



OUR WORLD & COMMITMENT

CSR HIGHLIGHTS FY 2022 | 2023

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1.0



TOMÁS ESPINOSA BRANIFF CESPEDES

CEO Schwan Cosmetics International GmbH

”Through our efforts, we are also empowering our 700 global business partners to achieve their own sustainability goals.”

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 regards 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

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

EDITORIAL

well-being and can serve as a benchmark for others to follow. 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.

and sustainability will go hand in hand. Here you can find some of the relevant activities that proof our commitments. If you want to read the full version of our CSR-report you can find a link on the last page of this presentation or please visit our website:

www.schwancosmetics.com

Our world & commitment

- **MOBILE HEATING UNIT**

donated to a school and shelter in Ukraine,
provides 600 children and families with warmth

- **SOLAR POWER PLANT**

7.8 million Euros invest to cover up to 100% of
daytime electricity demand in Heroldsberg, Germany

- **SULAPAC®**

business collaboration, development & imple-
mentation of eco-friendly barrels to start the
phase out of fossil-based plastic liners

- **REDUCTION OF CARBON**

140 t CO2 less per year in the supply chain by
relocating 5 molds closer to markets

- **GREAT PLACE TO WORK®**

certification for Cosmetic Colors in Mexico
for the second time

1.0

Global network & business data

number of employees
June 2023

1159
Germany

3100
worldwide

1941
international

global sales
FY 2022/ 2023

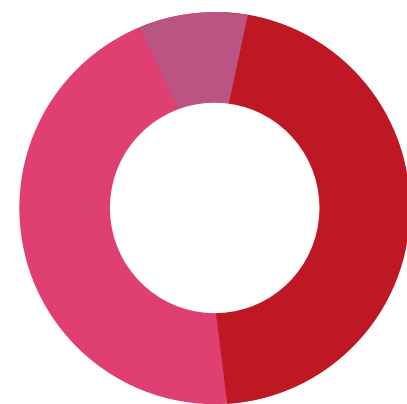
€ 384 Mio.

break down of FY 2022/2023 sales in million
June 2023

2.0

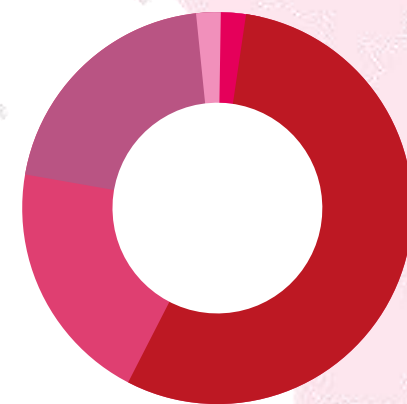
WHO WE ARE

geographic region



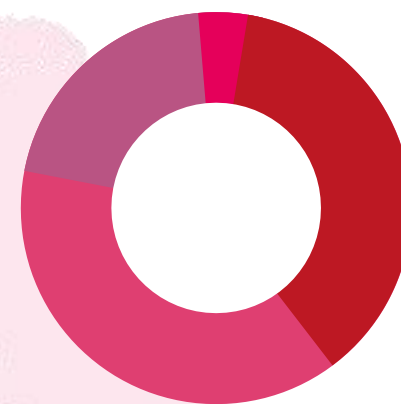
- AMERICAS
- EMEA
- APAC

category



- EYE
- BROW
- LIP
- FACE
- others

product



- sharpenable
- pencils mechanical
- pencils liquid liners
- others



Great Place to Work®
Certification for Cosmetic
Colors, Mexico



Top IT Employer 2023
recognized by CHIP
Magazine, Germany



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

Selected recognitions & awards

Global network & business data

global subsidiaries

2.1

GERMANY

Heroldsberg

ISO 22716
ISO 14001
SMETA
IFS HPC

CZECH REP.

Český Krumlov

ISO 22716
ISO 14001
ISO 45001
SMETA
ECOCERT
FSC / PEFC
IFS HPC

USA

Murfreesboro

ISO 22716
SMETA

MEXICO

Toluca

ISO 22716
ISO 14001
SMETA
FSC

COLOMBIA

Bogotá

ISO 22716
SMETA

BRAZIL

Curitiba

ISO 22716
SMETA

CHINA

Tianjin, Shanghai

ISO 22716
SMETA

Memberships & cooperations

social responsibility and human rights



QR-Code and Link to Ecovadis Gold Rating

<https://recognition.ecovadis.com/v0c0R4t2t0G93ECDIJV5MQ>

reporting



SCIENCE
BASED
TARGET

partnering for sustainable products



2.2

Our core values & purpose

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.

Respect

Responsibility

Passion

One for all – All for One

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.



” Our aim is to shape a positive and mindful impact on our customers, consumers, society and the environment. ”

SILKE HACKENBERG
Chief People & Culture Officer

a standard we extend to our business partners. Serving as a steadfast frame- work, it offers guidance to us, our employees, customers, and partners.

Our purpose guides and inspires our development, giving meaning to the work of our employees, and under- lines the impact we want to achieve with our innovations.

The Code of Conduct at the Schwan- haeuser Group encapsulates fundamental rules and principles guiding our actions and behavior -



3.0

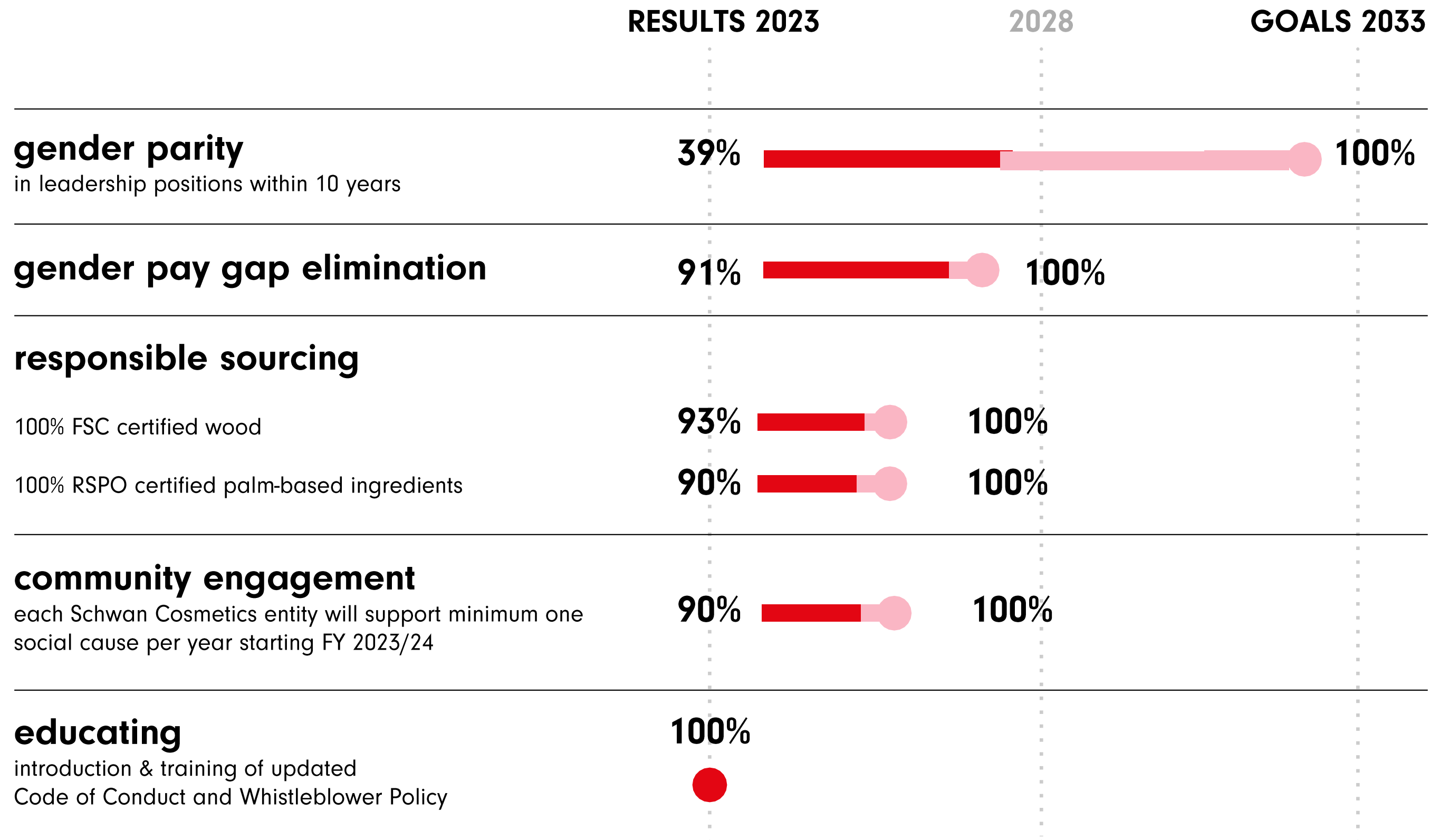
ACHIEVEMENTS & TARGETS

FOCUS ON PEOPLE

Social targets & recognitions

transforming, empowering, contributing

3.1



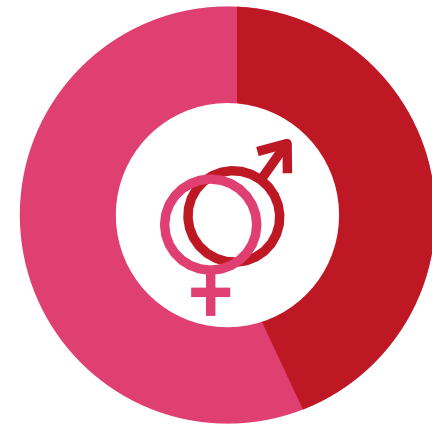
Our commitment to United Nations development goals



Schwan people, diversity & equality

numbers of employees

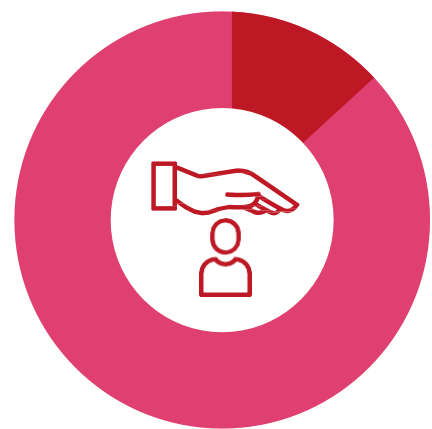
3.1



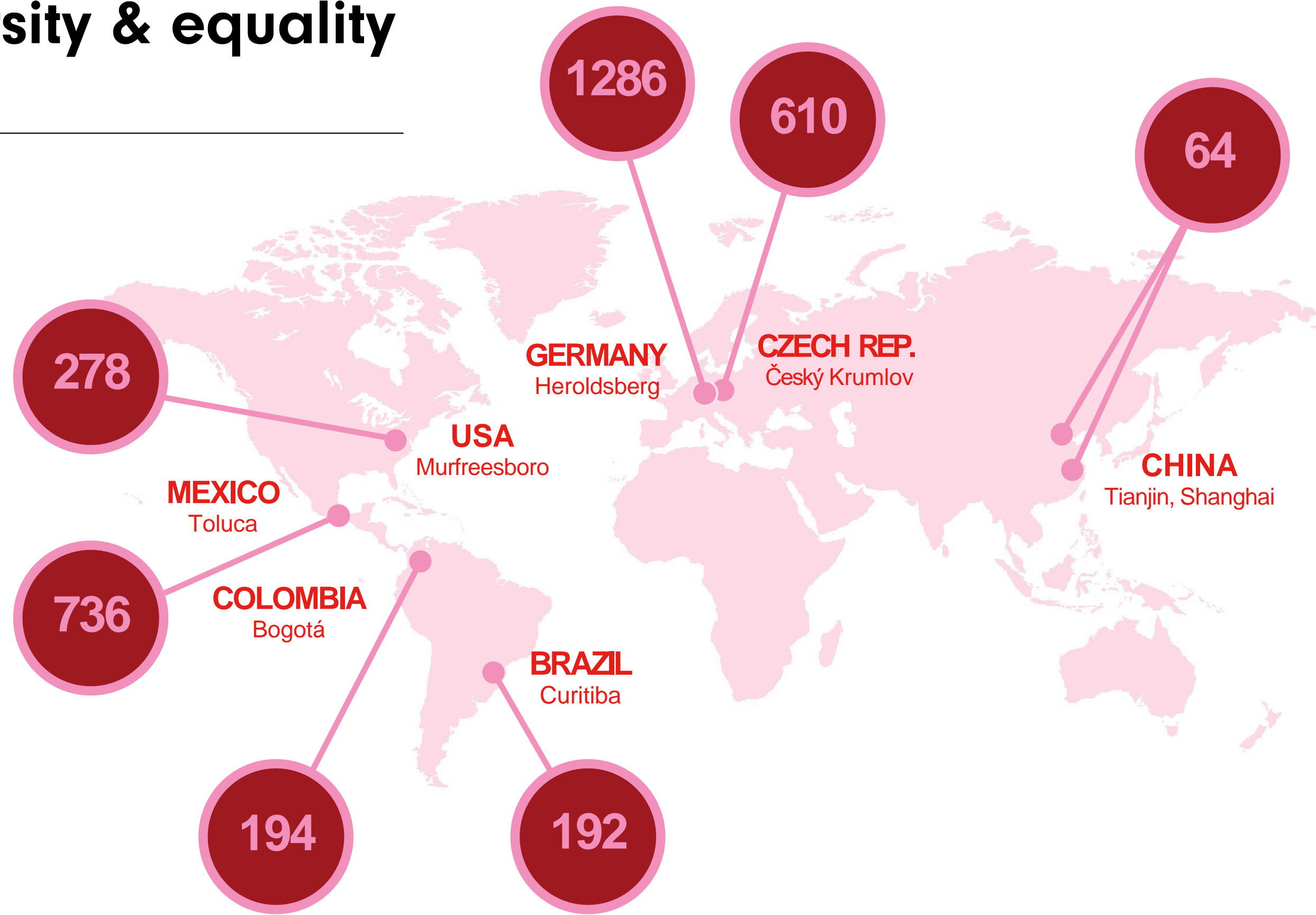
- 40% MEN
- 60% WOMEN



- 91% EQUAL PAY
- 100% GOAL



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



Workplace, training & development

Commitment to employee well-being

Our subsidiaries offer competitive pay packages exceeding the legal minimum wage and additional benefits like health care, parental leave, retirement provision, life insurance, disability and invalidity coverage, and other benefits.

We have a 100% formalized collective agreement within the group and endorse a social charter that includes employee freedom of association to uphold fundamental labor rights assessed during SEDEX audits.

Employee development a priority

We prioritize employee development through regular training sessions covering essential areas. In 2022/23, our global workforce spent 67,809 hours on training.

We conduct annual evaluations for all employees to provide valuable feedback that helps them grow and excel. Across all departments, 76% of employees receive regular performance and career reviews.

Developing young talents

We are proud to offer apprenticeships and internships to young people in our subsidiaries. In FY 2022/23, 82 started their careers through our program globally.

Promotion of women in management

Gender equality in leadership is a strategic goal for Schwan Cosmetics. One of the initiatives we employ to support women is MentorMe, Germany's leading professional mentoring program, which offers over 220 annual events, training sessions, and workshops.



Participants of the MentorMe program at Schwan Cosmetics

3.1

Health & safety

Employee safety

99% of employees completed safety training within past 12 months.

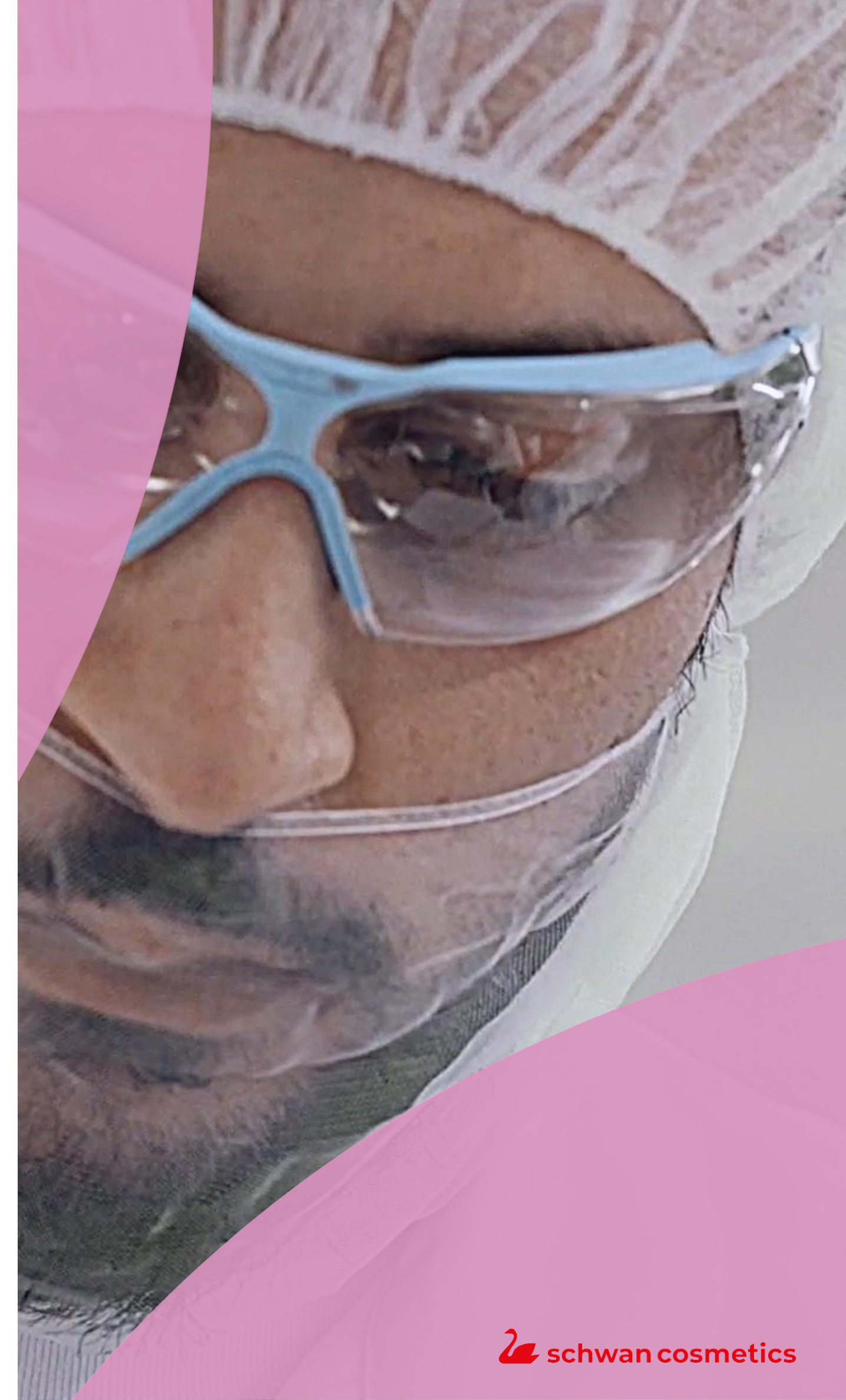
Schwan Cosmetics is 63% below industry average for severe accidents.

Though we will continue to eliminate risks and hazards wherever possible.

Customer safety

ZERO ADVERSE EVENTS related to the use of our products.

3.1



Community activities worldwide

Our goals

We understand the importance of our role in supporting our employees and society. **Our goal is to create a positive and lasting influence in the areas where we operate and live.** This is why we back non-profit organizations, NGOs, local community projects, solidarity efforts, and citizenship programs. Our team members are dedicated to contributing to children's education and health, assisting marginalized communities, empowering women in their careers, and funding initiatives for Cancer Prevention and Treatment.

We have 20 projects managed by our global teams within their local communities. Here are some:

Great examples

UNIVERSITY COSMETIC COLORS (Mexico)
supporting disadvantaged communities

CITY DISTRICT SPONSORSHIP (Germany)
supporting 12 twelve social institutions and initiatives

ANA ROSA RESIDENTS ASSOCIATION (Brazil)

THE HARDEST RUN (Brazil)

WOMEN OF ČESKÝ KRUMLOV (Czech Republic)

SPONSORING „OBJEVÁRIUM“ (Czech Republic)

SUPPORTING ICOS (Czech Republic)

SPONSORING OF SCHOLARSHIPS OF THE KARIS FOUNDATION (Colombia)

JINNAN DISTRICT CHARITY ASSOCIATION (China)
which is “Extend a helping hand to spread love”



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



In FY 2022/23, Creative Colors SA, Colombia sponsored seven pupils, paying €7,000 for their annual school fees.

3.2

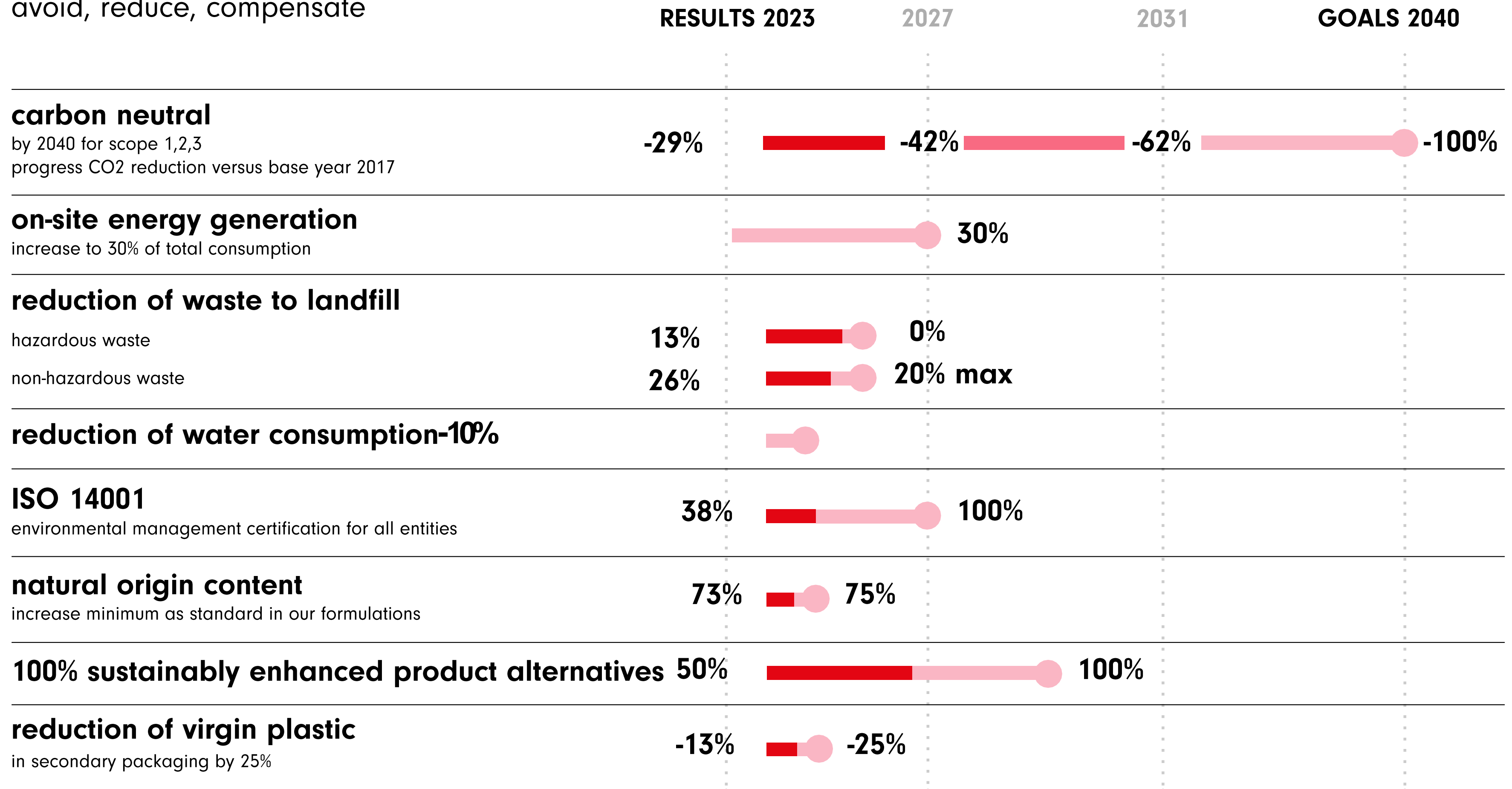
ACHIEVEMENTS & TARGETS

FOCUS ON ENVIRONMENT

Environmental targets

avoid, reduce, compensate

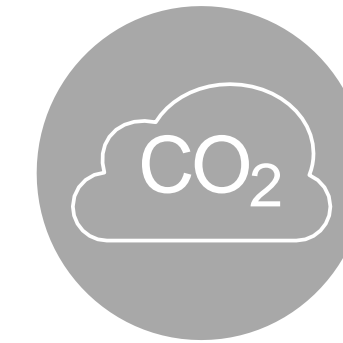
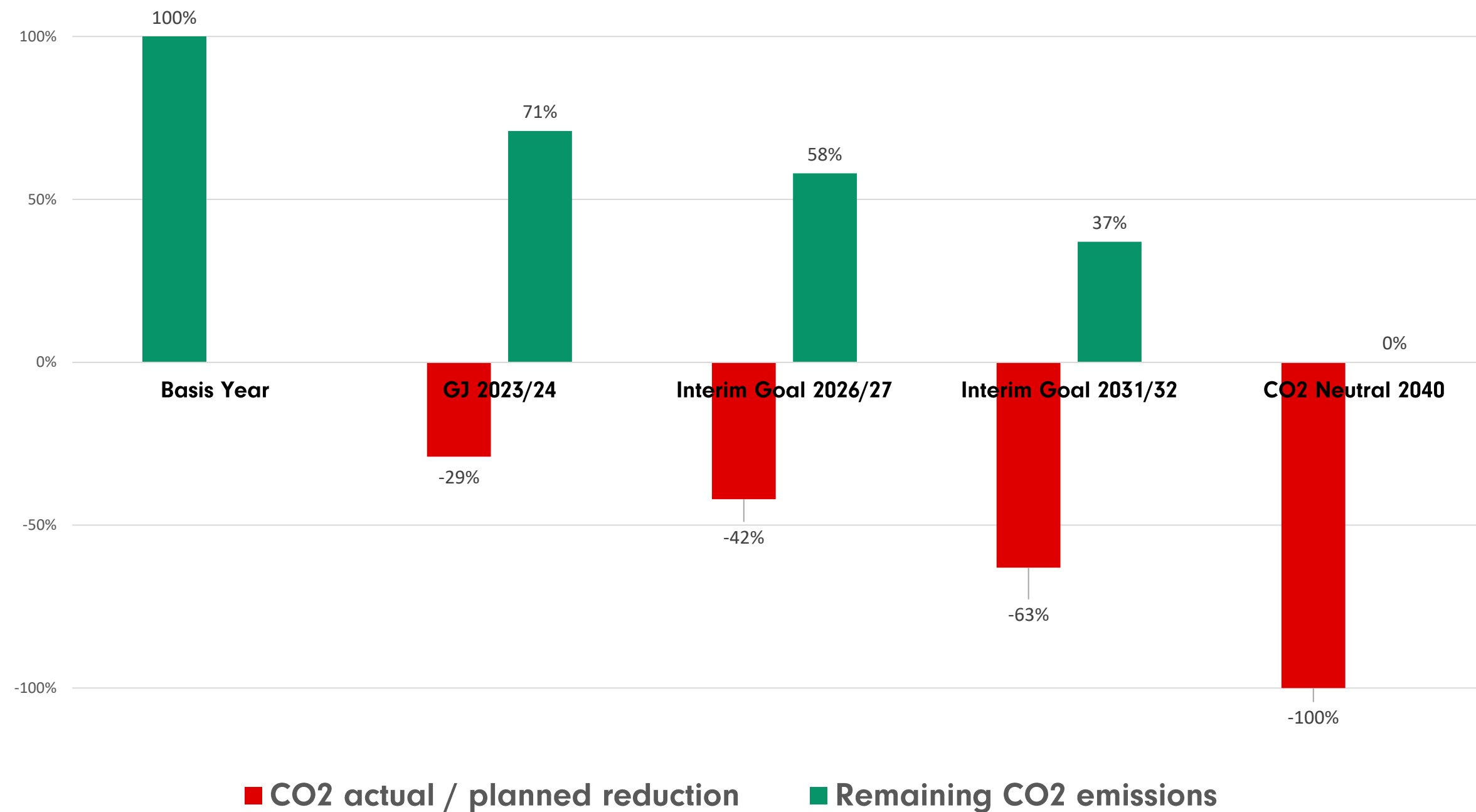
3.2



Strategy, performance & development

Schwan Cosmetics global scope 1,2,3 CO₂ emission development and targets

3.2



15400 tons

of annual CO₂ emissions savings to base year 2017



1620 tons

TARGET: - 25% reduction on airfreight emissions in FY 2023/24

Air freight currently accounts for a substantial 92% share of total upstream emissions, demanding proactive measures for effective reduction.

Water & waste

development and targets



7.5 million liters
corresponds with
3 Olympic swimming pools
annual global water
consumption

TARGET: reduce the
actual consumption by 10%



4.34 grams
waste produced per product
-17% reduction of the waste
intensity since 2017

TARGET: continued reduction
of waste to landfill

0% hazardous waste
max. 20% non-hazardous waste

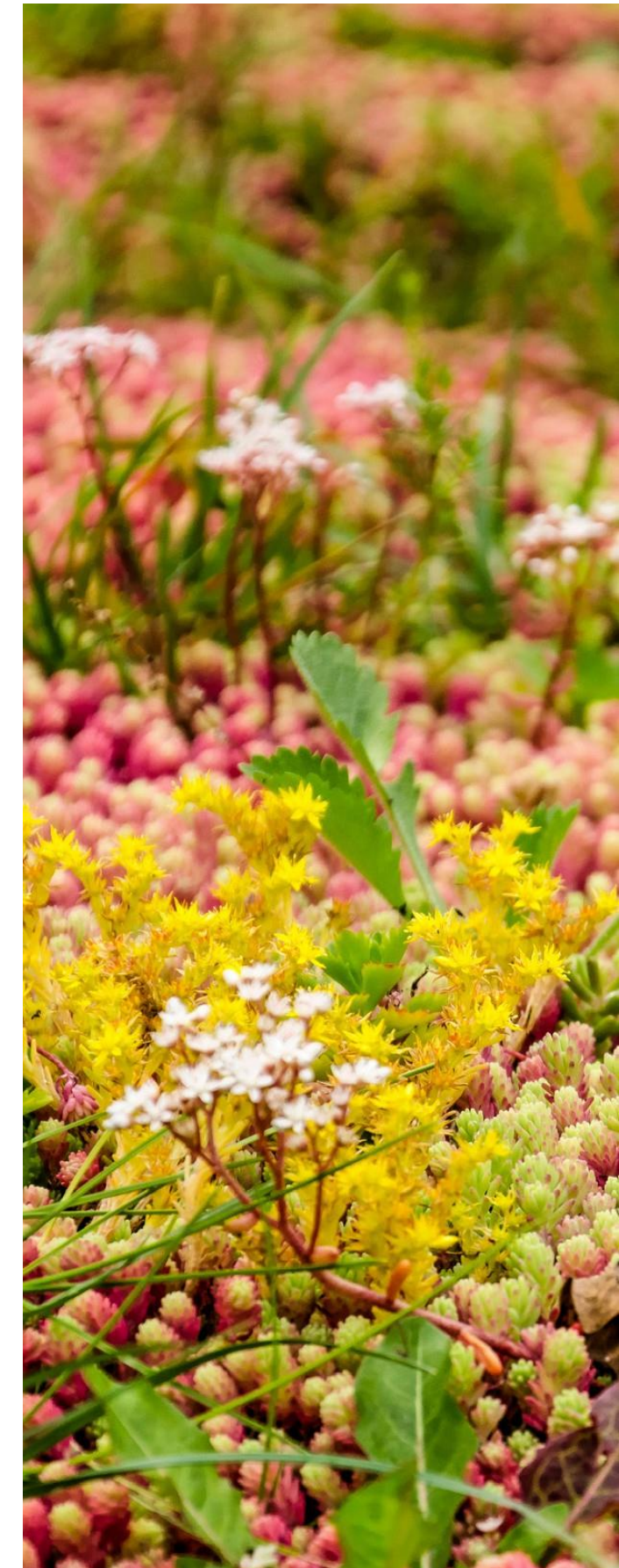
3.2

Biodiversity

Due to the nature and setup of our operations, Schwan Cosmetics maintains a low impact on biodiversity. Our facilities are in commercial zones and are designed to minimize land usage. We ensure high hygienic standards to prevent the introduction of invasive species or pathogens.

Schwan Cosmetics Czech Republic is the only facility located within an IUCN Category V area and is continually monitored. Our factory is ISO 14001 environment certified, and we are working towards obtaining the same certification for all our global entities by 2025.

3.2



To minimize its environmental impact and blend in with the surroundings, the roof of the Czech factory is covered with plants.

3.3

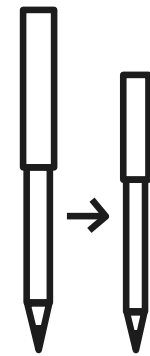
ACHIEVEMENTS & TARGETS

FOCUS ON PRODUCT INNOVATION

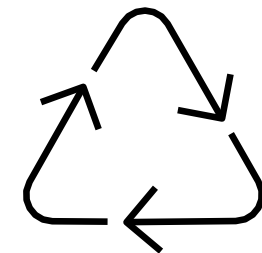
Improved formula, packaging and processes

Our strategy

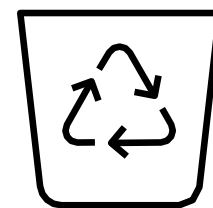
Our sustainability strategy reduces virgin fossil plastic use and promotes a circular economy that minimizes waste to landfills and incineration plants.



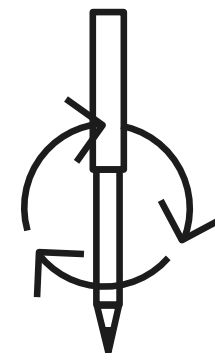
less plastic



recycled content



recyclable



rechargeable
refillable
reusable



biobased content

Formula development



73% natural origin content

We achieved 73% natural origin content according to ISO16128 in FY 2022/23.



97% vegan formulations

and 100% of our newly developed formulas are also available in vegan form.

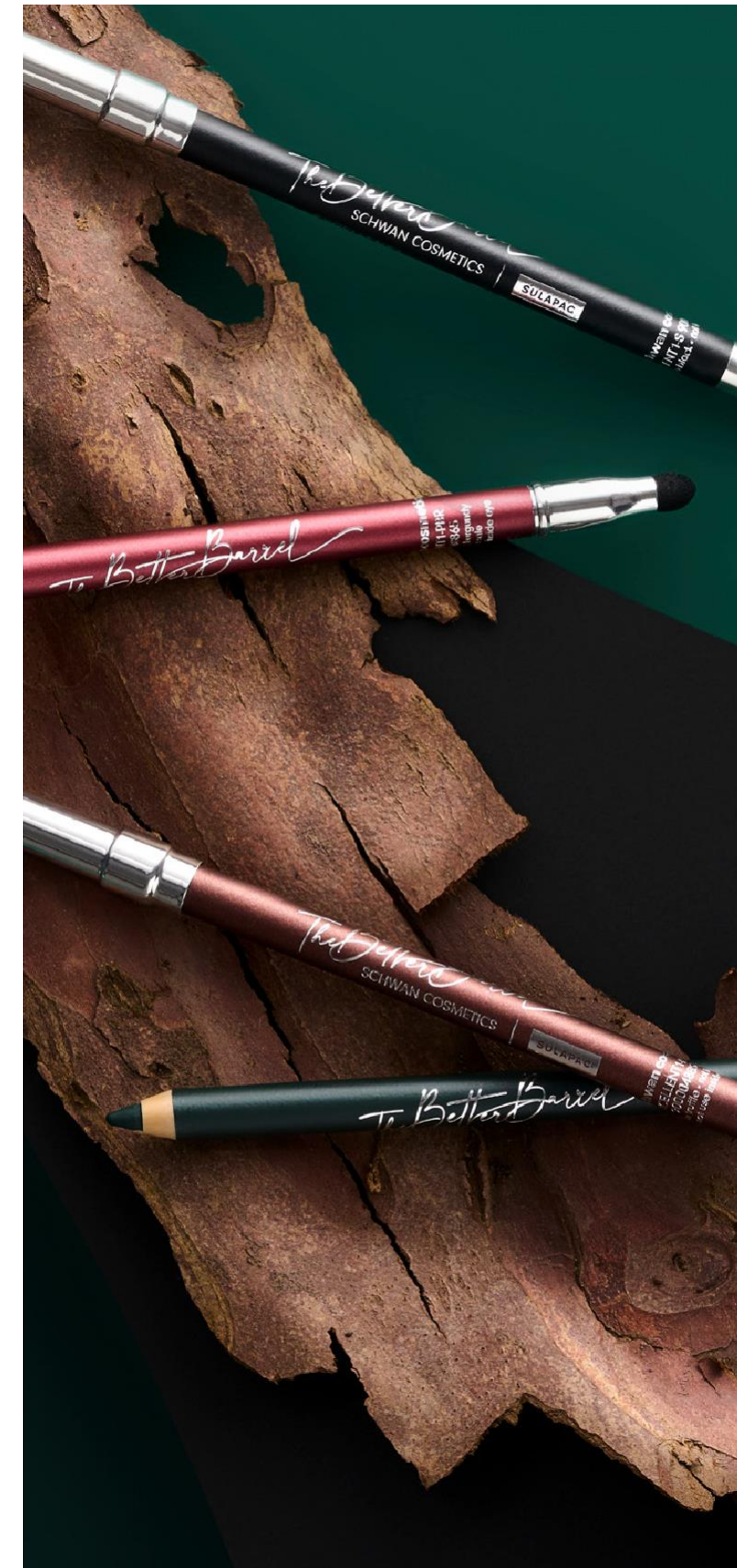
Packaging development

A first in the market – TheBetterBarrel combines high-performing textures with an eco-friendly barrel designed for sharpenable cosmetic pencils. The packaging, made from 72% biobased material.



40 tons of virgin plastic

were saved successfully. We reduced our plastic consumption by transitioning plastic injection molds from cold runner to hot runner technology.



3.3

3.4

ACHIEVEMENTS & TARGETS

FOCUS ON SUSTAINABLE PROCUREMENT

Responsibility in the supply chain

We promote and monitor transparency in our supply chains, especially for risk-materials in terms of social or environmental impact.

100% screening

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

90% RSPO mass-balance certified

Palm oil products used for our products in FY 2022/23.



93% FSC/PEFC certified wood

Wood used for the manufacture of our products in FY 2022/23.



Exclusive sourcing from RMI certified suppliers or non-risk supply chains.



Any questions?

For more details and the full CSR report FY 2022/23

please refer to:

<https://www.schwancosmetics.com/sustainability/our-approach/>

Or please use the QR code forwarding you directly to the full CSR report.

Contact

If you have questions about the CSR report please feel free to contact:

Hans Kühn

Vice President Global Quality Assurance & CSR

4.0

FULL CSR REPORT

