affirmations	86
Verification by external Organizations	86
GRI Context Index	87-90
Methodological Notes	91-92
Contact Information	93
Appendix	94-125

ABOUT THIS REPORT

This report offers a comprehensive overview of the environmental, social, and governance impact, activities, and performance of the Cosmetics Division of the Schwan STABLO Group, referred to as “Schwan”, “Schwan Cosmetics”, or “we”. The organizational boundaries are meticulously outlined in the corresponding section of this report. The content delves into key metrics representing our progress and outlines future strategies. The reporting period encompasses fiscal year 2023, spanning from July 1, 2022, to June 30, 2023, 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 in accordance with 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 87 to 90.

Selected GRI Standards have undergone independent limited assurance verification. Details to verified Standards can be found on Pages 123.

For further insights into our social impact and sustainability initiatives, please visit www.schwancosmetics.com.

LETTER FROM TOMÁS ESPINOSA BRANIFF CESPEDES



Dear Stakeholders,

I hope this letter finds you in the best of health and high spirits. I am proud to present our CSR Report for Fiscal year 2022/23. In today's dynamic and evolving global marketplace, customers and stakeholders are increasingly concerned about the social and environmental impact of corporations. As a committed and forward-thinking company, we recognize the importance of addressing these concerns and are glad to present our Global CSR Report as a testament to our dedication.

Over the last two years Schwan Cosmetics developed our vision that includes a clear purpose, corporate values, BHAG (long term targets), and ten-year goals that reflect our beliefs and ambition to be a front runner in regard to ESG for our industry. We have aligned our strategy and set up goals that ensure that our innovative beauty solutions and our business operations not only align with global sustainability practices but also contribute actively to social and environmental well-being and can serve as a benchmark for others to follow. Our Global CSR Report encapsulates our efforts in fulfilling these commitments and showcases the various initiatives we have undertaken over the past year.

The past financial year was very successful in economic terms, and we are very pleased to report renewed growth of 24%, which was more than twice as high as the market. Besides the growth in sales, operational KPI's improved across all sites. We also had the right offering for the demand across all brands for cosmetic products whose ingredients are "clean", i.e., above all sustainable and at the same time with highest performance. Sustainability has long been anchored in our innovation process. And the new "ONE Schwan" Strategy also had an impact by regionalizing supply chains closer to the markets we serve, improving service and avoiding emission-intensive long-distance transportation, proving that efficiency and sustainability will go hand in hand.

The report encompasses the three pillars of sustainable development: Economic, Social, and Environmental. Through transparent disclosures, comprehensive assessments, and relevant data, we highlight our achievements, challenges, and ongoing initiatives in these areas. By doing so, we aim to engage with our stakeholders and foster a sense of trust and transparency.

Some of the relevant activities that proof our commitments:

- We donated a mobile heating unit to a school and shelter in Ukraine. The 560 KW system will provide warmth to 600 children and families affected by the ongoing conflict.
- We invested 7.8 million Euros in a Solar Power Plant at our Heroldsberg facility that will cover up to 100% of our daytime electricity demand. (The project is expected to go live in the second half of FY 2023/24.)
- We entered a business collaboration with SULAPAC®, a Finnish materials innovation start-up, to develop eco-friendly barrels to start the phase out of fossil-based plastic liners. Our molded sharpenable liners now use 70% less fossil-based plastic than conventional liners and leave no microplastics behind.
- We relocated 5 molds closer to markets to reduce our carbon footprint by 140 t CO₂ e per year in the supply chain and respond more quickly to demand.
- We received the "Great Place to Work®" certification for the second time for Cosmetic Colors, Mexico, which recognizes our efforts to create a positive and inclusive work environment for our employees.

We believe this CSR Report will provide you valuable insights into our commitment to sustainability, the progress we have made, and our future goals. Should you have any questions or require further information, please do not hesitate to contact Hans Kuehn our Senior Vice President Global Quality Assurance & CSR at hans.kuehn@schwancosmetics.com.

We look forward to engaging in a meaningful dialogue with you and exploring collaborative opportunities that drive positive change in the cosmetic industry.

Thank you for your time and consideration. We sincerely hope that you find our Global CSR Report both informative and inspiring. Together, let us strive for a more mindful beauty, sustainable and responsible business world.

Yours sincerely,
Tomás Espinosa Braniff Céspedes
Chief Executive Officer

ABOUT SCHWAN COSMETICS



GENERAL INFORMATION ABOUT THE SCHWAN COSMETICS GROUP BUSINESS OVERVIEW

Schwan Cosmetics, part of Schwan-STABILO Group, is a globally leading private label manufacturer of color cosmetics.

Headquartered in Heroldsberg, Germany, and with more than 3,000 employees, we operate nine entities worldwide. Focused on innovative, sustainable products, diverse colors, and unique packaging, we are driven by business excellence & sustainability and partner with 400+ customers in the beauty industry.

GENERAL INFORMATION ABOUT THE SCHWAN COSMETICS GROUP / BUSINESS OVERVIEW

The Schwan-STABILO Group, which operates in the cosmetics, pens, and outdoor segments, faced significant challenges such as volatile markets, war, inflation, and cautious consumers. Nevertheless, the family-owned company continued its upward trend from the previous year and generated in the past financial year 2022/23 (June 30, 2023) sales of EUR 850.3 million (previous year: EUR 745.3 million) and thus once again grew strongly by around 14%. All three divisions contributed to this sales growth.



TURNOVER OF GROUP AND SUBGROUPS

(Fiscal year 2022/23 ending 30 June)

€850.3 million

(previous year: €745.3 million)

+14 %

€387.2 million

(previous year: €312.3 million)

+24 %



COSMETICS DIVISION

€217.9 million

(previous year: €215.8 million)

+1 %

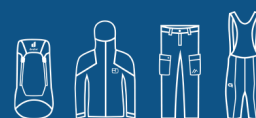


STABILO DIVISION

€245 million

(previous year: €216.9 million)

+13 %



OUTDOOR DIVISION



Schwan Cosmetics had a very successful year, achieving sales of EUR 387.2 million (previous year: EUR 312.3 million) with sales growth of 24%, more than double the market. The company improved its operational efficiency at all sites. Schwan Cosmetics sales increased in all four product categories, particularly in lips and eyes. The company benefited from being close to current social movements and trends, which enabled it to win new projects and customers, especially indie brands.

The new "ONE Schwan" strategy was also effective, allowing the company's global production and distribution network to be used more efficiently and to respond more flexibly to customer needs. Europe once again became the largest sales region for Schwan Cosmetics. North and South America also grew significantly, as did the entire Asia-Pacific region, particularly China. Schwan Cosmetics successfully launched its first product developed and manufactured exclusively for China, a gel eyeliner.

GLOBAL SALES
2022/2023

€ 387 MIO.

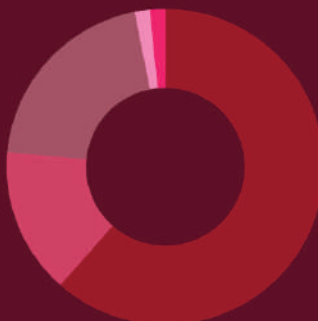
BREAKDOWN OF 2022/23 SALES IN MIO. €

GEOGRAPHIC REGION



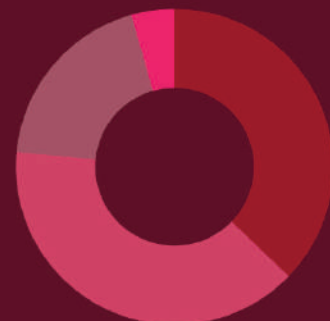
- **189** AMERICAS
- **172** EMEA
- **26** APAC

CATEGORY



- **238** EYE
- **58** BROW
- **79** LIP
- **6** FACE
- **6** Others

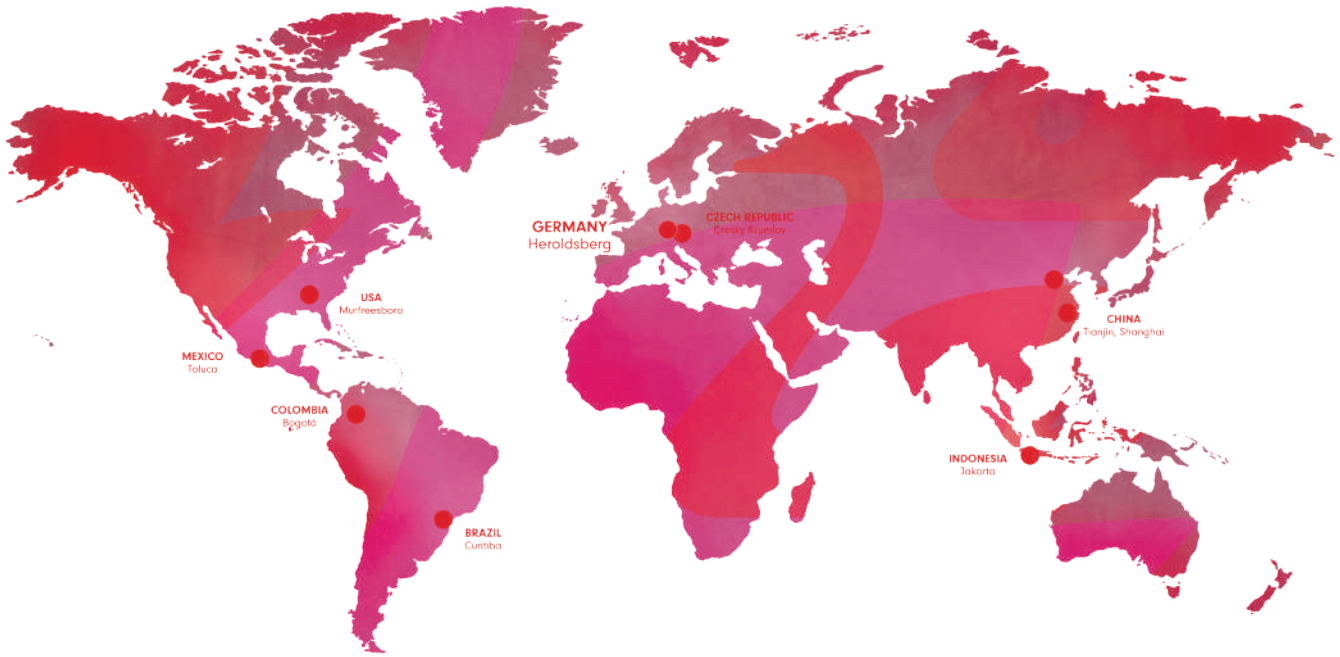
PRODUCT



- **144** Sharpenable Pencils
- **152** Mechanical Pencils
- **74** Liquid Liners
- **17** 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

JUNE 2023

1159

GERMANY

3100

WORLDWIDE

1941

INTERNATIONAL

SELECTED RECOGNITIONS AND AWARDS

FY 2022/23



Top 21 most sustainable mid-sized companies in Germany recognized by WirtschaftsWoche, Germany



Top IT Employer 2023 recognized by CHIP Magazin, Germany.



Great Place to Work® Certification for Cosmetic Colors, Mexico recognized by Great Place to Work®, Mexico.

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.

**Push the limits
to create a more
beautiful future
together**

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 VALUES

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.



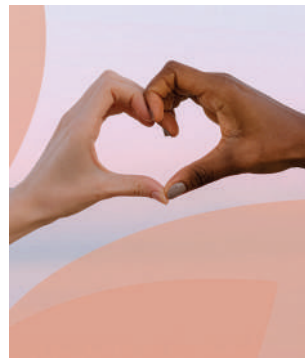
RESPECT

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.



ONE FOR ALL - ALL FOR ONE

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 utilization 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 Headquarters 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 first 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 engagement with the Science Based Targets Initiative reaffirms our commitment to diligently monitor efforts in utilizing natural resources responsibly, validated by an independent third party.

Our recent participation in the SBTI (Science Based Targets Initiative) 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, CPCO, and CSO. 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.

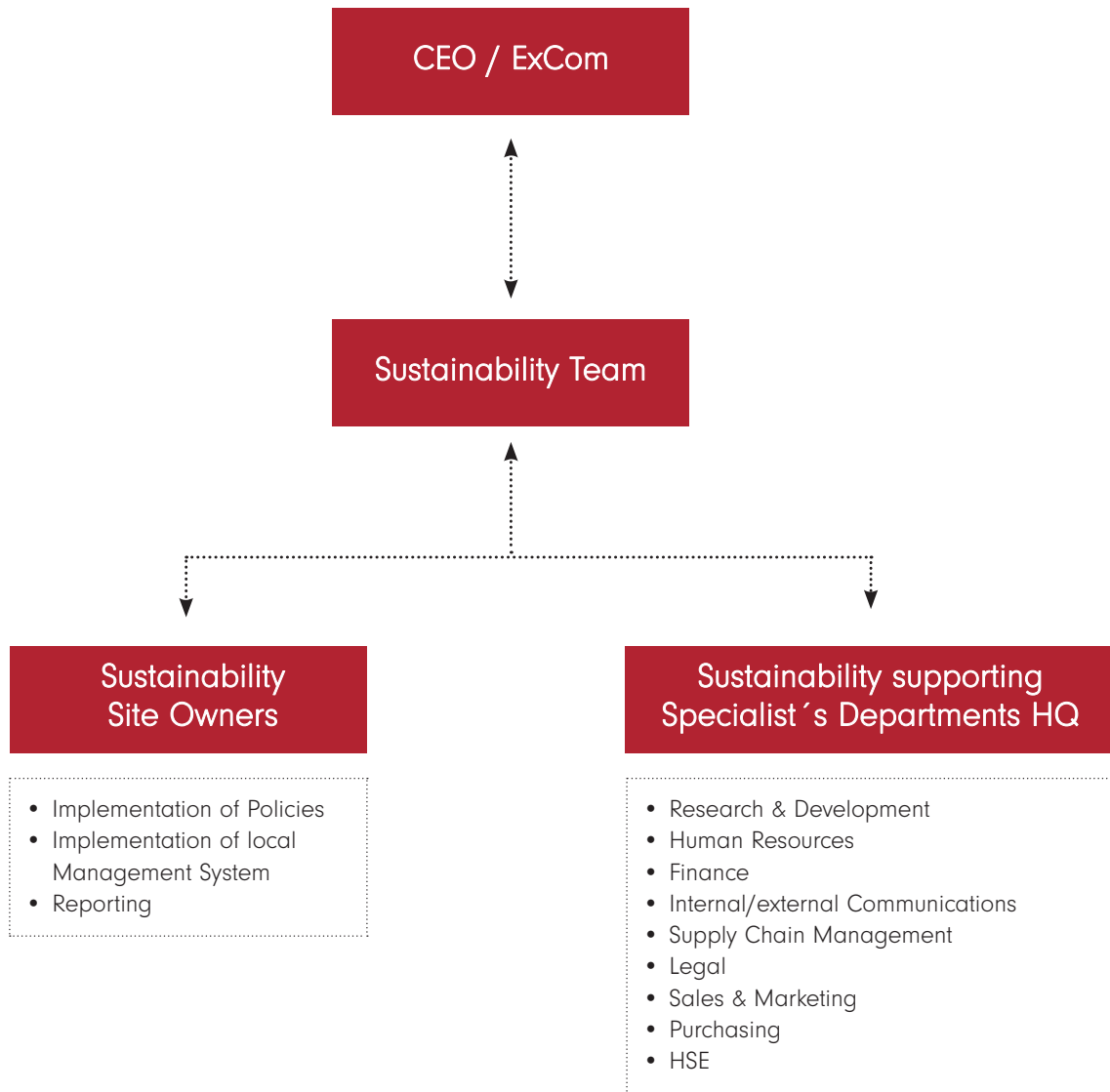
Heading the CSR function is the Senior Vice President (SVP) of Quality and CSR, reporting directly to our CEO. The SVP leads a dedicated team steering corporate-wide sustainability strategy, social impact efforts, and strategic planning and communications around social impact and sustainability, collaborating 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, MEMBERSHIPS, AND AWARDS

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.



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.



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.



ECOBEAUTYSCORE CONSORTIUM

Since 2022, Schwan Cosmetics has been a member of the EcoBeautyScore Consortium, which includes 60 cosmetics and personal care companies, as well as professional associations. The Consortium's aim is to develop an industry-wide environmental impact assessment and scoring system for cosmetics products. This is in response to increasing consumer demand for greater transparency regarding the environmental impact of cosmetics products, including their formula, packaging, and usage.



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.

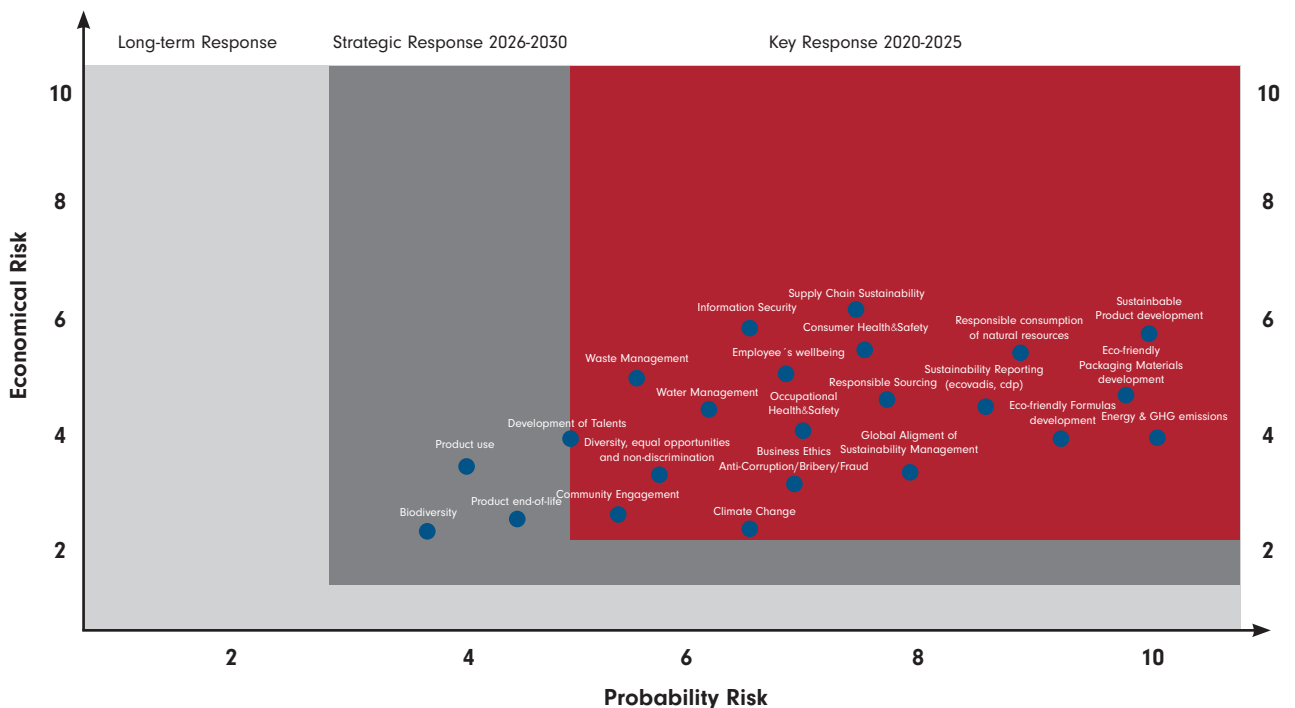
SCHWAN COSMETICS STAKEHOLDERS:

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

STAKEHOLDERS CHANNELS OF COMMUNICATION AND ENGAGEMENT

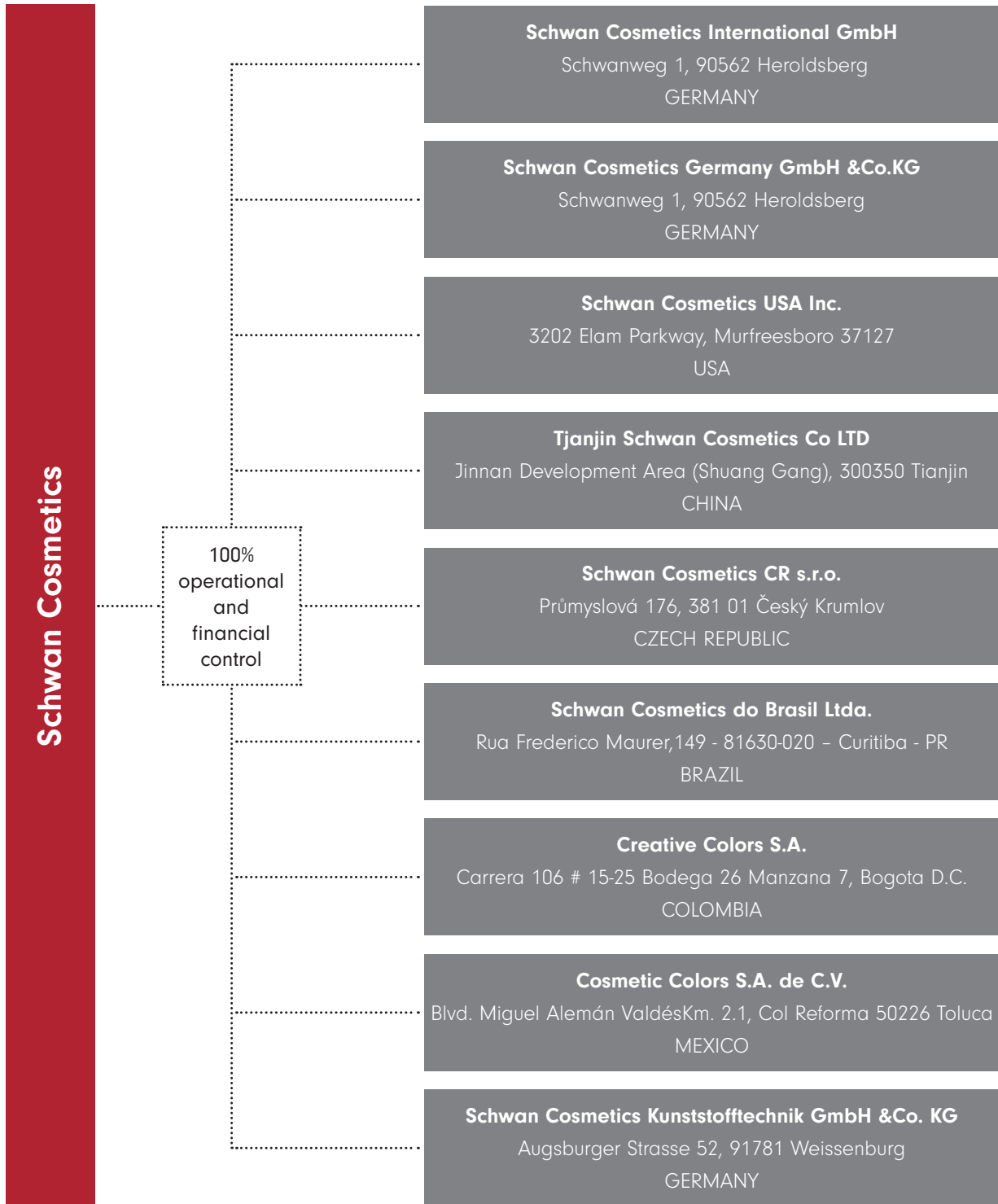
Stakeholder	Channels of Communication and Engagement
Public Administration and Authorities, local communities, NGOs and multistakeholder associations	<ul style="list-style-type: none"> • Carbon Disclosure Project (CDP) • EcoVadis questionnaire • Roundtable on Sustainable Palm Oil (RSPO) • Responsible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

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.



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 50 for more details.



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 50 and pages 81 to 86 for more details.



QUALITY EDUCATION

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

Please see section Social Accountability on pages 26 to 50 for more details.



GENDER EQUALITY

Achieve gender equality and empower all women and girls.

Please see Social Accountability section on pages 26 to 50 for more details.



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 50 and pages 81 to 86 for more details.



CLIMATE ACTION

Take urgent action to combat climate change and its impacts.

Please see Environment Section on pages 51 to 69 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, 2023:

Objective	FY 2022/23 Progress	Target	Progress Notes	Status	
Sustainability and Environment					
Climate and Energy	Zero Scope 1,2,3 Emissions by 2040	Scope 1: 3721 tCO ₂ e Scope 2: 6380 tCO ₂ e Scope 1+2: 10102 tCO ₂ e	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 6460 t CO ₂ e ahead of schedule: Total Electricity from renewable sources: 14689 MWh Share: 44.51%	On track
	Zero Scope 1,2,3 emissions by 2040	Scope 3 emissions calculation available for material scopes	Reduction of scope 3 emissions in line with Zero emission target 2040	Emission calculation completed for: <ul style="list-style-type: none"> Upstream Purchased goods Business travels Downstream Commuting Waste 	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	30% of electricity produced on-site	Installation of on-site solar power plants in Germany and Czech Republic in FY2023/24	In progress
Waste	Reduction of non-hazardous waste to landfill	26% of non-hazardous waste still disposal to landfill	Reduction of non-hazardous waste to landfill to max. 20% by Business Year 2024/25	New target has been established	New!
	Elimination of Hazardous waste to landfill	87% of waste disposed to non-landfill	Zero hazardous waste disposed to landfill by end of FY 2024/25		New!
Water	Reduce water consumption by 10% globally until end of 2022		- 10% water consumption by end of FY 2024/25 to FY 2023/24 base year		New!
Third Part certification	ISO 14001 certification	Preparations for certification in Germany, Brazil, and Colombia	All entities certified by end of FY 2026/27	Certification scheduled for FY 2023/24	Ongoing
Product and Formula	New formula developments with Natural Origin Content of at least 75%	73% Natural Origin Content for of all new formulations	75% Natural Origin Content for of all new formulations by FY 2024/25		On track
Primary Packaging materials	50% less virgin plastic materials by end of 2025	1.2% until end of FY 2021/22	25% less virgin plastic materials by end of 2022	Material shortages due to supply chain issues	Canceled
	Sustainably enhanced product alternatives	Product developments for 7 of 14 categories approved	100% by 2027/28	50% achievement in FY 2022/23	New!
Secondary Packaging materials	Reduction of virgin plastic materials for secondary packaging	13% reduction until end of FY 2021/22	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 2022/23 Progress	Target	Progress Notes	Status	
Sustainability and Environment (continued)					
Responsible Sourcing	Identification of sensitive ingredient supply chains	Supplier due diligence was performed for the second time. Compliance level of 98% achieved	100% supplier compliance with environmental and social standards	Revised corporate Risk assessment methodology acc German Supply chain law established for FY 2022/23 supplier assessment	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	90% 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
	Increase of locally sourced wood	In FY 2022/23 locally sourced decreased by 14.5%	+5% annually	Limited availability of locally harvested timber prevented achieving annual target	Delayed
Social					
Gender Pay	Eliminate gender pay gap	Revised the Gap analysis based on FTE basis	Equal pay for all genders by end of FY 2026/27	Equal pay for all genders by end of FY 2026/27	Ongoing
Benefits of employment	Define global fringe benefits	Analysis reviewed and some progress made	Measures to be defined to standardize additional benefits throughout the Group	All entities offer minimum level of fringe benefits plus additional benefits	On track
Safety	Employee safety	Accident rate of 10.9/1000 employees versus a 27.9/1000 employees average on Industry level	Outperform German industry Standards on number of severe accidents	See table on page 47	Achieved!
Community engagement	Each entity will support at least one social cause by end of FY 2023/24.	New policy established	Community engagement will follow a globally aligned process	Initiatives to be defined until the beginning of FY 2023/24	On Track!
Gender Equality	Achieve Gender Equality in leadership positions	New policy established	by end of FY 2032/33	See page 31 and Table 9 on page 98	New!
Governance					
Corruption, Bribery Fraud	Compliance with the existing Code of Conduct	Second whistleblowing report issued	Zero justified incidents		New!
Customer Privacy	No breach of customer privacy information	Zero Customer privacy information breaches in 2021/22	Zero loss of customer information		New!
Sanction List screening	100% compliance with incarcation regulation		100% sanction list screening on suppliers and customers		New!
DEI incidents of violations	Compliance with the existing Code of Conduct	Whistleblowing report issued	Zero justified incidents		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 2.



SOCIAL ACCOUNTABILITY

MANAGEMENT APPROACH

Schwan Cosmetics is unwavering in its commitment to attracting, advancing, and retaining talented individuals on a global scale. Tailoring its approach to each country, every Schwan facility not only provides competitive compensation packages but also offers a spectrum of benefits meticulously crafted to enrich work-life balance, bolster well-being, mitigate occupational hazards, champion education, sports, and cultural activities, and champion equal opportunities.

Beyond these employee-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, showcasing our dedication to being a socially responsible corporate citizen.

Acknowledging the paramount importance of social matters, we have strategically appointed a dedicated Chief Officer for People and Culture. This esteemed member of the Executive Committee holds the responsibility of defining comprehensive global initiatives and objectives for the entire organization.

The CSR team, meticulously communicates and coordinates these overarching targets with Managing Directors and CSR managers across our global facilities. 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.

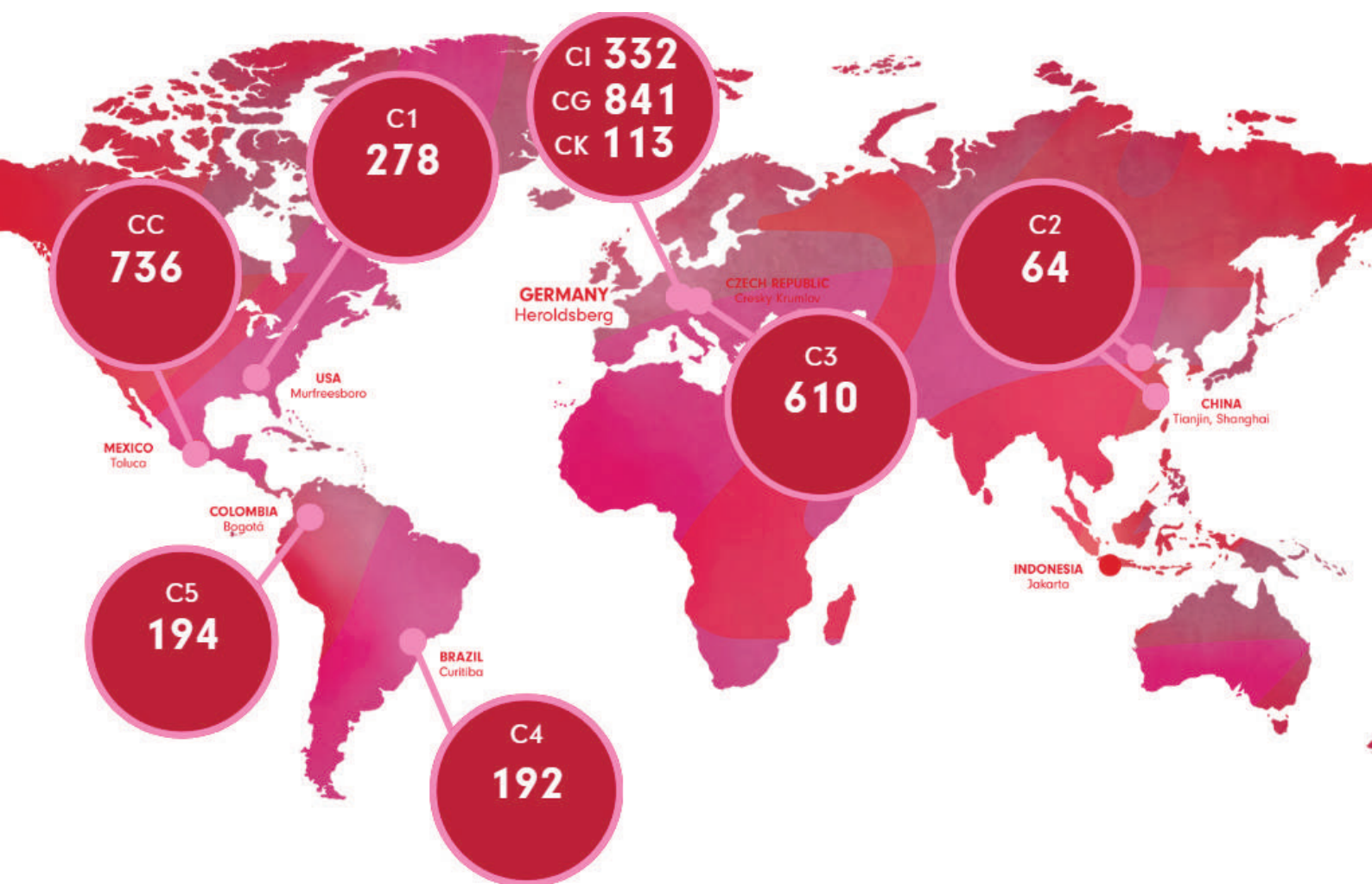
SEDEX SMETA AUDITS

Every Schwan Cosmetics unit that directly engages with customers typically undergoes annual third-party SEDEX SMETA audits. However, in the fiscal year 2022/23, due to the prolonged Chinese restrictions related to COVID-19, an audit could not be conducted at Schwan China (C2) as anticipated.

The outcomes of these audits are transparently posted on the SEDEX platform, accessible for review by interested parties who 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



TOTAL EMPLOYMENT

In total the Schwan Cosmetics Group employs worldwide 3360 employees of which 3100 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 2022/23 we had 82 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."

Typically, our priority is to provide permanent employment agreements, and where feasible, convert temporary contracts into permanent ones. This approach underscores our commitment to offering essential job security to our employees while retaining valuable knowledge and insights within our organization. For detailed information, please refer to Table 3 in Appendix I, titled “Employment by type of contract and region”.

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 4, Appendix I, titled “Employees by contract and gender”.

In our selection processes for employment, promotion, training, or any other benefit, candidates are chosen based on their aptitude and ability. Schwan Cosmetics is deeply committed to fostering a workplace environment that values and respects diversity. We actively seek to employ individuals of all genders and age groups, recognizing the inherent strength that arises from diverse perspectives, experiences, and backgrounds. This inclusivity not only contributes to a more innovative and dynamic workforce but also aligns with our dedication to promoting equal opportunities and a culture of equity within our company. Detailed hiring statistics for FY 2022/23 can be found in Table 5, Appendix I: “Employee hires by age and gender”. While the employment situation remains generally stable, certain locations and job families have experienced significant staff turnover.

Refer to Table 9, Appendix I: “Employee turnover by age and gender FY 2022/23” for specific details.

The observed turnover, influenced by external factors, framework conditions, and employee loyalty, necessitates a thorough analysis. Consistent staff turnover not only increases efforts to maintain high-quality standards and prevent the loss of experience but also incurs higher training costs – an essential investment in addressing the myriad challenges in today’s business landscape.

In response, Schwan Cosmetics has directed relevant sites to conduct a comprehensive analysis of the causes and expenses associated with elevated turnover rates. The goal is to formulate a targeted strategy for enhancing employee retention, with a defined target value to guide our efforts.

BENEFITS OF EMPLOYMENT

In the countries where we operate, there exists a diverse range of country-specific legislation concerning employers' obligations to provide social benefits. Recognizing this diversity, we strive to harmonizing these benefits across all our companies. Moreover, many of our sites already offer additional fringe benefits, such as subsidies for health care, public transportation, canteens, daycare centers, and more, aligning with local requirements. For a comprehensive overview of the specific benefits offered by each site, please consult Table 7 in Appendix I, titled "Status Benefits of Employment".

SOCIAL COUNSELING IN THE WORKPLACE

As we champion the ethos of mindful beauty, the mental well-being of our employees holds significant importance. Our aim is to contribute to a healthy and active collective life. This commitment is not only embedded in our strategy but is also evident through the Employee Assistance Program we provide. For over three years in Germany, we have collaborated with PME Familienservice GmbH, offering employees support in various life situations. This program ensures that our employees have access to advice and assistance around the clock. PME serves as a reliable resource not only for personal challenges but also for professional issues.

The company bears the costs of counseling, and all sessions are treated with the utmost confidentiality, fostering a supportive and caring environment for our employees.





DIVERSITY, EQUALITY, AND INCLUSION

MANAGEMENT APPROACH

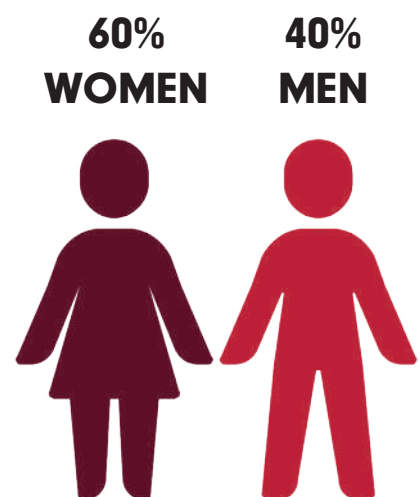
At Schwan Cosmetics, we are committed to fostering a diverse, equal, and inclusive workplace. We believe that diversity brings a multitude of perspectives, ideas, and experiences, which is vital to our success as a company. Our DEI policy outlines our commitment to promoting diversity, ensuring equality, and fostering an inclusive environment for all employees.

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. For details refer to Table 8, Appendix I “Female/Male proportion”.

When it comes to executive positions (see Table 9, Appendix I “Woman in Executive Positions”) the overall result is reversed 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”.

As a result, Schwan Cosmetics has set a strategy target of gender equality to be achieved within the next decade at the latest. One of the programs to promote women is the above mentioned “MentorMe” program that will start this fiscal year after the successful pilot phase last year. In addition, subsidiaries with very low female leadership participation have been given the task to develop an action plan for more opportunities at their sites.



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.

In the fiscal year 2022/23, we initiated a pilot program in Germany with two accomplished women from distinct departments. Their participation yielded exceedingly positive experiences and feedback. Encouraged by these results, Schwan Cosmetics has decided to establish a regular voluntary program in Germany, inviting a minimum of six female employees to participate in the mentoring program during FY 2023/24.

We extend an invitation to female employees who aspire to assume leadership roles within the company or seek further development in their existing leadership positions to join the program, commencing in November 2023 and concluding in October 2024. 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

Embedded within our strategy is a resolute commitment to achieving equal pay by FY 2026/27. To gauge our progress toward this target, we conducted a comprehensive evaluation in collaboration with all sites, scrutinizing the level of parity in fair remuneration. The overall outcome is promising, with a commendable 91% achievement. 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".

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 extends to embracing individuals facing unique physical, social, political, or economic challenges, potentially exposing them and their families to less favorable or challenging living conditions. This commitment materializes in deliberate and collaborative initiatives, exemplified by the "Almoloya de Juarez and San Pedro Totoltepec project" spearheaded by our Mexican subsidiary, as elaborated in the Community Engagement section. A detailed breakdown per site is presented in Table 12, Appendix I, titled "Employees from vulnerable groups".

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 is translated into all local languages and training is given to ALL employees within the group. See Table 13 Appendix I "Training on discrimination, human rights, and corruption" (CODE OF CONDUCT)".

We firmly believe that continuous professional growth is essential not only for safeguarding the well-being of our employees but also for upholding the quality of our products and services. Our training programs are customized to meet the specific demands of each role, taking into consideration existing qualifications and the individual's level of training.



EMPLOYEE TRAINING

In FY 2022/23 training totaled 67,809 hours world-wide.

See Table 14, Appendix I “Average training hours provided per employee”.

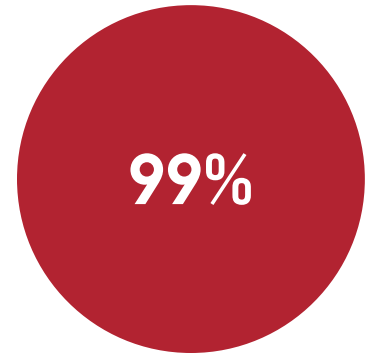
From an operational standpoint, comprehensive training on safety, hygiene, and environmental practices is regularly conducted, reviewed, and repeated to ensure the well-being of our workforce and the sustainability of our operations. The ambitious target is to achieve 100% participation among employees.

Safety Training: Globally, our safety training program achieved an impressive 99% participation rate, underscoring our unwavering commitment to the well-being of our workforce. (Refer to Table 15, Appendix I: “Total workforce who received safety training within the last 12 months”).

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



Hours of training worldwide



Total workforce who received safety training within the last 12 months.

EMPLOYEE DEVELOPMENT

For new employees we have onboarding programs which depending on the country consists of various phases such as:

- Pre-boarding: Preparing workspace and internal set-up – which depending on job requirement may vary from a few weeks to several months
- Integration: Familiarizing with company regulations, framework, systems, colleagues as well as specific on the job training.

In the rapidly evolving professional landscape of today, conducting annual performance reviews with each employee is crucial for both job satisfaction and staying abreast of new developments. These reviews provide a structured framework for feedback, enabling individuals to gain a precise understanding of their strengths and areas in need of improvement. Consequently, this process helps to manage expectation and, on the other hand, ensure that as an organization all our activities are related to reach a common goal and make our strategy come true. Being part of a larger system can result in heightened motivation and productivity. Furthermore, it fosters transparent communication between employees and their supervisors, offering valuable chances for skill enhancement and career advancement. In essence, performance reviews serve as an indispensable instrument in cultivating a dynamic and flourishing 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, will establish 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 provides transitional assistance programs for employees who are retiring. Employees over 60 years of age can apply for a part-time option to gradually reduce their working hours as they approach retirement, thus facilitating a smoother transition. In case of collective redundancies severance pay is negotiated in accordance with each country’s legal framework or – in some cases – with work councils and trade unions within all companies of the cosmetics group.

LEADERSHIP TRAINING PROGRAMS

If we envision a better, more diverse, and fair society it is paramount for both new and experienced leadership to receive regular training with external experts. At our headquarter in Germany we have therefore developed a leadership training program to help experienced and new people in leadership to better understand and shape the complex dynamics between different cultures and generations and in turn set an example.

Training Content

- 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 leaders entering roles of responsibility will undergo a specialized series of seven sessions covering crucial legal topics vital for effective team management. The success of this program, along with its compatibility with local conditions, may pave the way for its expansion to subsidiaries in the future.



EMPLOYEE REPRESENTATION

FREEDOM OF ASSOCIATION

In commitment to upholding 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.

Fostering an environment conducive to employee engagement, we recognize the invaluable role it plays in propelling social improvements across 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 several 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").

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. Commencing from the fiscal year 2023/24, we are proactively encouraging all company entities to align their local initiatives with our over-arching global policy.

This global alignment is envisioned to synergize our collective experience and expertise, thereby magnifying the impact of our local contributions. It is imperative to acknowledge that locally driven projects have been making meaningful contributions for several years, and this global alignment seeks to further amplify their effectiveness.



Employees at the district festival St. Leonhard/Schweinau in Nuremberg.

SCHWAN COSMETICS, HEROLDSBERG, 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. This year, our sponsorship extends to the St. Leonhard-Schweinau district, where we proudly support twelve social institutions and initiatives. 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.

THE LIST OF PROJECTS WE SUPPORT IN 2023

Learning support through the Anton app
Middle schools Sankt Leonhard & Carl-von-Ossietzky.

Healthy aging for Turkish women
Senior Network in Sankt Leonhard/Schweinau.

"Nettle and daisies"
Learning about herbs and being respectful of the forest.

Learning and language support
Culture Store Villa Leon

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

Walk with llamas
CJD daycare center

Youth area at the neighborhood festival
Neighborhood festival St. Leonhard/ Schweinau.

Math and science experiments
CJD daycare center

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

"NUEJAZZ for Kids" - Children / Family Concerts
NUEJAZZ Festival in St. Leonhard/Schweinau/Sünderbühl.

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

Art and music projects
CJD daycare center

” IT IS VERY IMPORTANT THAT COMPANIES ARE NOT ONLY FINANCIALLY BUT ALSO PERSONALLY ACTIVE IN THE COMMUNITY. THE PEOPLE IN THE CITY DISTRICTS BENEFIT GREATLY FROM GAINING INSIGHT INTO THE COMPANIES AND BEING SHOWN DEVELOPMENT OPPORTUNITIES THAT THEY MIGHT NOT HAVE ACCESS TO IN THEIR DAILY LIVES. ”

Barbara Bauer-Kropf
Chief Sales Officer



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

UNIVERSITY COSMETIC COLORS (CC)

Recognizing the persistent challenges faced by many employees due to limited access to adult education and literacy programs, particularly in countries with chronic underfunding in these areas, Cosmetic Colors has taken a proactive step to address these barriers.

In 2021, Cosmetic Colors, in collaboration with the Human Resources department, launched the innovative Cosmetic Colors UNIVERSITY. This initiative is a testament to our commitment to improving job opportunities and enhancing the quality of life for our employees by providing them with accessible and comprehensive training.



Cosmetic Colors UNIVERSITY offers a range of full training cycles, including language courses, workshops, and recognized school and university diplomas. These programs are available both online and face-to-face at the Cosmetic Colors premises, ensuring dynamic and continuous learning opportunities for our employees.

In the fiscal year 2022/23, a total of 76 employees actively participated in various classes offered by Cosmetic Colors UNIVERSITY. Among them, 38 women and 8 men successfully graduated, marking a significant achievement in our mission to empower our workforce through education and skill development.

SUPPORTING DISADVANTAGED COMMUNITIES

In a dedicated effort to make a positive impact in the Almoloya de Juarez and San Pedro Totoltepec areas of Mexico, Cosmetic Colors has undertaken a special three-year project. These regions, identified as particularly vulnerable due to limited access to transportation and employment opportunities, became the focus of this initiative.

As part of the project, Cosmetic Colors actively engaged with the local communities by hiring 35 individuals, both women and men, from these areas.

To overcome the challenges of transportation, the company implemented a daily transportation service, facilitating the commute to and from work for these individuals. This holistic approach not only provides valuable skill enhancement opportunities but also contributes to an overall improvement in the quality of life for the employees and their communities. Cosmetic Colors is dedicated to creating lasting positive change at the grassroots level.



SCHWAN COSMETICS DO BRASIL, CURITIBA, BRAZIL

ANA ROSA RESIDENTS ASSOCIATION

Schwan Brazil not only directs significant contributions to crucial local causes but also nurtures a remarkable culture of volunteerism and teamwork among its employees. This culture encourages numerous team members to generously invest their time and resources in supporting worthwhile initiatives.

A standout project focuses on empowering women facing challenging circumstances within the Ana Rosa community, a neighborhood contending with various social issues.

In March 2023, the Schwan Brazil team orchestrated an informative and enjoyable day for a group of women from the community, collaborating with the Ana Rosa Residents Association. The event featured a lecture on women's empowerment, inspiring participants to pursue their goals and dreams. Following this, a makeup tutorial session was conducted, and participants received makeup kits as gifts. This initiative reflects Schwan Brazil's commitment to making a positive impact at both the local and individual levels.



THE HARDEST RUN

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.



The October 2022 event witnessed an impressive gathering of 12,000 individuals, all coming together to contribute to this noble cause. Participants had the flexibility to choose between running 10 or 5 kilometers or opting for a 3-kilometer walk, ensuring inclusivity for people of varying fitness levels. This collective effort generated funds directed toward enhancing hospital facilities and supporting essential projects. Schwan Brazil's active involvement in such community-driven events exemplifies its commitment to making a positive impact beyond business realms.

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

COMMUNITY ENGAGEMENT

Schwan Czech Republic places a significant emphasis on fostering education and community well-being, particularly with a focus on supporting children. The company provides essential support to primary and secondary schools by offering equipment, financial aid, and sponsorship, contributing to the enrichment of educational environments. Another focus is assisting people in need.

Here are some of the projects they've backed and participated in FY 2022/23.



WOMEN OF ČESKÝ KRUMLOV

Endorsement of the "Woman of Český Krumlov" project, which honors women who go above and beyond in their lives, whether through volunteering, exceptional work, or charity efforts, across various fields like culture, social work, education, science, and more.

DONATIONS

Donation agreement with the children's ice hockey team, HC Slavoj Český Krumlov.

SPONSORING „OBJEVÁRIUM“

Sponsoring "Objevárium" (Discoverlandia - The Sixth Sense of the City), a non-profit organization that promotes children's education in a playful and unconventional manner through dynamic and interactive exhibitions.

SUPPORTING ICOS

Supporting ICOS - a non-profit organization providing services and programs for a sustainable and full-life to at-risk children and teens, families with children, seniors, people with disabilities, and people in difficult life situations that they cannot address without the help of others.



CREATIVE COLORS S.A., COLOMBIA

SPONSORING OF SCHOLARSHIPS OF THE KARIS FOUNDATION, BOGOTA, COLOMBIA

In line with our community engagement policy the Schwan Cosmetics facility in Bogota, Colombia supports the karis foundation. Founded in 2017, the karis Foundation “seeks to provide opportunities and resources to children in vulnerability and their families, to turn on the light of change in their community through quality education and entrepreneurship”. Karis is committed to improving the quality of basic education, reducing inequalities in communities, reducing hunger, and creating legal jobs in the community.

In FY 2022/23 Creative Colors S.A. sponsored again seven pupils paying their annual school fees amounting to the equivalent of approx. Euro 7,000.



TJANJIN SCHWAN COSMETICS CO. LTD, TJANJIN, CHINA

COMMUNITY ENGAGEMENT

Despite the ongoing pandemic restrictions, Schwan China chose to embrace the motto of the Jinnan District Charity Association, which is “Extend a helping hand to spread love”.

A generous contribution to the local welfare organization was made. The willingness to volunteer and continue supporting the organization or individuals in need as soon as the circumstances allow was also emphasized again.



CORPORATE SOCIAL INVESTMENTS

"LOOK GOOD FEEL BETTER": REGULAR PRODUCT DONATIONS FOR DKMS LIFE

DKMS is an international non-profit organization dedicated to the fight against blood cancer and blood disorders. Cancer treatment often leaves significant, albeit temporary, changes in appearance. DKMS LIFE strives to give those affected a new sense of radiance by offering the "look good feel better" patient program nationwide, focusing on cosmetics, skincare, and headwear. In doing so, they offer cancer patients new hope and joy in life.

In our continued commitment to DKMS LIFE's "look good feel better" cosmetics seminar, we supported in FY 2022/23 with substantial product donations. Throughout our partnership, we've contributed over 30,000 cosmetic pencils.

This year we have selected three products that best meet the needs of those affected and are specifically suitable for sensitive skin. Together with our facility in the Czech Republic, we have already donated the "Glimmer of Hope" eyebrow pencil for the fourth time. Additionally, we added concealer and eyeliner. We hope that this small gesture can contribute to making the daily lives of patients more pleasant during their therapy.



Diverse color cosmetic pencils were donated to support the work of the „look good feel better” programs.

MOBILE HEATING UNIT FOR SCHOOL AND SHELTER IN THE UKRAINE

In response to the energy crisis faced by Germany last winter and the severe destruction of energy infrastructure in war-torn Ukraine, Schwan Cosmetics took proactive measures to address potential energy shortages. The company rented five mobile heating units as a precautionary measure. However, with the ongoing conflict in Ukraine causing widespread devastation, Schwan Cosmetics re-evaluated its priorities.

Just before Christmas 2022, Schwan Cosmetics decided to donate one of the five mobile heating units to support the people of Ukraine. CEO Thomas Espinosa emphasized the company's commitment to providing swift and tangible assistance to those in need, stating, "We want to help people in need quickly and in a tangible way. Maybe we can even motivate other companies to donate to Ukraine."

The donation was facilitated through the private initiative #peaceandlovetransports, based in Heroldsberg and Nuremberg, which has been actively involved as volunteers since the beginning of the war and has established strong connections in Ukraine. The heating unit was swiftly acquired and transported to Zbarazh, a town in western Ukraine, contributing to relief efforts in a region grappling with the aftermath of conflict. Schwan Cosmetics' humanitarian response exemplifies its dedication to corporate social responsibility and demonstrates solidarity with communities facing challenges, reflecting a commitment to making a positive impact beyond business operations.



Employee and executives of Schwan Cosmetics with the private initiative #peaceandlovetransports shortly before departure

The mobile heating system which has a heating capacity of approximately 560 KW will be used in a school that serves as a shelter and accommodation for refugees, including 600 children. The transport also carried warm underwear and winter clothes donated by Maier Sports. A Schwan Cosmetics employee accompanied the transport to ensure the proper installation and operation of the heating unit on site.



The mayor of Zbarazh hands over the certificates of gratitude.

OCCUPATIONAL HEALTH & SAFETY

MANAGEMENT APPROACH

Ensuring a healthy, safe, and motivating work environment is a top priority at Schwan Cosmetics. Our Labor & Human Rights policy reflects our commitment to stringent safety practices, constant communication, and active employee engagement to achieve our ultimate objective of zero workplace incidents.

In our management approach to Occupational Health & Safety (OHS), oversight by the Executive Committee ensures a high level of commitment. The day-to-day responsibilities are managed by the Managing Directors of all our facilities, supported by dedicated Environment + Occupational Health & Safety (EHS) experts at each entity. These experts establish and enforce workplace standards, with monthly EHS figures reported transparently to the Executive Board. All facilities in scope of this report are included in these measures.

Our ambition is clear - we aim for all entities worldwide to consistently maintain accident rates significantly below the German industry level, especially for severe incidents. The annual evaluation of EHS topics, integral to this report, emphasizes our dedication to ongoing improvement and compliance with all legal requirements in the countries of operation.

We encourage a shared responsibility for safety, urging employees to actively report any unsafe conditions without fear of reprisal. Our commitment to transparency is further reinforced by a worldwide whistleblower system for those who prefer to remain anonymous.

At Schwan Cosmetics, we not only meet legal EHS standards but exceed them, creating a workplace culture where employee well-being is at the forefront, fostering an environment of safety, trust, and continuous enhancement.



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 carried out 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.

OCCUPATIONAL HEALTH SERVICES

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

- **Employees**

Employees are responsible to evaluate the safety of their workplace. They identify hazards and risks according to their level of safety training given.

- **Supervisors and Production Managers**

Supervisors and Production Managers are responsible to also 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 703 in FY 2021/22 to 948 days in FY 2022/23 which of course impacted average absence days per 100 employees. Nevertheless, the performance indicator for the relative number of accidents which declined from 48 to 21 absence days per 100 employees. For further details please refer to Table 21 in Appendix I "Accidents per Schwan Cosmetics Entity".

The industry sector-specific information on the number of severe accidents in Germany is provided by the DGUV, the Germany H&S insurance.

Fiscal Year	DGUV	Target	Schwan Cosmetics Group
2022 - 2023	27.9	< 27.9	10.3
2021 - 2022	32.8	< 32.8	11.0
2020 - 2021	31.4	< 31.4	9.7
2019 - 2020	33.1	< 33.1	16.9

*) all numbers: severe accidents per 1000 employees

The above results confirm the high level of safety we can guarantee for all our employees independently from the countries they are located in.

Annually, our commitment to employee well-being is evident through our comprehensive Health & Safety Training programs. These initiatives are designed to address the unique requirements of each employee's work areas. Our ambitious aim is to achieve a 100% documented proof rate for safety training. While occasional employee absences may impact this goal, we're pleased to announce a remarkable 99% fulfillment rate for the entire group this reporting period. For detailed information per entity on the fulfillment rate for "Employee's Health & Safety Training", please refer to Table 22 in Appendix I.



CUSTOMER HEALTH & SAFETY

MANAGEMENT APPROACH

As a B2B manufacturer specializing in self-developed cosmetic products, our global customer base relies on the expertise of our scientists and developers to deliver products that not only prioritize safety but also excel in beauty performance. Our overarching goals in the product development process center on safety, green chemistry, performance, and overall well-being.

Within our Product Development department, responsible for formulation and packaging materials, various teams meticulously oversee all facets of product development, encompassing materials selection, formula creation, packaging design, testing, and qualification. 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.

Year	Target	Actual
2018 - 2019	0	0
2019 - 2020	0	0
2020 - 2021	0	0
2021 - 2022	0	0
2022 - 2023	0	0

ISO 22716 CERTIFICATION

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.

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 Rep.	C4 Brazil	CI Germany	C5 Colombia	CC Mexico
ISO 22716	n.a.*	✓	n.a.*	✓	✓	✓	✓	✓	✓	✓
IFS HPC	✓	✓	n.a.*	pending	pending	✓	pending	pending	pending	pending

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

PRODUCT LABELING / PRODUCT INFORMATION

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 23 in Appendix I “Product Labeling Incidents”.



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 diverse packaging materials for transportation and product presentation.

Schwan's 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, Schwan Cosmetics has heightened its supplier screening processes, focusing on socio-ecological aspects and aligning reporting accordingly.

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

SUPPLIER DUE DILIGENCE / SUPPLIER 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 expectation 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 whose 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 the purchased goods
- Supplementary criteria on known risk materials, supplementary criteria as outlined in the "Mica & Palm Oil" section below.

The latest assessment encompasses all direct material suppliers for Schwan Cosmetics Germany, accounting for 95% of the purchasing volume, whereof 96% of the suppliers have been evaluated to be compliant.

SHARE OF TIER-1 NON-RISK SUPPLIERS

Fiscal Year	Unit	No.	%
2022 - 2023	Suppliers assessed	163	100
	Thereof compliant	157	96
	Thereof "risk-suppliers"	6	4

Identified "risk suppliers" will be subject to a further review including measures for improvement, which, in case supplier's non-cooperation may result in terminating doing business.

In an additional analysis raw materials have been evaluated along their country of origin resulting in a 6,7% risk country share. All such raw materials will also be subject of further due diligence processes.

Furthermore, the Schwan Cosmetics Supplier Code of Conduct and the included environmental, business ethics and social Standards have been recently communicated to the majority of key suppliers. We aim to include 100% of our supplier into this activity within business year 2023/24. Please see Table 2 in Appendix IV for details of how many suppliers have been contacted and their share of total suppliers.

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

MICA AND 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.

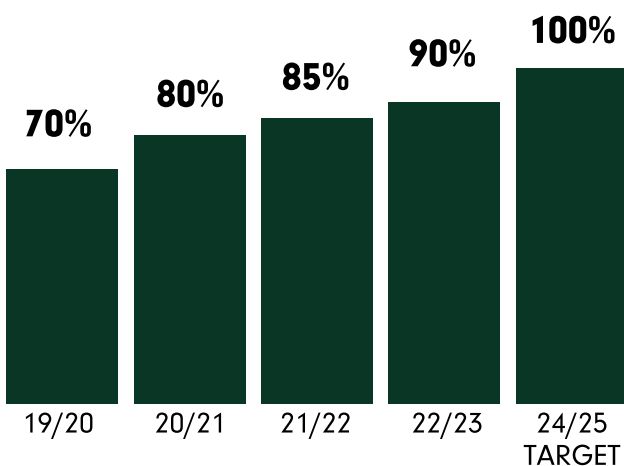
IN FY 22/23

90%

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 and derivatives by end of FY 2024/25.

RSPO Certified Palm Oil Derivatives





WOOD SOURCING FOR SHARPENABLE COSMETICS PENCILS

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

Entity	No. units processed	Thereof units Certified	No. units uncertified	Share certified
C3 (Czech Rep.)	32,556,303	32,556,303	0	100%
CC (Mexico)	6,808,319	3,949,592	2,858,727	58.0%
Group	39,364,622	36,505,895	2,858,727	92.7%

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.

While the targeted growth for the sourced quantity of wood has been significantly over-achieved the overall share of locally sourced wood remains to be low, due to supply chain constraints, which are not expected to be resolved within shortly.

Entity	No. units processed	Increase to base year
FY 2020/21	2,197,215	0.00%
FY 2021/22	2,375,020	7.48%
FY 2022/23	2,030,305	-14.5%

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 environmental criteria.



For details refer to Table 1, Appendix IV “New Supplier screened using environmental criteria”.

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 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.



ENVIRONMENT

MANAGEMENT APPROACH

Our Global QA&CSR Function which covers all ESG topics is responsible for managing GHG-emissions and 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 MDs and CSR managers support the specified strategy in its implementation and develop local programs for its implementation. 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 adherence to ISO 14064-compliant methods. This not only bolsters the transparency of our environmental performance but also positions us to assess the efficacy of our measures concerning indirect emissions.

To fortify the credibility of our environmental reporting, we engaged in a third-party verification of this CSR report. This verification is conducted through DQS and aligns with the GRI Standard.

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.

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.



Total energy consumption
(to 2021/22)



Share of renewable
electricity



Energy efficiency per unit
produced

Despite a 12.5% surge in global manufacturing output compared to the previous fiscal year, our energy consumption declined by 2,975 MWh. Currently, 50.2% of our electricity consumption is sourced from renewable channels, a testament to our dedication to cleaner energy.

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 an impressive 10.5% reduction in per-product energy consumption over a four-year period. 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. None of the entities did consume cooling or steam energy within the reported period. 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 (HEAT)RECOVERY SYSTEM

A recently installed heat recovery system at Schwan Cosmetics CR. s.r.o., in the Czech Republic reduces energy consumption and thus heating emissions significantly.

Through the installation of a heat exchanger, hot flue gases from the combustion of solvents are returned into the heating system.



Energy Savings



CO2-Reduction

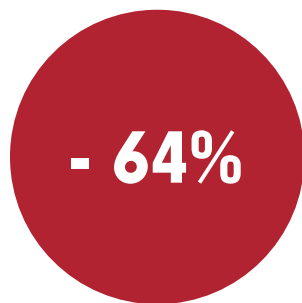
GHG-EMISSIONS

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

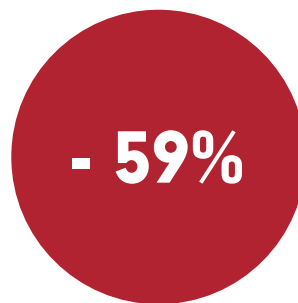
Our decarbonization strategy centers on a dual approach: the systematic avoidance and reduction of GHG emissions. We firmly believe that genuine progress in decarbonizing our operations necessitates the active involvement of all stakeholders. We call upon our partners to embrace and prioritize environmentally 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.



Emissions from electricity
to 2016/17 Base Year



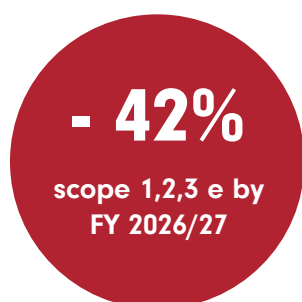
Scope 1,2 emissions
to 2016/17 Base Year

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.

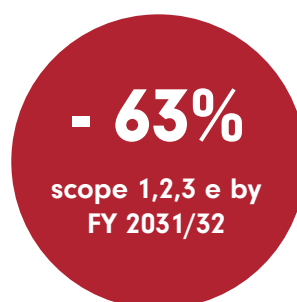
Recognizing the substantial impact of indirect emissions on our overall emissions balance, we have taken proactive steps. In this fiscal year, we have extended our reporting precision to encompass the most material elements of indirect, Scope 3 emissions, aligning them with the accuracy applied to Scope 1 and 2 emissions. This strategic move underscores our dedication to a holistic and transparent approach in addressing our environmental footprint.

MID-TERM TARGETS

The additional setting of mid-term targets promotes the organizations sense of urgency to implement concrete improvement measures.



to a 2016/17 base year



to a 2016/17 base year

SCOPE 1,2 EMISSIONS INVENTORY (SCHWAN COSMETICS GROUP FY 2016/17 – 2022/23)

GHG - emissions		Base Year 2016/17	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23
Cosmetics Group							
1	Scope 1: Direct GHG emissions and removals in tons CO ₂ e	7371.3	4015.7	4935.7	4322.2	4751.1	3731.2
1.1	Direct emissions from stationary combustion (Gas)	6644.6	3421.7	3572.4	3786.8	4237.4	3344.4
1.2	Direct emissions from mobile combustion	564.4	461.3	359.8	415.9	218.1	187.8
1.3	Direct process emissions and removals arise from industrial processes					66.2	48.5
1.4	Direct fugitive emissions arise from the release of greenhouse gases in anthropogenic systems (Refrigerants)	162.3	132.7	103.5	119.6	229.5	150.4
Cosmetics Group							
2	Scope 2: Indirect GHG emissions from imported energy in tons CO ₂ e	17480.93	7603.8	6846.5	6427.1	4619.1	6379.7
2.1	Indirect emissions from imported electricity	17480.93	7603.8	6846.5	6427.1	4619.1	6370.7
2.2	Indirect emissions from imported energy	0.0	0.0	0.0	0.0	0.1	0.0
Cosmetics Group							
1+2	Scope 1 + Scope 2: Direct & Indirect Emissions in tons CO ₂ e	24852.20	11619.49	10882.24	10749.32	9370.2	10101.9

Scope 1 emissions are essentially (> 90%) generated by the consumption of natural gas for heating purposes. Main consumers are our entities located in Germany, Czech Republic, and the United States of Amerika. 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 these countries, emissions from the electricity sector are particularly high since electricity is mainly generated from fossil fuels. For this reason, these plants are the focus of our efforts to reduce emissions accordingly.

SCOPE 3 EMISSIONS INVENTORY

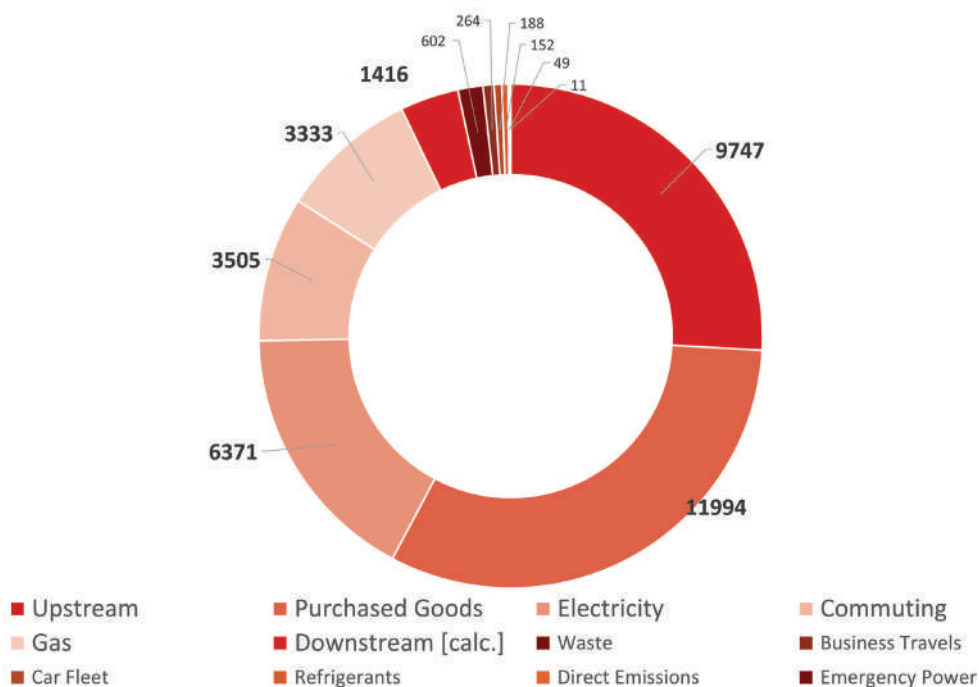
For this report we also incorporated figures for the most relevant scope 3 emissions of Schwan Cosmetics. Our calculations adhere to the best practices and recommendations of the GHG protocol and ISO 14064. It is important to note that Scope 3 emissions involve a complex array of materials and factors, contributing to a broader range of accuracy in the data compared to the more focused assessments of Scope 1 and Scope 2 emissions.

GHG - emissions		Base Year 2016/17	FY 2022/23
Cosmetics Group			
3	Scope 3: indirect GHG emissions and removals in tons CO2e	28521	27527
3.1	Emissions from purchased goods	10594	11994
3.2	Upstream transportation and distribution	11370	9747
3.6	Emissions from disposal of waste	808	602
3.7	Business travels	255	264
4.1	Commuting	3848	3505
4.3	Downstream transportation and distribution	1646	1416

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

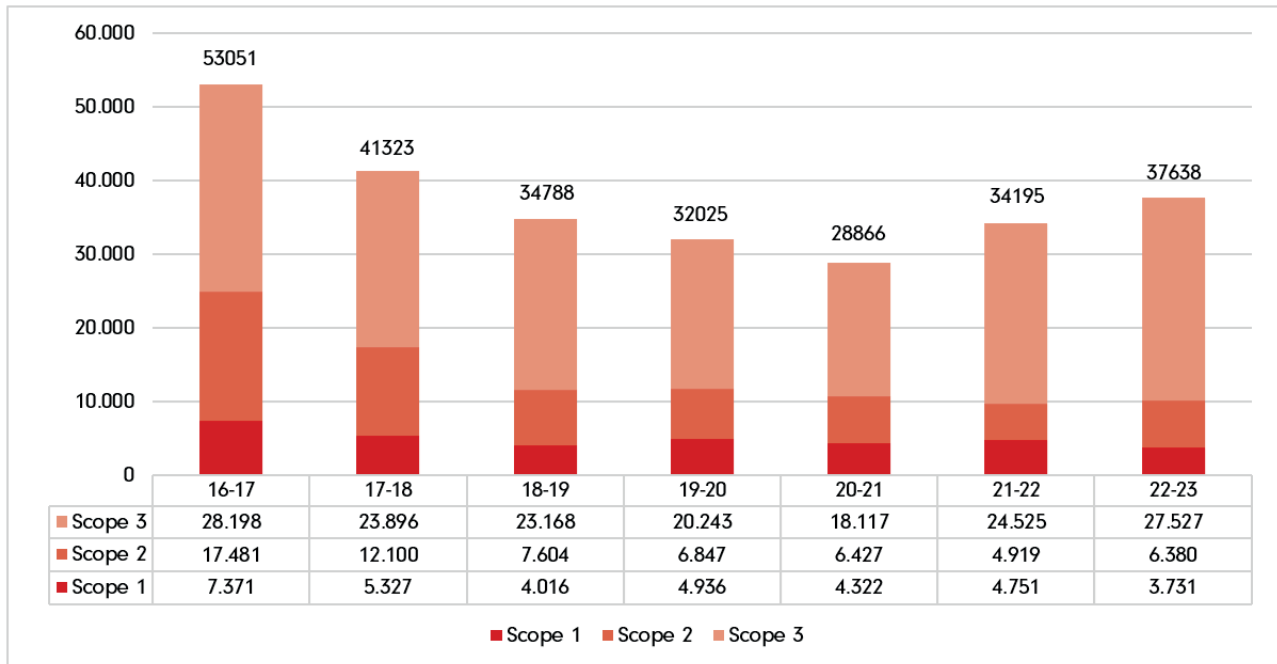
MATERIALITY OF THE GHG EMISSIONS INVENTORY

Six elements account for over 96 percent of Schwan Cosmetics GHG emissions.



ACHIEVEMENT OF OBJECTIVES

EMISSIONS EVOLUTION 2016 TO 2023



all values: to CO2e

Due to an increasing production volume, total emission increased over the last two fiscal years significantly. From FY 2016/17 to today total GHG-emissions decreased from 53,051 to CO2e to 37,638 to CO2e, which corresponds to an absolute reduction of 29% percent. The reduction is however close to the expectation level of -25% on our pathway to Zero emissions in 2040.

Scope 3 emissions accounted in the reporting period for 73% of the global emissions, which is why effective CO2 reductions must be achieved in this area in the future.

EMISSION REDUCTION INITIATIVES

AIR FREIGHT AVOIDANCE

Air freight emissions currently account for a substantial 92% 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 Columbia, Brazil, Mexico, and the USA. This strategic transition is anticipated to result in a remarkable 25% reduction in air freight emissions by the conclusion of FY 2023/24.



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 emissions-free electricity already contributes significantly to reducing emissions from purchased energy. Looking ahead, we are planning to expand our solar areas in Mexico, the Czech Republic, and Germany in the coming years.

SUPPLY CHAIN EFFICIENCY

We relocated 5 molds closer to markets with the target of reducing our carbon footprint by 140 t CO₂e per year in the supply chain and responding more quickly to demand. The verification of these numbers will be completed with the next CSR report.



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.

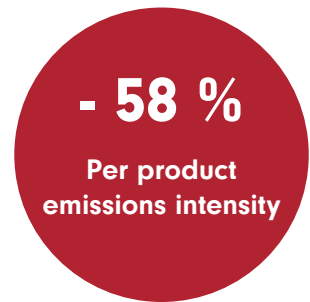


SOLAR POWER PLANTS IN GERMANY AND CZECH REPUBLIC

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 CO2 savings depend on the currently sourced electricity mix and will be disclosed in the following CSR report.

GHG-EMISSION INTENSITY (SCOPE1,2)

The product emissions intensity declined again from 19 grams CO2e/unit produced to 18 grams CO2e/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 4.

MID TERM TARGETS

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

MID-TERM TARGET 1:
30930 T CO2E
SCOPE 1,2,3 EMISSIONS BY
END OF FY 2026/27

MID-TERM TARGET 2:
19870 T CO2E
SCOPE 1,2,3 EMISSIONS
BY END OF 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 the evolving global climate conditions and the escalating importance of water resources, Schwan Cosmetics is actively monitoring and managing water-related factors. We maintain a continuous assessment of our water consumption and production intensity to ensure a comprehensive understanding of our impact on this critical resource. To have an overview of Schwan’s water consumption and consumption intensity of our production, we continuously determine both factors total water use and per unit water consumption.

WATER CONSUMPTION AND WATER REDUCTION TARGET

Until the end of FY 2024/25 we set a target of -10% total water consumption across the entire Schwan Cosmetics Group. All entities are requested to review their water use practice and implement appropriate water saving measure. For a detailed overview of the historical trajectory of our water consumption, please refer to Appendix II, Table 5.

	Water Consumption [MI]			Target
	2020/21	2021/22	2022/23	2024/25
Group	64.83	81.70	75.60	67.65

Overall water consumption is determined by the quantity produced. In our previous CSR report water consumption of several facility was however reported incorrectly low. This has been corrected with this report. As a result, previous year’s figures change accordingly. All water is obtained exclusively from local water networks and can be assumed as fresh water. The same applies to discharged water. Consumption as discharged quantities are determined by water invoices or gauge readings where available.

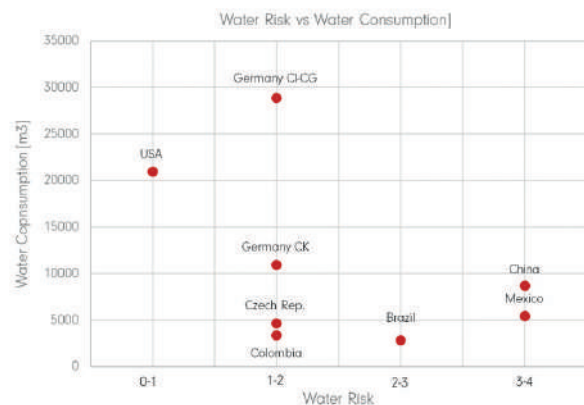
WATER-RISK VS. CONSUMPTION-CORRELATION

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 according to the assessments of the World Resources Institute.

88% of the total water consumption is utilized in places of low (0-1) to medium-high (2-3) overall water risk, and only 12% is utilized in areas with high 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. Details to the source of water withdrawal from all areas with water stress could not be obtained from water works. This information will be provided within next year’s report.

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



WASTE

Our top priority is to reduce waste through strategies like replacement and reduction. We also focus on reusing and recycling materials whenever possible. Our commitment extends to converting waste into energy through licensed power plants when reuse or recycling is not feasible. It is noteworthy that an increased production quantity, lead to a significant increase of waste. In fiscal year 2022/23, 26% of our waste still ended up in landfills, even if the percentage of waste to landfill decreased.

The primary environmental risk associated with Schwan Cosmetics' waste generation lies in waste deposited in landfills. All our disposals are 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 usage to a maximum of 20% by the conclusion 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

Entity / BY	Method of Disposal	Non-hazardous Waste Disposal [tons]			
		2019/20	2020/21	2021/22	2022/23
Schwan Cosmetics Group	total	1967.09	1346.82	1635.11	2158.00
	thereof disposal to landfill in %	19%	27%	32%	26%

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

Despite a growth in our business during FY 2022/23, the total tonnage of hazardous waste decreased again by 37%. However, it is imperative to eliminate the 13% disposal to landfills left at all costs. Consequently, the relevant subsidiaries have been tasked with finding a solution. Our goal is to achieve zero landfill disposal for Hazardous Waste by FY 2024/25.

Entity / BY	Method of Disposal	Hazardous Waste Disposal [tons]			
		2019/20	2020/21	2021/22	2022/23
Schwan Cosmetics Group	total	410.25	373.08	460.66	289.42
	thereof disposal to landfill	4.17	27.73	53.34	38.53
	in %	1%	7%	12%	13%

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.

Entity / BY	Hazardous + Non-hazardous Waste [tons]				Waste intensity grams/unit			
	2019/20	2020/21	2021/22	2022/23	2019/20	2020/21	2021/22	2022/23
Schwan Cosmetics Group	2377	1720	2619	2447	5.73	4.63	5.21	4.34

The encouraging news is that waste per unit has declined since FY 2019/20 by nearly 25%, reaching 4.34 g/unit in FY 2022/23. The above targets will strengthen our ongoing commitment to reducing the environmental impact of our products, both in their development and across 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.

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 km² in total with a built-up area of 0.035 km², 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 improve 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 regularly collects customer input (business meetings with customers, trade fairs, grey-list/black-lists), and end-consumer trends (direct consumer interviews with the consumer research department, news, social media, blogs, etc.). For topics where customers and/or consumers do not yet have a clear opinion on the right sustainability approach or did not yet come to a final decision (e.g., using recycling material vs biobased), the SMI team develops internal decision trees on how to reach the most sustainable product solutions according to scientific and expert data.

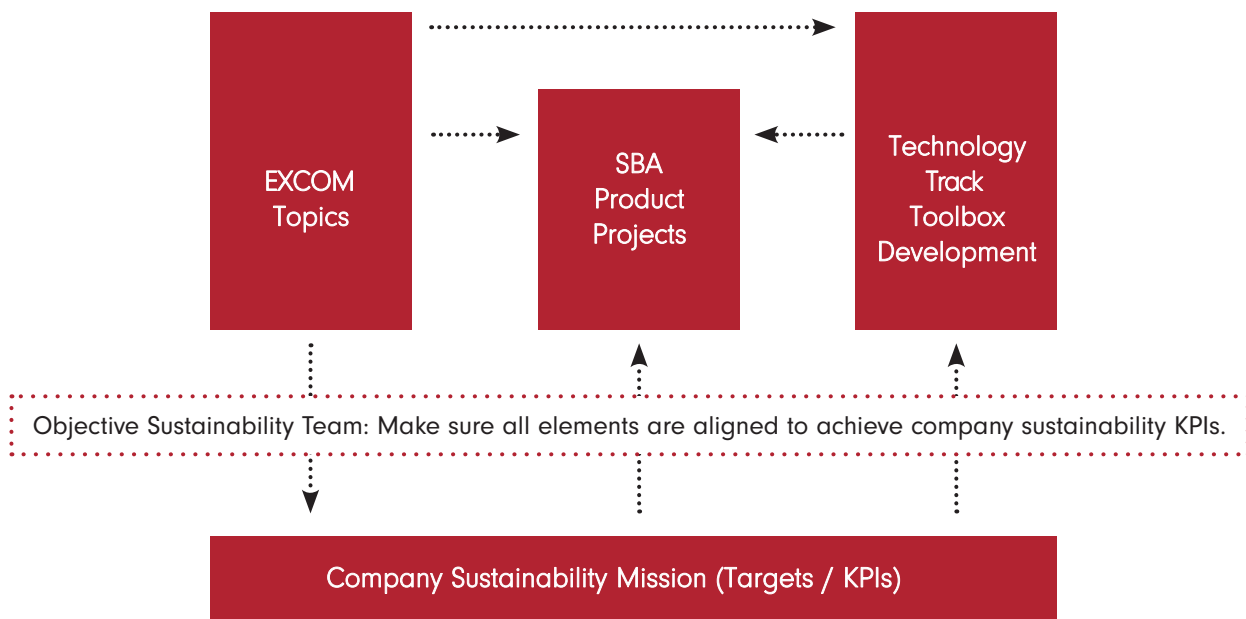
With the comprehensive information, we developed our set of sustainability KPIs in the areas of future sustainable texture development, the usage of wood, the reduction of virgin plastics in primary packaging and circular design principles, and the reduction of plastics for secondary packaging (see below).

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 bi-weekly 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 texture development and packaging/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.

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.

PACKAGING DEVELOPMENT

Originally driven by the vision of replacing a quarter of the overall quantity of virgin fossil plastic materials in our primary packaging, Schwan Cosmetics embarked on an ambitious sustainability goal. This involved integrating recycled and biobased materials to curtail the reliance on virgin fossil plastics, including post-consumer recycled (PCR), post-industrial recycled (PIR), and biobased materials. For the latter biobased feedstocks like sugarcane are converted to polyethylene (PE) or polylactic acid (PLA).

The journey over the past two years witnessed the successful introduction of pioneering products like MicroWoodMatic, PCR Purist, and TheBetterBarrel, all containing over 25% non-virgin fossil plastics.

However, navigating challenges such as material shortages, regulatory constraints, pricing dynamics, pandemic aftermath, and inflationary pressures led to a reassessment of our initial target. In response, we are strategically shifting from a fixed percentage reduction approach to a more adaptable, customer-centric portfolio-based model.

This approach provides customers the flexibility to choose sustainable packaging options tailored to their specific portfolios. This shift acknowledges the diverse needs and preferences of our clientele.

Our future strategy revolves around offering 100% environmentally enhanced alternatives within our portfolio technologies by the end of FY 2027/28. This comprehensive approach considers reduced weight and size, recycled content, recyclable packaging, refillable/rechargeable solutions, reusable packaging, and bio-based options.

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.



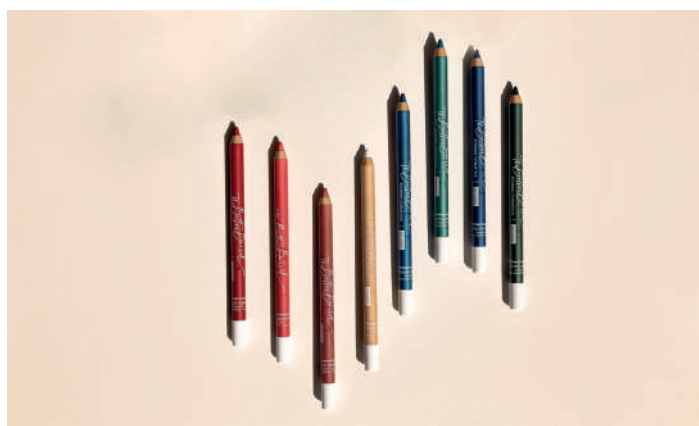
In fiscal year 2022/23, we conducted a comprehensive analysis of our sustainable enhanced products in the primary packaging portfolio. The portfolio consists of three main categories: Sharpenables, Mechanicals, and Liquids, encompassing 14 hero products. We have successfully developed high-performance sustainable alternatives for seven of these hero products, achieving environmentally enhanced solutions for 50% of our portfolio.

Our objective is to provide alternatives for all hero products by fiscal year 2027/28.

PACKAGING PRODUCTION OPTIMIZATION

In addition to substituting virgin fossil plastics with recycled or biobased materials in our primary packaging components, we successfully reduced our plastic consumption by transitioning plastic injection molds from cold runner to hot runner technology. This implementation led to a significant reduction, eliminating nearly 40,000 kilograms of virgin plastics during the 2022/23 period.

THEBETTERBARREL – Replacement of plastics with biobased content



With TheBetterBarrel, we introduced a new sustainable packaging in 2022/23, seamlessly combining high-performing textures with an eco-friendly barrel designed for sharpenable cosmetic pencils. Consumers can now enjoy long-lasting, high-performance lip and eye liners enclosed in innovative pencil barrels. The packaging, made from 72% biobased material, side-stream wood chips, and natural binders, is both sustainable and airtight, preserving volatile ingredients. While sustainable materials have been integrated into beauty packaging in recent years, TheBetterBarrel marks a milestone as the first implementation of Sulapac's plastic alternative material in color cosmetic pencils.

SUSTAINABLE LIPSTICK CASINGS – BEING PREPARED FOR REDUCE, RE-FILL, RECYCLE

In 2022/23, we introduced the first bullet lipstick casings for Schwan Cosmetics, meeting various sustainable customer needs and contributing to the reduction of virgin fossil plastics.

METAL LIPSTICK CASING

The first casing is a metal lipstick casing, which contains less plastic by replacing plastic parts with metal components. In addition to the reduced amount of plastic, this lipstick casing also offers the option to be refillable..



PAPER LIPSTICK CASING

The second lipstick casing incorporates a certain amount of paper instead of plastics for the outer parts of the packaging. By replacing a regular lipstick casing made of virgin plastics with a paper lipstick casing, the plastic content is reduced by 67.5%.



MONOMATERIAL LIPSTICK CASING

The third lipstick casing is a mono-material crafted from a single plastic material. This design ensures its compatibility with future recycling processes, thereby reducing the demand for new plastic. This product strategically places our customers in a favorable position for participating in cosmetics industry recycling initiatives. Furthermore, it is already available in a 100% PCR (Post-Consumer Recycled) version.



BROADWAY CONCEALER – Sustainable Concealer Packagings



For our liquid portfolio like concealers, we launched within 2022/23 a new combination of texture and a transparent dip bottle packaging. This packaging contains up to 39 % PCR content and represents a further step towards completing our sustainable packaging portfolio.

SUSTAINABLE CAPS – 100% RECYCLED CONTENT SOLUTION

Last fiscal year, we launched sustainable caps made out of 100% PCR plastic material to further increase sustainability for our wood pencils. The caps are offered in various colors and can be utilized for both slim and jumbo wooden pencils, as per customer preferences.



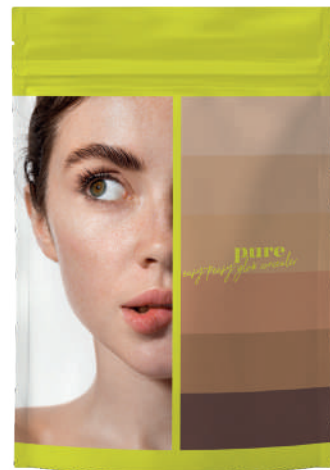
METALSWITCH – GET RID OF PLASTICS FOR WOODEN PENCILS

In 2022/23 we also launched a premium metal casing to protect our wood clenched pencils instead of using a plastic cap. The length of the cosmetic pencil can thus be doubled due to the metal parts, which allows for an easier application and avoiding waste.



SUSTAINABLE POUCHES – RECYCLABILITY VIA MONOMATERIAL POUCHES

To minimize the usage of virgin fossil plastics, we are preparing our packaging solutions for recycling streams following the principle of Circular Design. Our aim is to provide customers with products that can be disassembled for separate recycling streams or offer single-material options for recycling. For our marketing campaigns, we utilize pouches made of a recyclable monomaterial plastic, composed of multiple layers of the same plastic, ensuring easy recyclability. These pouches also feature a resealable zip lock, promoting multiple usage.



To reduce our environmental impact, waste and help lower CO2 emissions, we continuously take a closer look at the supply chains of our packaging solutions. Thus, we have chosen a local supplier for our marketing pouches. They are produced in Bavaria, Germany - for short delivery routes and times and can be shipped in a space-saving way helping to reduce storage and transportation costs.



FORMULA DEVELOPMENT

Our sustainable product development is aligned with the Natural Origin Content (NOC) of our formulas. The NOC is a measure of the proportion of ingredients of natural origin in our formulations. It is determined from the Natural Origin Index (NOI) according to ISO 16128 of the individual ingredients.

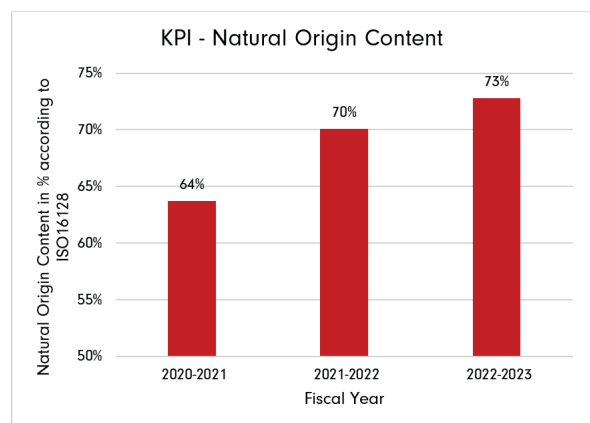
The average Natural Origin Content of the entire product portfolio is the KPI against which we measure ourselves.

Our average NOC for the fiscal year 2022/23 was 73% and significantly surpassed our 60% target. It puts us on track to achieving an average of 75% by FY 2024/25. In the upcoming fiscal year, we will establish a new target to monitor our activities for an increasingly sustainable product development.

IN FY 2022/23 WE ACHIEVED

73%

**NATURAL ORIGIN CONTENT
ACCORDING TO ISO16128**



VEGAN

Developing vegan formulas has become a necessity for new decorative cosmetic products at Schwan Cosmetics. In 2022/23, our formula portfolio consisted of 260 textures, with 7 globally released formulas categorized as non-vegan. These non-vegan formulas will not transition to vegan due to their product life cycle and can be replaced by modern alternatives. In the past fiscal year, we successfully developed and launched 15 additional vegan formulas, meeting market standards and providing vegan options for the remaining 7 formulas. Consequently, we have achieved our goal of offering 100% vegan formulas by 2022/23.

FORMULA DEVELOPMENT

BROADWAY – CLEAN LIQUID CONCEALER

In 2022/23 we developed the formula BROADWAY, an easy to apply concealer with a sheer light diffusing finish. It gives an instant moisturizing effect and is easy to adjust in coverage level due to the dip-application. This product was formulated with clean ingredients only and has a natural origin content of up to 80% according to ISO 16128 including caring and moisturizing ingredients such as Hyaluronic Acid, Glycerin, Linseed Extract, Jojoba oil and Erylite, which is based on fermented sugar. The natural, clean, and vegan formula combines naturality and performance lasting up to 18h.



Furthermore, this concealer’s all-natural formula can be offered in our eco-friendly dip system, boasting an impressive 39% post-consumer recycled (PCR) content.

BROWARCH – HIGH NATURALITY & CLEAN BROWLINER

The clean and vegan formula BROWARCH combines a high amount of natural ingredients and excellent performance for a precise mechanical browliner. BROWARCH contains up to 91% Natural Origin Content according to ISO 16128 and has a maximum lastingness up to 28 hours. This texture applies effortlessly on skin and is easy to build up and blend, allowing for different makeup look.



CONTAINS UP TO

91%

**NATURAL ORIGIN CONTENT
ACCORDING TO ISO16128**

4EVERREAL – CLEAN WATERPROOF AND LONGLASTING MASCARA

This formula was developed as a sophisticated combination of naturally derived polymers and natural waxes which results in long-lasting film properties. Specifically formulated with natural but performing ingredients, this mascara achieves an exceptional level of natural origin content, reaching an impressive 95% NOC in accordance with ISO 16128 standards.

CONTAINS UP TO

95%

**NATURAL ORIGIN CONTENT
ACCORDING TO ISO16128**

The high content was achieved using a unique adhesive natural polymer that creates the perfect bonding between the formula and the lashes. Beside this high naturality content the formula is also clean, vegan and contains ingredients like Jojoba oil and Shea butter to nourish and moisturize the lashes.



SUSTAINABLE SOLUTIONS FOR SECONDARY PACKAGING

Aligned with the Schwan Cosmetics strategy, we set the target to decrease the proportion of virgin fossil plastics in our secondary packaging materials by 25% at the end of 2022. Starting with Schwan Cosmetics in Germany, we analyzed and clustered all secondary packaging materials in terms of their annual consumption. Subsequently, we devised alternatives to either reduce plastic usage or replace it with post-consumer recycled (PCR) materials.

As we actively involve our clients in the approval and implementation process of our latest secondary packaging developments, the measures could not be implemented in full within the reporting period and we achieved a reduction of 13% so far.

One of the key actions is the global rollout of replacing Styrofoam trays by PCR trays or - in some cases - immediately change over to carton alternatives. So, for some product categories, especially our liquid cosmetic products, we are actively stopping the usage of styro-trays. The rollout is scheduled to be finished until end of fiscal year 2023/24.



PCR tray (styro foam replacement)

Furthermore, we are working on alternative sealing labels, paper adhesives tapes and sustainable replacements for membrane packaging to be implemented within the next two fiscal years.



Alternative sealing labels



Paper adhesive tapes



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:

FY 2022/23	Unit	CI Germany	CK Germany	CG Germany	C1 USA	C2 China	C3 Czech	C4 Brazil	CC Mexico	C5 Colombia	Objective
GRI 205-2 Anti-corruption communication and training	%	100	100	100	100	100	100	100	100	100	100
GRI 205-3 Incidents of Corruption	No.	0	0	0	0	0	0	0	0	0	0
GRI 206-1 Anti-competitive behavior	No.	0	0	0	0	0	0	0	0	0	0
GRI 415-1 Political Contributions	€	0	0	0	0	0	0	0	0	0	0
GRI 417-2 Product information	No.	0	0	0	0	0	0	0	0	0	0
GRI 418-1 Customer privacy	No.	0	0	0	0	0	0	0	0	0	0

No employees of Schwan Cosmetics were dismissed or disciplined for corruption within the reporting period.

INCIDENTS OF DISCRIMINATION GRI 406-1

Fiscal Year	CI Germany	CK Germany	CG Germany	C1 USA	C2 China	C3 Czech Rep.	C4 Brazil	CC Mexico	C5 Colombia	Objective
2020/21	0	0	0	0	0	0	0	0	0	0
2021/22	0	0	0	0	0	0	0	0	0	0
2022/23	0	0	0	1	0	0	0	0	0	0

Our commitment to the non-discrimination is clearly expressed in our code of conduct. Related training is provided to employees to assure people's awareness to issues of discrimination and proper behavior. At Schwan US a reported incident of inconsistency was reported and resolved.

NON-COMPLIANCE WITH ENVIRONMENTAL LAWS AND REGULATIONS GRI 307-1

In fiscal year 2022/23, there are no instances of non-compliance with environmental 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 environmental laws and faced no sanctions, neither monetary nor non-monetary related to environmental 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.

Since no incidents of corruption were registered in FY 2022/23 either with employees, business partners or outside authorities no disciplinary or dismissals or terminations were undertaken.

Nevertheless, the current internal practice still leaves room for further 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 Mexico production facility is setting up a Corruption Management System according to ISO 37001 Standard.

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. Key suppliers representing 95% of Schwan's purchasing volume for raw materials and components are currently included into this process. 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 49).

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") by 30 modules 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 details, please refer to Table 1 Appendix III Governance "Information Security Training Participation and Training hours".



Total of IT training hours across all sites in FY 2022/23.

There have been no complaints concerning breaches of customer privacy and losses of customer data.

FY 2022/23	CI Germany	CK Germany	CG Germany	C1 USA	C2 China	C3 Czech rep.	C4 Brazil	CC Mexico	C5 Colombia	Objective
No. of complaints	0	0	0	0	0	0	0	0	0	0

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 Schwanhaeusser Group, created again the annual report on all activities for fiscal year 2022/23. Across the entire Group, three contacts were documented, none of which were deemed serious enough to warrant further action following internal assessment. Consequently, the cases were closed.

GENERAL STATEMENTS AND AFFIRMATIONS

STATEMENT ON POLITICAL CONTRIBUTIONS

In accordance with the requirements of the Schwanhaeusser 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.

RESTATEMENTS OF INFORMATION

As of FY 2022/23 our Group's most relevant Scope 3 emission contributions have been added into the GHG emissions reporting.

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 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
- Verification KPIs Head Quarter
- Verification KPIs Sites (Sample of 4 Sites / remote)

The comprehensive certificate can be found in Appendix V on Page 123.

GRI CONTEXT INDEX

GRI Standard	Disclosure	Description	Page	Omission
GRI102: General Disclosures				
Organizational Profile	102-1	Name of the organization	1, 21	
	102-2	Activities, brands, products, and services	6-9	
	102-3	Location of headquarters	9, 21	
	102-4	Location of operations	9, 21	
	102-5	Ownership and legal form	21	
	102-6	Markets served	6-9	
	102-7	Scale of the organization	6-9	
	102-8	Information on employees and other workers	9, 28, 96-98	
	102-9	Supply chain	8-9, 51-56	
	102-10	Significant changes to the organization	86	
	102-11	Precautionary Principle or approach	13-16, 25	
	102-12	External initiatives	17-18, 86	
Strategy	102-13	Membership of associations	17-18	
	102-14	Statement from senior decision-maker	5	
Ethics and Integrity	102-15	Key impacts, risks, and opportunities	13-16, 20, 23-24	
	102-16	Values, principles, standards, and norms of behavior	9-11	
Governance	102-17	Mechanisms for advice and concerns about ethics	82	
	102-18	Governance structure	15-16	
	102-19	Process for delegating authority	15-16	
	102-20	Appointment of executive-level position or positions		*) Conf.
	102-21	Processes for consultation between stakeholders and the highest governance body	15-16	
	102-22	Composition of the highest governance body	15	
	102-23	Highest governance body is also an executive officer	15	
	102-24	Nomination and selection processes for the highest governance body		*) Conf.
	102-25	Governance body conflicts of interest management		*) Conf.
	102-26	Highest governance bodies and senior executives' roles		*) Conf.
	102-27	Development and enhancement of the highest governance body's collective knowledge		*) Conf.
	102-28	Evaluation of the highest governance body's performance		*) Conf.
	102-29	Highest governance body's management role		*) Conf.
	102-30	Highest governance body's role in reviews		*) Conf.
	102-31	Frequency of the highest governance body's review	15	
	102-32	The highest committee or position that formally reviews and approves the organization's sustainability report	5, 15-16	
	102-33	Communication of critical concerns		*) Conf.
	102-34	Total number and nature of critical concerns		*) Conf.
102-35-39	Remuneration policies for the highest governance body		*) Conf.	
Stakeholder Engagement	102-40	List of stakeholder groups	19	
	102-41	Collective bargaining agreements	36, 102	
	102-42	Identifying and selecting stakeholders	19	
	102-43	Approach to stakeholder engagement	19	
	102-44	Key topics and concerns raised	19-20	
Reporting Practice	102-45	Entities included in the consolidated financial statements	21	
	102-46	Defining report content and topic Boundaries	4, 21	
	102-47	List of material topics	20	
	102-48	Restatements of information	86	
	102-49	Changes in reporting	86	
	102-50	Reporting period	1,4	
	102-51	Date of the most recent report	4	
	102-52	Reporting cycle	4	
	102-53	Contact point for questions regarding the report	93	
	102-54	Claims of reporting in accordance with the GRI Standard	4, 93	
	102-55	GRI content index	87-90	
	102-56	External assurance	86, 123	

*) Conf.: Sections are considered confidential due to owner's policies

GRI Standard	Disclosure	Description	Page	Omission
Material Topics				
GRI 200 Economic Standard Series				
Governance				
GRI 103 Management Approach	103-1	Explanation of the material topic and its Boundary	19-21, 81	
	103-2	The management approach and its components	19-21, 81	
	103-3	Evaluation of the management approach	13-15, 82	
Anti-Corruption				
GRI 205	205-1	Corruption Risk Assessment	83-84	
	205-2	Communication and training about anti-corruption policies and procedures	10-12, 33, 52, 99	
	205-3	Confirmed incidents of corruption and actions taken	82	
Legal actions for anti-competitive behavior, anti-trust, and monopoly practices				
GRI 206	206-1	Legal actions for anti-competitive behavior	83	
GRI 300 Environmental Standards Series				
GRI 103 Management Approach	103-1	Explanation of the material topic and its Boundary	19-21, 57-58	
	103-2	The management approach and its components	19-21, 57-58	
	103-3	Evaluation of the management approach	13-15	
Energy				
GRI 302	302-1	Scope 1,2 energy consumption	59, 62, 106	
	302-3	Energy intensity ratio	59, 106	
	302-4	Reduction of energy consumption	60-61, 106	
Water and Effluents				
GRI 303	303-3	Water Withdrawal	66, 109	
	303-4	Water discharge	66, 109	
Biodiversity				
GRI 304	304-1	Operational site in, or adjacent to, protected areas	69	
	304-2	Significant impacts of activities, products, and services on biodiversity	69	
	304-3	Habitats protected or restored	69	
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	69	
GHG-Emissions				
GRI 305	305-1	Direct (Scope 1) GHG emissions	60-61	
	305-2	Energy indirect (Scope 2) GHG-emissions	60-61	
	305-3	Other indirect (Scope 3) GHG-emissions	62	
	305-4	GHG emissions intensity	65	
	305-5	Reduction of GHG-emissions	64-65	
	305-6	Emissions of ozone-depleting substances (ODS)	65	
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx)	65	
Effluents and Waste				
GRI 306	306-1	Waste generation and significant waste-related impacts	67	
	306-2	Waste by type and disposal method	67, 110-112	
Environmental Compliance				
GRI 307	307-1	Non-compliance with environmental laws and regulations	83	
Supplier environmental Assessment				
GRI 308	308-1	New suppliers screened using environmental criteria	56, 119	

GRI Standard	Disclosure	Description	Page	Omission
Material Topics				
GRI 400 Social Standards Series				
Employment				
GRI 103 Management Approach	103-1	Explanation of the material topic and its Boundary	19-21, 26-27	
	103-2	The management approach and its components	19-21, 26-27	
	103-3	Evaluation of the management approach	13-15, 26-27	
GRI 401 Employment	401-1	New employee hires and employee turnover	29, 96-97	
	401-2	Employment benefits	30, 87	
Occupational Health & Safety				
GRI 103 Management Approach	103-1	Explanation of the material topic and its Boundary	19-21, 45-47	
	103-2	The management approach and its components	19-21, 45-47	
	103-3	Evaluation of the management approach	13-15, 45-47	
GRI 403 Occupational Health & Safety	403-2	Hazard identification, risk assessment, and incident investigation	46	
	403-3	Occupational health services	47	
	403-4	Worker participation, consultation, and communication on occupational health and safety	46	
	403-5	Worker training on occupational health and safety	47, 104	
Training and Education				
GRI 404 Training & Education	404-2	Programs for upgrading employee skills and transition assistance programs	34, 36	
GRI 404-3 Training & Education	404-3	Percentage of employees receiving regular performance and career development reviews	35, 101	
Diversity and Equal Opportunity				
GRI 405	405-1	Diversity of governance bodies and employees	31, 98	
	405-2	Ratio of remuneration of women to men	31, 99	
Incidents of discrimination				
GRI 406	406-1	Incidents of discrimination	83	
Freedom of Association				
GRI 407	407-1	Freedom of Association	36, 101	
Child labor -suppliers				
GRI 408	408-1	Child labor suppliers	53, 54, 84	
Forced or compulsory labor -suppliers				
GRI 409	409-1	Forced or compulsory labor -suppliers	53, 54, 84	
New suppliers screened using social criteria				
GRI 414	414-1	New suppliers that were screened using social criteria	56, 119	
	414-2	Negative social impacts in the supply chain and actions taken	53	
Political Contributions				
GRI 415	415-1	Political contributions made	86	
Customer Health & Safety				
GRI 103 Management Approach	103-1	Explanation of the material topic and its Boundary	19-21, 48	
	103-2	The management approach and its components	19-21, 48	
	103-3	Evaluation of the management approach	13-15, 48	
GRI 416 Customer Health & Safety	416-1	Assessment of the health and safety impacts of product and service categories	49	
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	49	

GRI Standard	Disclosure	Description	Page	Omission
Material Topics				
GRI 400 Social Standards Series				
Human Rights Assessment				
Marketing & Labelling				
GRI 103 Management	103-1	Explanation of the material topic and its Boundary	19-21, 50	
	103-2	The management approach and its components	19-21, 50	
	103-3	Evaluation of the management approach	13-15, 50	
GRI 417 Marketing & Labeling	417-2	Incidents of non-compliance concerning product and service information and labeling	50, 104	
GRI 418 Customer Privacy	418	Complaints concerning breaches of customer privacy and losses of customer data	85	
Socio-economic compliance				
GRI 419 Socio-Economic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area	86	

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-emission 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 (CO₂, CH₄, N₂O, HFCs, PFCs, SF₆) in tons of CO₂ 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-2022/> 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 GRI 102-8

	CI Germany	CG Germany	CK Germany	C1 USA	C2 China	C3 Czech Rep.	C4 Brazil	C5 Colombia	CC Mexico	Schwan Cosmetics Group
Total heads (Incl. Leased)	332	841	113	278	64	610	192	194	736	3360
Thereof direct workers	0	466	54	183	36	377	107	96	498	1817
Thereof indirect staff	280	327	55	95	28	182	74	92	227	1360
Thereof apprentice & trainee	28	26	4	0	0	0	7	6	11	82

TABLE 2: NO. OF APPRENTICESHIPS/TRAINEES/INTERNS

	CI Germany	CG Germany	CK Germany	C1 USA	C2 China	C3 Czech Rep.	C4 Brazil	C5 Colombia	CC Mexico	Schwan Cosmetics Group
No of Appren- ticeships / Trainees / Interns	28	26	4	0	0	0	7	6	11	82

TABLE 3: EMPLOYMENT BY TYPE OF CONTRACT AND REGION GRI 102-8

Number of Employees by Type of contract								
Entity	Type of Contract							
	Fiscal Year	Permanent	Temporary	Total Heads Active	Leased Staff	Apprentice & Trainees	Inactive Staff (e.g., partial retirement)	Total Heads
CG-CI Germany	2019/20	1087	0	1087	0	61	66	1214
	2020/21	1002	0	1002	0	56	65	1123
	2021/22	980	16	996	24	55	63	1138
	2022/23	997	53	1050	23	54	46	1173
CK Germany	2019/20	96	0	96	0	5	1	102
	2020/21	92	0	92	0	3	0	95
	2021/22	100	0	100	0	4	0	104
	2022/23	109	0	109	0	4	0	113
C1 USA	2019/20	242	1	243	0	0	0	243
	2020/21	252	6	258	0	0	0	258
	2021/22	308	2	310	0	0	0	310
	2022/23	275	3	278	0	0	0	278
C2 China	2019/20	66	2	68	0	0	0	68
	2020/21	64	0	64	0	0	0	64
	2021/22	63	0	63	0	0	0	63
	2022/23	64	0	64	0	0	0	64
C3 Czech Rep.	2019/20	485	0	485	0	0	48	533
	2020/21	421	0	421	18	0	75	514
	2021/22	547	0	547	18	0	52	617
	2022/23	534	3	537	22	0	51	610
C4 Brazil	2019/20	101	0	101	0	7	47	155
	2020/21	144	0	144	0	9	5	158
	2021/22	163	0	163	0	9	2	174
	2022/23	181	0	181	0	7	4	192
C5 Colombia	2019/20	63	21	84	0	6	22	112
	2020/21	92	30	122	0	2	0	124
	2021/22	115	61	176	0	5	0	181
	2022/23	86	70	156	32	6	0	194
CC Mexico	2019/20	392	0	392	2	2	0	396
	2020/21	550	0	550	0	5	0	555
	2021/22	702	0	702	0	8	0	710
	2022/23	725	0	725	0	11	0	736
Schwan Cosmetics Group	2019/20	2532	24	2556	2	81	184	2823
	2020/21	2617	36	2653	18	75	145	2891
	2021/22	2979	79	3058	42	81	117	3298
	2022/23	2971	129	3100	77	82	101	3360

TABLE 4: EMPLOYEES BY CONTRACT AND GENDER GRI 102-8

Number of employees by type of contract and gender					
Entity	Type of Contract	Women		Men	
		2021/22	2022/23	2021/22	2022/23
CG-CI Germany	Permanent	524	501	509	496
	Temporary	45	40	34	13
	Total employees	569	541	543	509
CK Germany	Permanent	5	6	95	103
	Temporary	1	0	3	0
	Total employees	6	6	98	103
C1 USA	Permanent	181	153	125	122
	Temporary	1	3	1	
	Total employees	182	156	126	122
C2 China	Permanent	45	46	18	18
	Temporary	0	0	0	0
	Total employees	45	46	18	18
C3 Czech Rep.	Permanent	276	297	225	237
	Temporary	30	2	30	1
	Total employees	306	299	255	238
C4 Brazil	Permanent	125	136	41	45
	Temporary	0	0	0	0
	Total employees	125	136	41	45
C5 Colombia	Permanent	63	66	26	20
	Temporary	82	66	10	4
	Total employees	145	132	36	24
CC Mexico	Permanent	489	513	221	212
	Temporary	0	0	0	0
	Total employees	489	513	221	212
Schwan Cosmetics Group	Permanent	1708	1718	1260	1253
	Temporary	159	111	78	18
	Total employees	1867	1829	1338	1271

TABLE 5: EMPLOYEE HIRES BY AGE AND GENDER FY 2022/23 GRI 401-1

Gender	Women					Men					Total [%] to absolute workforce	
	Age Group	< 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
CG-CI Germany		34	27	7	68	13%	20	14	4	38	7%	10%
CK Germany		1	0	0	1	17%	4	4	1	9	9%	9%
C1 USA		28	29	18	75	48%	21	19	10	50	41%	45%
C2 China		0	1	0	1	2%	0	0	0	0	0%	2%
C3 Czech Rep.		26	35	11	72	24%	23	33	5	61	26%	25%
C4 Brazil		0	39	1	40	29%	5	7	0	12	27%	29%
C5 Colombia		54	49	3	106	80%	21	19	1	41	171%	94%
CC Mexico		72	67	25	164	32%	40	22	7	69	33%	32%
Schwan Cosmetics Group		215	247	65	527	29%	134	118	28	280	22%	26%

TABLE 6: EMPLOYEE TURNOVER BY AGE AND GENDER FY 2022/23 GRI 401-1

Gender	Women					Men					Total [%] to absolute workforce
	Age Group	< 30 Years	30 < x ≤ 50 Years	> 50 Years	Total	Total [%] to absolute female workforce	< 30 Years	30 < x ≤ 50 Years	> 50 Years	Total	
CG-CI Germany	3	10	4	17	3%	3	6	3	12	2%	3%
CK Germany	0	0	0	0	0%	3	1	0	4	4%	4%
C1 USA	36	36	31	103	66%	21	25	14	60	48%	59%
C2 China	0	0	0	0	0%	0	0	0	0	0%	0%
C3 Czech Rep.	12	33	17	62	21%	16	29	10	55	23%	22%
C4 Brazil	8	22	6	36	25%	3	5	1	9	20%	25%
C5 Colombia	40	50	4	94	71%	19	18	1	38	158%	85%
CC Mexico	98	76	19	193	38%	80	37	6	123	58%	44%
Schwan Cosmetics Group	197	227	81	505	28%	145	121	35	301	24%	26%

TABLE 7: BENEFITS OF EMPLOYMENT GRI 401-2

	CI Germany	CG Germany	CK Germany	C1 USA	C2 China	C3 Czech Rep.	C4 Brazil	C5 Colombia	CC Mexico
Life Insurance	✓	✓	✓	✓	✓	✓	✓	✗	✓
Health Care	✓	✓	✓	✓	✓	✓	✓	✓	✓
Disability & Invalidity 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	✓	✓	✓	✓	✓	✓	✓	✓	✓

TABLE 8: FEMALE / MALE PROPORTION GRI 405-1

	CI-CG Germany	CK Germany	C1 USA	C2 China	C3 Czech Rep.	C4 Brazil	CC Mexico	C5 Colombia	Schwan Cosmetics Group
Total heads (Incl. Leased)	1050	109	278	64	537	181	156	725	3100
Thereof male	509	6	122	18	299	45	24	212	1235
Male %	48%	6%	44%	28%	56%	25%	15%	29%	40%
Thereof female	541	103	156	46	238	136	132	513	1865
Female %	52%	94%	56%	72%	44%	75%	85%	71%	60%

TABLE 9: WOMEN IN EXECUTIVE POSITION GRI 405-1

	CI-CG Germany	CK Germany	C1 USA	C2 China	C3 Czech Rep.	C4 Brazil	C5 Colombia	CC Mexico	Schwan Cosmetics Group
Total heads (Incl. Leased)	1050	109	278	64	537	181	156	725	3100
Women in executive position	12	0	11	4	8	7	21	6	69
Executive positions total	52	1	25	7	28	14	26	26	179
Percentage	23%	0%	44%	57%	29%	50%	81%	23%	39%

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

Category	Gender	Age Group	CI/CG Germany	CK Germany	C1 USA	C2 China	C3 Czech Rep.	C4 Brazil	C5 Colombia	CC Mexico	Schwan Cosmetics Group	
Executives, Directors & Managers	Women	< 30 Years	0	0	0	1	0	0	6	1	8	
		30≤X≤50	7	0	6	3	6	7	12	3	44	
		>50 Years	5	0	5	0	2	0	3	2	17	
	Men	< 30 Years	0	0	1	0	0	0	0	0	0	1
		30≤X≤50	18	1	6	3	12	5	2	11	11	58
		>50 Years	22	0	7	0	8	2	3	9	9	51
White collar	Women	< 30 Years	31	0	4	2	7	6	16	61	127	
		30≤X≤50	155	2	7	16	48	26	18	28	300	
		>50 Years	104	3	6	2	4	2	1	11	133	
	Men	< 30 Years	13	1	3	1	5	6	4	45	78	
		30≤X≤50	69	7	4	2	24	9	11	46	172	
		>50 Years	88	11	2	0	4	0	2	20	127	
Blue collar	Women	< 30 Years	32	2	17	0	32	12	8	94	197	
		30≤X≤50	77	0	51	19	122	69	57	207	602	
		>50 Years	130	0	59	3	76	14	11	101	394	
	Men	< 30 Years	40	21	22	0	43	3	0	37	166	
		30≤X≤50	93	30	49	9	95	16	2	35	329	
		>50 Years	166	31	30	3	49	4	0	14	297	

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

Entity	No of employees	Year	Managers	White Collar	Blue Collar	Consolidated Average
CI Germany	323	2021/22	94%	100%	93%	96%
	280	2022/23	97%	90%	92%	93%
		2023/24				
CG Germany	813	2021/22	89%	97%	98%	95%
	770	2022/23	91%	91%	99%	94%
		2023/24				
CK Germany	104	2021/22	100%	100%	100%	100%
	109	2022/23	100%	90%	100%	97%
		2023/24				
C1 USA	308	2021/22	83%	86%	77%	82%
	278	2022/23	84%	82%	80%	82%
		2023/24				
C2 China	63	2021/22	100%	94%	80%	91%
	64	2022/23	100%	100%	70%	90%
		2023/24				
C3 Czech Rep.	561	2021/22	87%	79%	85%	84%
	537	2022/23	96%	86%	86%	89%
		2023/24				
C4 Brazil	166	2021/22	101%	72%	78%	84%
	181	2022/23	92%	89%	82%	88%
		2023/24				
C5 Colombia	181	2021/22	93%	103%	97%	98%
	156	2022/23	87%	90%	101%	93%
		2023/24				
CC Mexico	652	2021/22	67%	101%	101%	90%
	725	2022/23	92%	101%	101%	98%
		2023/24				
Schwan Cosmetics Group	3171	2021/22	90%	92%	90%	91%
	3100	2022/23	93%	91%	90%	91%
		2023/24				

TABLE 12: EMPLOYEES FROM VULNERABLE GROUPS GRI 405-1

	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	280	770	109	278	64	537	181	156	725	3100
Total Heads from Vulnerable Groups	14	91	4	0	2	11	3	2	307	434
Percentage	5%	12%	4%	0%	3%	2%	2%	1%	42%	14%

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

Category	Unit	CI-CG Germany	CK Germany	C1 USA	C2 China	C3 Czech Rep.	C4 Brazil	C5 Colombia	CC Mexico	Schwan Cosmetics Group
Executives (Governance Body Members)	No. of employees	4	1	6	12	21	3	12	10	69
	%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Directors & Manager	No. of employees	48	0	19	0	7	11	14	16	115
	%	100%	100%	100%	100%	100%	100%	100%	100%	100%
White collar	No. of employees	460	24	26	18	92	49	52	211	932
	%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Blue collar	No. of employees	538	84	227	34	417	118	78	488	1,984
	%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Group	No. of employees	1050	109	278	64	537	181	156	725	3100
	%	100%	100%	100%	100%	100%	100%	100%	100%	100%

TABLE 14: AVERAGE TRAINING HOURS PROVIDED PER EMPLOYEE

Entity	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	280	770	109	278	64	537	181	156	725	3100
Total training hours	1952	4695	362	5480	1306	29905	2531	1641	19937	67809
Average training hours per employee	7	6	3	20	20	56	14	11	27	22

TABLE 15: TOTAL WORKFORCE WHO RECEIVED 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
2019/20	No. of employees [active]	1162	102	243	68	533	155	112	396	2771
	No. of personal trained	1116	102	243	68	533	77	103	345	2587
	Share of personal trained [%]	96%	100%	100%	100%	100%	50%	92%	87%	93%
2020/21	No. of employees [active]	1002	92	258	64	421	144	122	550	2653
	No. of personal trained	800	88	258	68	439	104	100	506	2363
	Share of personal trained [%]	80%	96%	100%	106%	104%	72%	82%	92%	89%
2021/22	No. of employees [active]	997	100	308	63	561	166	176	710	3081
	No. of personal trained	836	100	308	63	561	129	176	710	2883
	Share of personal trained [%]	84%	100%	100%	100%	100%	78%	100%	100%	94%
2022/23	No. of employees [active]	1050	109	278	64	537	181	156	725	3100
	No. of personal trained	1050	109	273	64	537	154	156	725	3068
	Share of personal trained [%]	100%	100%	98%	100%	100%	85%	100%	100%	99%

TABLE 16: ENVIRONMENTAL TRAINING WITHIN THE LAST 36 MONTHS

Entity	CI Germany	CG Germany	CK Germany	C1 USA	C2 China	C3 Czechia	C4 Brazil	C5 Colombia	CC Mexico	Schwan Cosmetics Group
Total Heads Active	280	770	109	278	64	537	181	156	725	3100
Environmental Training	280	770	109	278	64	537	181	156	725	3100
Percentage	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

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	Directors & Executives	Managers	White Collar (Angestellte)	Blue Collar (Gewerbliche)
CG-CI	2022/23	98%	99%	100%	100%	97%	100%
CK	2022/23	100%	100%	100%	100%	100%	100%
C1	2022/23	100%	100%	100%	100%	100%	100%
C2	2022/23	100%	100%	100%	100%	100%	100%
C3	2022/23	100%	100%	100%	100%	100%	100%
C4	2022/23	27%	37%	100%	100%	100%	0%
C5	2022/23	100%	100%	100%	100%	100%	100%
CC	2022/23	27%	67%	100%	100%	100%	9%
Group	2022/23	81%	88%	100%	100%	100%	76%

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

Entity	CI-CG Germany	CK Germany	C1 USA	C2 China	C3 Czech Rep,	C4 Brazil	C5 Colombia	CC Mexico
Risk of violation	Low	Low	Low	Low	Low	Low	Low	Low
Risk evaluation	annual SMETA Audit	n.a*.	annual SMETA Audit	**	annual SMETA Audit	annual SMETA Audit	annual SMETA Audit	annual SMETA Audit

Comments:

*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

	CI Germany	CG Germany	CK Germany	C1 USA	C2 China	C3 Czech. Rep.	C4 Brazil	C5 Colombia	CC Mexico	Schwan Cosmetics Group
Total Heads	280	770	109	278	64	537	181	156	725	3100
No of Heads represented by elected Employee Representatives	280	770	109	0	64	537	181	156	725	2822
Percentage	100%	100%	100%	0%	100%	100%	100%	100%	100%	91%

TABLE 20: WORKFORCE COVERED BY FORMAL COLLECTIVE AGREEMENTS CONCERNING WORKING CONDITIONS GRI 407-1

	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	280	770	109	278	64	537	181	156	725	3100
Collective Agreement	280	770	109	278	64	537	181	156	725	3100
Percentage	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

TABLE 21: ACCIDENTS PER SCHWAN COSMETICS ENTITY

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	2019/20	13	14	0	27	421	38	1114
	2020/21	9	6	0	15	305	27	1119
	2021/22	9	8	0	17	385	34	1139
	2022/23	10	8	0	18	111	11	1050
CK Germany	2019/20	5	1	0	6	26	27	96
	2020/21	1	0	0	1	13	14	95
	2021/22	4	0	0	4	60	58	104
	2022/23	3	3	0	6	37	34	109
C1 USA	2019/20	1	4	0	5	19	8	243
	2020/21	5	3	0	8	19	7	258
	2021/22	1	1	0	2	13	4	308
	2022/23	1	7	0	8	45	16	278
C2 China	2019/20	0	0	0	0	0	0	68
	2020/21	0	0	0	0	0	0	64
	2021/22	0	0	0	0	0	0	63
	2022/23	0	0	0	0	0	0	64
C3 Czech. Rep	2019/20	7	10	0	17	593	111	533
	2020/21	4	12	0	16	974	189	514
	2021/22	9	17	0	26	153	25	617
	2022/23	11	6	0	17	621	116	537
C4 Brazil	2019/20	0	2	0	2	0	0	155
	2020/21	2	1	0	3	21	13	158
	2021/22	3	1	0	4	15	9	166
	2022/23	0	2	0	2	28	15	181
C5 Colombia	2019/20	2	5	0	7	58	52	112
	2020/21	0	3	0	3	15	12	124
	2021/22	6	0	0	6	56	31	181
	2022/23	6	0	0	6	62	40	156
CC Mexico	2019/20	8	10	0	18	368	93	396
	2020/21	9	3	0	12	75	14	555
	2021/22	18	9	0	27	21	3	710
	2022/23	27	6	0	33	44	6	725
Schwan Cosmetics Group	2019/20	36	46	0	82	1485	329	2717
	2020/21	30	28	0	58	1422	277	2887
	2021/22	50	36	0	86	703	163	3288
	2022/23	58	32	0	90	948	238	3100

TABLE 22: EMPLOYEE 'S HEALTH & SAFETY TRAINING GRI 403-5

Fiscal Year	Entity	C1/CG Germany	CK Germany	C1 USA	C2 China	C3 Czech Rep.	C4 Brazil	C5 Colombia	CC Mexico	Schwan Cosmetics Group
2019/20	No. of employees [active]	1162	102	243	68	533	155	112	396	2771
	No. of personal trained	1116	102	243	68	533	77	103	345	2587
	Share of personal trained [%]	96%	100%	100%	100%	100%	50%	92%	87%	93%
2020/21	No. of employees [active]	1002	92	258	64	421	144	122	550	2653
	No. of personal trained	800	88	258	68	439	104	100	506	2363
	Share of personal trained [%]	80%	96%	100%	106%	104%	72%	82%	92%	89%
2021/22	No. of employees [active]	997	100	308	63	561	166	176	710	3081
	No. of personal trained	836	100	308	63	561	129	176	710	2883
	Share of personal trained [%]	84%	100%	100%	100%	100%	78%	100%	100%	94%
2022/23	No. of employees [active]	1050	109	278	64	537	181	156	725	3100
	No. of personal trained	1050	109	273	64	537	154	156	725	3068
	Share of personal trained [%]	100%	100%	98%	100%	100%	85%	100%	100%	99%

TABLE 23: 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



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]	Electricity total [MWh]	Thereof renewable [MWh]	Renewables share	[MWh]	Share of Renewables
2022/23	20569	20569	0	32211	17176	50.2 %	52870	30,6 %
2021/22	20781	20781	0	35064	24232	69.1 %	55845	43.4 %
2020/21	19426	19426	0	29306	21686	74.0 %	48732	44.5 %
2019/20	20587	20587	0	27815	-	-	48402	-

TABLE 1-2 ENERGY CONSUMPTION [TJ]

Fiscal Year	Fuel			Electricity			Total Energy	
	Total Fuel [TJ]	Thereof non-renewable [TJ]	Thereof renewable [TJ]	Electricity total [TJ]	Thereof renewable [TJ]	Renewables share	[TJ]	Share of Renewables
2022/23	74.0484	74.0484	0	115.9596	61.8336	50.2 %	190.3320	30,6 %
2021/22	74.8116	74.8116	0	126.2304	87.2352	69.1 %	201.0420	43.4 %
2020/21	69.9336	69.9336	0	105.5016	78.0696	74.0 %	175.4352	44.5 %
2019/20	74.1132	74.1132	0	100.1340	-	-	174.2472	-

TABLE 2: ENERGY INTENSITY RATIO (PER 1000 UNITS SOLD)

Energy Efficiency [kWh/1000units]					
Business Year	2019/20	2020/21	2021/22	2022/23	2022/23 (Target)
kWh/1000units	116.70	131.29	111.14	93.74	94.10

TABLE 3: SCOPE 3 EMISSIONS AND CALCULATION METHODOLOGIES

GHG - emissions		Base Year 2016/17	BY 2022/23
Cosmetics Group			
3	Scope 3: Indirect GHG emissions and removals in tons CO ₂ e	28521	27527
3.1	Emissions from purchased goods	10594	11994
3.4	Upstream transportation and distribution	11370	9747
3.5	Emissions from disposal of waste	808	602
3.6	Business travels	255	264
3.7	Commuting	3848	3505
3.9	Downstream transportation and distribution	1646	1416

COMMENTS TO TABLE 3:

The following methodologies were used per reported Scope 3 category:

Re 3.1 Purchased Goods and Services

GHG-emissions-Calculation and methodology of calculation

All product related emissions are determined by INDIRECT Emissions Calculation. Emission is calculated by weight or volume of components and materials as well as material specific emission-factors where available. Materials used, weights and volumes have been obtained from external and internal specification sheets and drawings.

Emission-factors for CO₂ emissions equivalents have been obtained from reliable, actual, and trustworthy sources, such as governmental publications, NGO provided data or external data bases. In the event no material specific data were available, equivalent values from similar materials were used and/or calculated using a mix of several factors based on various assumptions. To limit the complexity of the calculation, simplifications have been made on the existing variety of the product groups by means of grouping products to categories with similar components and filling weights on the main elements.

The total emission of each category is scaled along its total production volume.

Re 3.2 Capital Goods

Owing to a limited database, this category is not incorporated in the current CSR report. Nevertheless, with a focus on environmental improvement measures, emissions from this category are slated to be calculated and included in the upcoming fiscal year 2023/24, particularly in conjunction with planned investments in buildings and equipment.

Re 3.4 Upstream Transportation and Distribution

A separate GHG-emissions report for Upstream Transportation and Distribution according to ISO 14064 Standard has been prepared for FY 2022/23. 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, distance, and weight of goods. Delivery quantities and mode of transport are determined from available delivery data for procured goods (invoices, electronic records, etc.).

For the Calculation of actual emissions, emission-factors for the separate calculation of the six GHGs (CO₂, CH₄, N₂O, HFCs, PFCs, SF₆) in metric tons and in tons of CO₂ equivalent, reliable, actual, and trustworthy sources are to be used.

Re 3.5 Waste Generated in Operations

GHG-emissions-Calculation

All emissions of this report are determined by INDIRECT Emissions Calculation. Emissions for Waste generated in operations are calculated based on the type of waste reported (hazardous & non-hazardous 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, there were no reliable emission-factors available for the separate calculation of the six GHGs (CO₂, CH₄, N₂O, HFCs, PFCs, SF₆) in metric tons and in tons of CO₂ equivalent. A reliable, actual, and trustworthy source has been used to calculate CO₂ emissions for our mixture of commercial and industrial waste distinguishing between landfill and combustion.

Also, we have no record of which of the climate gases CH₄, N₂O, HFCs, PFC, or SF₆ were generated in the disposal of the other 5 climate gases.

Re 3.6 Business Travel

A separate GHG-emissions report for Business Travels according to ISO 14064 Standard has been prepared for FY 2022/23. 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 (CO₂, CH₄, N₂O, HFCs, PFCs, SF₆) in metric tons and in tons of CO₂ equivalent, a reliable, actual, and trustworthy source has been used.

Business travel with company cars is duly 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 the non-availability of information of which of the climate gases HFCs, PFC, or SF₆ were used in the transport vehicles, we focused our emissions calculations on the top 3 gases.

Re 3.7 Employee Commuting

A separate GHG-emissions report for Commuting according to ISO 14064 Standard has been prepared for FY 2022/23. 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 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 (CO₂, CH₄, N₂O, HFCs, PFCs, SF₆) in metric tons and in tons of CO₂ 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 3.9 Downstream Transportation and Distribution

Only a small proportion of all shipments are within our operational boundaries of Schwan Cosmetics, while the majority of transports are commissioned by our customers.

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 (CO₂, CH₄, N₂O, HFCs, PFCs, SF₆) in metric tons and in tons of CO₂ 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

TABLE 4: GHG-EMISSION INTENSITY (SCOPE1,2)

Business Year	2016/17	2018/19	2019/20	2020/21	2021/22	2022/23
Total Emissions Scope 1,2 [tons CO2e]	24852.20	11619.49	10882.24	10749.32	9370.2	10102
Emissions intensity per product [g CO2e/ unit]	43	24	26	29	19	18
Reduction [%] to Base Year 2016/17	0	43	39	32	56	58

TABLE 5: WATER CONSUMPTION / WATER INTENSITY

Entity / BY	Water Consumption [M]			Water consumption per units produced [liter]		
	2020/21	2021/22	2022/23	2020/21	2021/22	2022/23
CI-CG	17.18	24.02	29.00	0.10	0.11	0.12
C1	19.38	22.99	11.37	0.38	0.33	0.16
C2	4.85	4.54	4.67	1.22	0.40	0.40
C3	12.68	13.85	10.93	0.16	0.13	0.08
C4	2.08	2.21	2.85	0.17	0.12	0.12
C5	1.05	3.62	3.47	0.21	0.30	0.24
CC	5.75	5.87	4.65	0.11	0.08	0.06
CK	4.85	4.62	8.68	n.a.	n.a.	n.a.
Group	67.83	81.70	75.60	0.18	0.16	0.13

TABLE 6: WATER DISPOSAL

Entity / BY	Water Disposal [M]			
	2019/20	2020/21	2021/22	2022/23
CI-CG	20.84	17.06	23.84	29.00
C1	4.30	5.75	10.80	5.79
C2	4.81	4.85	4.54	4.67
C3	11.26	12.68	13.85	9.61
C4	0.24	0.36	0.55	0.51
C5	1.54	1.05	3.62	3.47
CC	5.93	5.75	5.87	4.65
CK	5.42	4.24	4.62	7.96
Group	54.35	51.73	67.68	65.66

Comment:

All water is either directly disposed to public sewage systems or recycled prior to disposal.

TABLE 7: NON-HAZARDOUS WASTE DISPOSAL

Entity / BY	Method of Disposal	2019/20	2020/21	2021/22	2022/23
Germany HQ	total	862.00	429.00	517.00	1,065.75
	thereof recovery	6.00	7.00	10.00	0.00
	thereof recycling	101.00	81.00	76.00	135.75
	thereof disposal to incineration plants	755.00	341.00	431.00	930.00
	thereof disposal to landfill	0.00	00.00	0.00	0.00
USA	total	181.90	160.00	227.44	233.00
	thereof recovery	0.00	0.00	0.00	0.00
	thereof recycling	88.50	67.60	82.60	65.00
	thereof disposal to incineration plants	0.00	0.00	0.00	0.00
	thereof disposal to landfill	93.40	92.40	144.84	168.00
China	total	4.19	4.43	4.61	6.00
	thereof recovery	0.00	0.00	0.00	0.00
	thereof recycling	0.00	0.00	0.00	0.80
	thereof disposal to incineration plants	4.19	4.43	4.61	5.00
	thereof disposal to landfill	0.00	0.00	0.00	0.00
Czech Rep.	total	358.58	332.68	384.33	311.53
	thereof recovery	189.09	146.90	144.54	4.28
	thereof recycling	81.14	66.26	79.69	93.50
	thereof disposal to incineration plants	0.00	0.00	0.00	0.00
	thereof disposal to landfill	88.35	119.53	160.10	213.75
Brazil	total	56.78	41.75	50.26	132.00
	thereof recovery	0.00	0.00	2.40	86.26
	thereof recycling	35.70	24.06	24.25	25.67
	thereof disposal to incineration plants	0.00	0.00	0.00	0.00
	thereof disposal to landfill	21.08	17.69	23.61	20.51
Colombia	total	30.27	33.49	65.93	61.00
	thereof recovery	0.00	0.00	0.00	0.00
	thereof recycling	28.68	30.78	63.68	56.00
	thereof disposal to incineration plants	0.00	0.00	0.00	0.00
	thereof disposal to landfill	2.50	2.72	2.25	5.00
Mexico	total	210.17	172.69	223.10	192.00
	thereof recovery	0.00	0.00	0.00	0.00
	thereof recycling	38.17	35.69	32.10	31.00
	thereof disposal to incineration plants	0.00	0.00	0.00	0.00
	thereof disposal to landfill	172.00	137.00	191.00	161.00
Germany Wbg.	total	263.20	172.78	162.44	156.72
	thereof recovery	61.00	0.00	18.34	0.00
	thereof recycling	29.90	35.69	55.80	75.28
	thereof disposal to incineration plants	172.30	137.09	88.30	81.44
	thereof disposal to landfill	0.00	0.00	0.00	0.00
Group	total	1967.09	1346.82	1635.11	2158.00
	thereof recovery	256.09	153.90	175.28	90.54
	thereof recycling	403.09	341.08	414.12	483.00
	thereof disposal to incineration plants	931.49	482.52	523.91	1016.44
	thereof disposal to landfill	377.32	369.34	521.80	568.26

TABLE 8: HAZARDOUS WASTE DISPOSAL

Entity / BY	Method of Disposal	Hazardous Waste Disposal [tons]			
		2019/20	2020/21	2021/22	2022/23
Germany HQ	total	230.00	160.00	226.00	116.00
	Disposed by incineration with energy recovery	175.00	121.00	170.00	42.00
	Disposed by incineration without energy recovery	55.00	39.00	56.00	74.00
	thereof disposal to landfill	0.00	0.00	0.00	0.00
USA	total	2.00	3.40	4.00	2.70
	Disposed by incineration with energy recovery	0.00	0.00	0.00	0.00
	Disposed by incineration without energy recovery	2.00	3.40	4.00	2.70
	thereof disposal to landfill	0.00	0.00	0.00	0.00
China	total	0.14	0.15	0.98	0.86
	Disposed by incineration with energy recovery	0.00	0.00	0.00	0.00
	Disposed by incineration without energy recovery	0.14	0.15	0.98	0.86
	thereof disposal to landfill	0.00	0.00	0.00	0.00
Czech Rep.	total	164.71	121.41	125.27	115.00
	Disposed by incineration with energy recovery	164.71	121.41	125.27	78.58
	Disposed by incineration without energy recovery	0.00	0.00	0.00	0.00
	thereof disposal to landfill	0.00	0.00	0.00	36.42
Brazil	total	4.17	30.70	60.51	2.11
	Disposed by incineration with energy recovery	0.00	2.97	6.62	0.00
	Disposed by incineration without energy recovery	0.00	0.00	0.55	0.00
	thereof disposal to landfill	4.17	27.73	53.34	2.11
Colombia	total	9.22	9.54	13.30	22.25
	Disposed by incineration with energy recovery	0.00	0.00	0.00	0.00
	Disposed by incineration without energy recovery	9.22	9.54	13.30	22.25
	thereof disposal to landfill	0.00	0.00	0.00	0.00
Mexico	total	0.00	47.88	30.60	30.50
	Disposed by incineration with energy recovery	0.00	47.84	30.60	30.50
	Disposed by incineration without energy recovery	0.00	0.04	0.00	0.00
	thereof disposal to landfill	0.00	0.00	0.00	0.00
Germany Wbg.	total	0.01	0.00	0.00	0.00
	Disposed by incineration with energy recovery	0.00	0.00	0.00	0.00
	Disposed by incineration without energy recovery	0.01	0.00	0.00	0.00
	thereof disposal to landfill	0.00	0.00	0.00	0.00
Group	total	410.25	373.08	460.66	289.42
	Disposed by incineration with energy recovery	339.71	293.22	332.49	151.08
	Disposed by incineration without energy recovery	66.37	52.13	74.83	99.81
	thereof disposal to landfill	4.17	27.73	53.34	38.53

TABLE 9: NON-HAZARDOUS WASTE INTENSITY

Entity / BY	Non-Hazardous Waste [tons]				Waste Intensity [grams/unit]			
	2019/20	2020/21	2021/22	2022/23	2019/20	2020/21	2021/22	2022/23
Germany HQ	862	429	517	1,066	3.99	2.56	2.41	4.52
USA	182	160	227	233	3.74	3.15	3.30	3.22
China	4	4	5	6	0.65	1.12	0.40	0.57
Czech Rep.	359	333	384	312	4.72	4.29	3.68	2.42
Brazil	57	42	50	132	5.85	3.37	2.74	5.61
Colombia	30	33	66	61	3.49	6.71	5.56	4.15
Mexico	210	173	223	192	4.28	3.22	3.07	2.45
Germany Wbg.	263	173	162	157	0.00	0.00	0.00	0.00
Group	1,967	1,347	1,635	2,158	4.74	3.63	3.25	3.83

TABLE 10: HAZARDOUS WASTE INTENSITY

Entity / BY	Hazardous Waste [tons]				Waste Intensity [grams/unit]			
	2019/20	2020/21	2021/22	2022/23	2019/20	2020/21	2021/22	2022/23
Germany HQ	230	160	226	116	1.06	0.95	1.05	0.49
USA	2	3	4	3	0.04	0.07	0.06	0.04
China	0	0	1	1	0.02	0.04	0.09	0.08
Czech Rep.	165	121	125	115	2.17	1.56	1.20	0.89
Brazil	4	31	61	2	0.43	2.48	3.30	0.09
Colombia	9	10	13	22	1.06	1.91	1.12	1.51
Mexico	0	48	31	31	0.00	0.89	0.42	0.39
Germany Wbg.	0	0	0	0	0.00	0.00	0.00	0.00
Group	410	373	461	289	0.99	1.01	0.92	0.51

TABLE 11: HAZARDOUS & NON-HAZARDOUS WASTE INTENSITY

Entity / BY	Hazardous + Non-Hazardous Waste [tons]				Waste Intensity [grams/unit]			
	2019/20	2020/21	2021/22	2022/23	2019/20	2020/21	2021/22	2022/23
Germany HQ	1,092	589	743	1,182	5.05	3.51	3.46	5.01
USA	184	163	231	236	3.78	3.22	3.36	3.25
China	4	5	6	7	0.67	1.15	0.49	0.66
Czech Rep.	523	454	510	427	6.88	5.85	4.87	3.31
Brazil	61	72	111	134	6.28	5.86	6.04	5.70
Colombia	39	43	79	83	4.55	8.62	6.68	5.66
Mexico	210	221	254	223	4.28	4.11	3.49	2.84
Germany Wbg.	263	173	162	157	0.00	0.00	0.00	0.00
Group	2,377	1,720	2,619	2,447	5.73	4.63	5.21	4.34

TABLE 12: METHODOLOGIES, ASSUMPTIONS, AND/OR CALCULATION TOOLS USED.

Energy Consumption
Measurement by calibrated meters (electricity, gas, fuel)
Invoices from suppliers (electricity, gas, fuel)
Conversion factors for the energy sources from the invoices and tables of the Germany Federal Environment Agency

TABLE 12: METHODOLOGIES, ASSUMPTIONS, AND/OR CALCULATION TOOLS USED.

Emissions Calculation
Measurement by calibrated meters (electricity, gas, fuel)
Invoices from suppliers (electricity, gas, fuel)
Conversion factors for the energy sources from the calculations and tables of the Germany Federal Environment Agency, UK Government publications and climate transparency.org



APPENDIX III GOVERNANCE STATISTICS

TABLE 1 INFORMATION SECURITY TRAINING PARTICIPATION AND TRAINING HOURS

FY 2022/23	CI-CK-CG Germany	C1 USA	C2 China	C3 Czech	C4 Brazil	C5 Colombia	CC Mexico	Schwan Cosmetics Group
No. of Employees trained	878	123	31	186	91	69	145	1523
Total Training Hours	1752	174	3	0	0	21	264	2214

TABLE 2 ESG RISK ASSESSMENT

Risk	Description	Management Approach
Environment		
Risks related to the procurement of raw materials along the value chain	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. MICA and MICA-based pigments may be subject to unacceptable working and living conditions in the environment of Natural Mica Sourcing	<ul style="list-style-type: none"> Contributing Member of the Roundtable on Sustainable Palm Oil (RSPO) since 2016 Communication of the Annual Progress toward 100% RSPO certified Palm Oil Ordinary Member of RSPO** Implementation of a Corporate Environmental Policy at Group level Implementation of a Corporate Policy for Sustainable Sourcing at Group level*
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"> Implementation of an environmental management system, according to ISO 14001:2015 standard in some Group's sites Implementation of local procedures to manage chemical substances in compliance with local requirements. Implementation of a Corporate Environmental Policy at Group level*
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"> Implementation of an environmental management system, according to ISO 14001:2015 standard, in some Group's sites Implementation of local procedures to correctly manage waste. Implementation of a Corporate Environmental Policy at Group level* Implementation of a regular reporting for waste
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"> Implementation of an environmental management system, according to ISO 14001:2015 standard, in some Group's sites Development of specific projects aiming at the energy efficiency Implementation of an Environment Policy at Group level Implementation of local actions to continuously reduce the environmental impact
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"> Implementation of an environmental management system, according to ISO 14001:2015 standard, in some Group's sites Development of specific projects aiming at the energy efficiency Implementation of an Environment Policy at Group level Implementation of local actions to continuously reduce the environmental impact Third party verification of scope1,2 emissions
Risks related to emission of air pollutants	Local and accidental pollution may cause significant harm to the environment. Non-compliance with local regulations bears the risk of Production closures and fines Local and accidental pollution events expose the Group to a potential reputational risk to business partners and other external stakeholders	<ul style="list-style-type: none"> Implementation of an Environment Policy at Group level Annual reporting to Schwan Cosmetics headquarters to monitor conformance with local regulations
Risks related to water pollution	Local and accidental pollution may cause significant harm to the environment	<ul style="list-style-type: none"> Implementation of Global and Local Accidental Pollution Policies Implementation of local policies and measures to avoid local and accidental pollution.

Risk	Description	Management Approach
Social		
Human Rights		
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"> Implementation of a health and safety management system ISO 45001:2018 in some Group's sites Annual conduct of Ethical Trade Audit (SMETA) on all entities of the group, regarding human rights and health & safety of employees. Implementation of local procedures to correctly manage health and safety aspects. Implementation of a Corporate Sustainability Policy at Group level Implementation of a regular Health & Safety reporting to Schwan Cosmetics headquarter
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"> Annual conduct of Ethical Trade Audit (SMETA) on all entities of the group, regarding human rights and health & safety of employees. Implementation of a Corporate Sustainability Policy at Group level
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"> 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. Implementation of a Sustainable Procurement Policy at Group level Implementation of a Supplier Code of Conduct Implementation of a supplier onboarding assessment and approval process
Customer/Consumer Safety		
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"> Compliance with the European "Cosmetic Regulation" (Regulation EC no. 1223/2009) regulating composition, labeling, and packaging materials of cosmetic products. Continuous monitoring of updates regarding the local and relevant international regulations related to product safety. Implementation of an ERP-based integrated compliance Check at Group level
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"> 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 pencils Continuous monitoring of updates regarding the local and relevant international legislation related to product labeling. Implementation of an ERP-based integrated compliance Check at Group level*
Governance		
Corruption / Bribery / Fraud		
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"> Risk Management Assessment implemented related to external parties which are suitable to bear the risk of corruption bribery and fraud. Implementation of a Code of Conduct on a corporate level Employees training on the code of conduct
Payment Cycle Procedure / Purchasing		
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"> Purchase order management system with mandatory approval process including fixed limits. Payments only on approved invoices (on authorized signature) or executed purchase orders (on system-booked delivery). 4 eyes principle (integrated into electronic approval process) Internal Control System audited review by Roedl&Partner auditors Cash transactions policy in place Training of employees on SOP

Risk	Description	Management Approach
Governance		
Contractual relationships with sales agents:		
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"> All contracts must be reviewed by legal before approval. Global policy on contractual agreements with customers in place
Contractual relationships with customers		
Risk of money laundering		<ul style="list-style-type: none"> "Know your customer"- Policy in place (documented Background-checks for customers) Money Laundering policy
Risk of unethical trade		<ul style="list-style-type: none"> Sanction List screening (Terrorism, international trade sanctions) Know your customer" - Policy in place (documented Background-checks for customers)
Management of Suppliers		
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"> Supplier onboarding procedure (SLC) in place Sanction List screening (Terrorism, international trade sanctions)?
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"> Money Laundering policy in place
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"> Existing Work Regulation limiting gifts to small values
Third-Party Processing / Management of subcontractors/extended workbench		
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"> Existing Work Regulation limits gifts to small values
Relations with the Public Administration		
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"> Implementation of a code of conduct
Handling of Reports of Irregularities Procedure		
Irregular actions may cause financial and reputational damage		<ul style="list-style-type: none"> Whistleblowing Policy globally implemented



APPENDIX IV
SUSTAINABLE
SOURCING
STATISTICS

TABLE 1: NEW SUPPLIERS SCREENED USING ENVIRONMENTAL AND SOCIAL CRITERIA GRI 114-1

Entity	No. of new suppliers	No. of suppliers screened using environmental criteria	No. of suppliers screened using social criteria	Percentage
FY 2021/22	10	10	10	100%
FY 2022/23	27	27	27	100%

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

Category	Unit	C1/CG Germany	CK Germany	C1 USA	C2 China	C3 Czech	C4 Brazil	C5 Colombia	CC Mexico	Schwan Cosmetics Group
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%



APPENDIX V

CSR REPORT

VERIFICATION

Independent Assurance Statement

To the Management and Stakeholders of Schwan Cosmetics

DQS has been engaged by Schwan Cosmetics to provide independent assurance over the Schwan Cosmetics Global CSR Report FY 2022-2023. The engagement took place from November 21, 2023 and was concluded on January 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. 2022 to June, 30. 2023. 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: GRI 205, 206, 302-1, 302-3, 302-4, 303-3, 303-4, 304, 305, 306-1/-2, 307, 308-1, 401-1, 401-2, 403-2/-3/-4/-5, 404-2/-3, 405, 406, 407, 408, 409, 414, 415, 416, 417-2, 418, 419-1

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.

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.

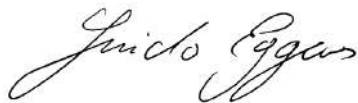
Conclusion

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

February 6, 2024

Frankfurt, Germany



Guido Eggers

Managing Director
DQS CFS GmbH



AA1000

Licensed Assurance Provider

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schwan cosmetics