

SUSTAINABILITY REPORT



**BABOR
BEAUTY
GROUP**



SUSTAINABILITY REPORT

BUSINESS YEAR 2022

Trust is our top priority - the trust of our employees and our customers. We see ourselves as a lighthouse company in the cosmetics industry - as a fair partner for our customers, as a supportive employer for our teams and as a modern family business that takes on ecological and social responsibility.

This means that the professional growth of our employees, as well as ecological and social goals, are just as important to us as economic ones.

Since 1956, the BABOR BEAUTY GROUP has been developing and producing products Made in Germany of excellent quality. Our employees use their decades of experience and combine it with innovative ideas to develop beauty solutions for all your needs.

DEDICATED TO BEAUTY

FOREWORD

As a family business, we think and operate sustainably. We do not work for short-term profit but focus on long-term success. Because we believe that together we can achieve more in the long term. More integrity. More success. And, more pleasure in working together.

Taking responsibility and working transparently are the fundamental principles that are anchored in our corporate philosophy. As a family business, it is important to us that our employees, customers, partners, and suppliers can trust us 100 percent.

Since 1956, when the company was founded, this belief has taken different forms, but it has always been an integral part of what BABOR BEAUTY GROUP stands for:

TRUST IS OUR TOP PRIORITY.

That is why these insights into our sustainability activities are important for us as an owner family. We want to show transparently what we do and clarify our goals - always striving to become even better.

Your **Dr. Martin Grablowitz**
Yours **Isabel Bonacker**
Owners



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ABOUT BABOR BEAUTY GROUP

FACTS AND HISTORY

BABOR BEAUTY GROUP is a German family company, global player in the skincare industry and home to some of the most sought-after international beauty brands. With more than 65 years of expertise, BABOR BEAUTY GROUP develops individual skincare solutions for all your needs. The company's DNA is firmly tied to a drive for innovation and sustainability. The BABOR BEAUTY GROUP researches, develops and produces in Germany and has become a synonym for quality "Made in Germany".

The heart of the company is the BABOR brand, which stands for "Expert skincare. Made in Germany". The traditional distribution channel through excellent cosmetic institutes is symbiotically complemented by a multichannel strategy that focuses on SPAs, retail partnerships and e-commerce. The portfolio also includes various private label units, which develop brands for renowned customers worldwide.

From dermatologists to celebrities. From wellness partners to retail brands. From influencers to start-ups. Private Label Units offer full-service solutions from product development to manufacturing, from consulting to marketing. BABOR BEAUTY GROUP's know-how makes the difference: the team with many years of experience in brand and product development creates unique products.

IN THE THIRD GENERATION

The BABOR BEAUTY GROUP is headed by the third generation of the owner family. Dr. Martin Grablowitz, as Chairman of the Board of Directors, leads the company into the future together with his cousin Isabel Bonacker (Vice Chairman of the Board of Directors). They have proven to be successful: since joining the company in 2014, sales have more than doubled.



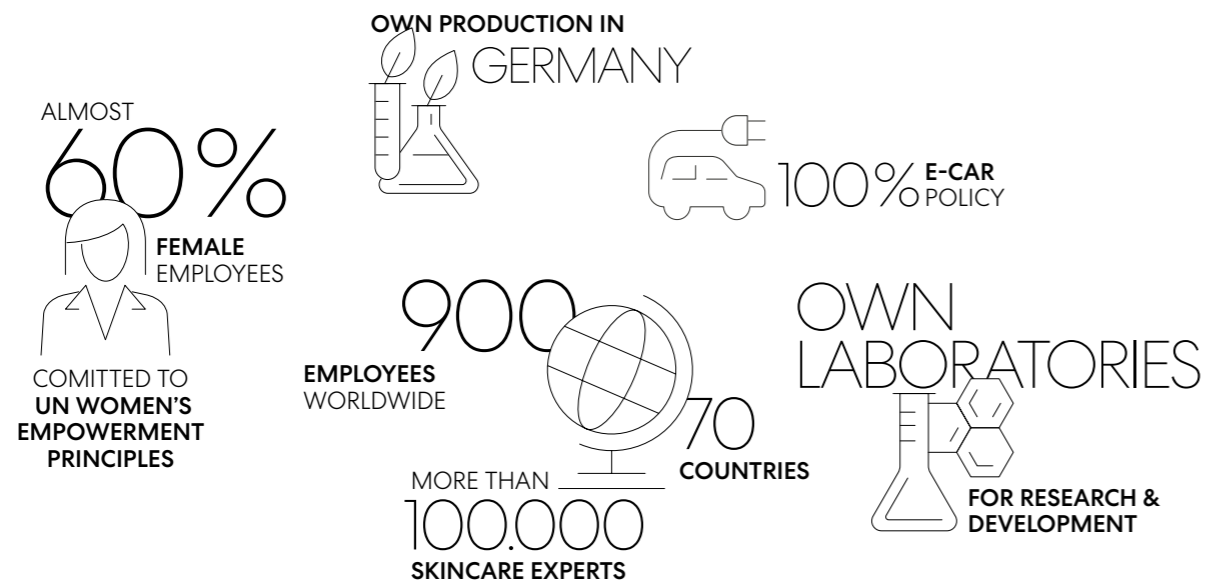
Dr. Martin Grablowitz and Isabel Bonacker are supported by external specialists. The BABOR BEAUTY GROUP is managed by Tim Waller, Horst Robertz and Stefan Kehr. Tim Waller is globally responsible for marketing and sales, Horst Robertz is responsible for research, procurement and production and Stefan Kehr for finance and human resources.

SUSTAINABILITY AS A FAMILY TRADITION

„The company was founded as „bio-medical cosmetics“. That was in 1956 when the topic of sustainability was far from „en vogue,“ says co-owner Isabel Bonacker. „The belief that sustainability, in all its facets, is important to the success of the company is well established“.

The company has been ahead of its time several times: in the 1990s, the BABOR brand launched a refill can, addressed waste management and water microfiltration at a time when sustainability was being taken seriously only by a few. More than 10 years ago, the region's first electric charging station for cars was installed in front of the Aachen headquarters. Today there are more than 60 charging stations at the headquarters, employees can refuel for free, and the company has a 100 percent electric car policy. „We are not working for short-term profit, but for the success of the next generation,“ says Isabel Bonacker. „As a family-owned company, we believe in the power of sustainable business or, in other words, futureproofing. We are not perfect, not everything is an instant success, but we are 110 percent committed.“

SKINCARE MADE IN GERMANY



SUSTAINABILITY

GUIDING PRINCIPLE FOR THE FUTURE

The BABOR BEAUTY GROUP creates trust and acts responsibly. Therefore, fair and unbiased partnership and collaboration are the cornerstones of all the company's relationships, whether with customers, business partners or employees. All areas work on products and processes that do not come at the expense of future generations. For the BABOR BEAUTY GROUP, acting responsibly means considering ecological and social goals as much as economic ones. Increasing the company's performance is measured not only by economic criteria, but also by increasing its positive impact on the environment, society, and employees. The company will thus measurably and sustainably increase its positive impact while minimizing the negative impact of its business activities..



We take responsibility - for how we manufacture our products, how we do business and for our society. We see ourselves as a model company in the cosmetics industry - as a fair partner for our customers, as a supportive employer for our teams, and as a modern family business that assumes ecological and social responsibility..

CORPORATE-RESPONSIBILITY-STRATEGY

With its group-wide corporate responsibility strategy, the BABOR BEAUTY GROUP pursues a holistic approach to corporate responsibility (CR). The established guiding principles provide a binding framework for our daily work.

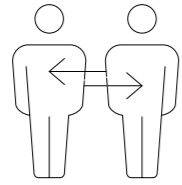
OUR CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS (SDGS)

The United Nations (UN) Agenda 2030 is a global plan to promote sustainable peace and prosperity and protect our planet. The BABOR BEAUTY GROUP is inspired by the 17 Sustainable Development Goals (SDGs) of the United Nations as defined in the agenda. Our goal is to create measurable added value and make a clearly recognizable contribution to the 2030 Agenda.



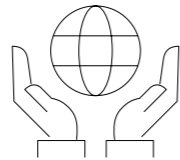
IN A NUTSHELL

OUR FIELDS OF ACTION



GOVERNANCE

As a family business, the BABOR BEAUTY GROUP thinks and acts for the long term or in other words: does business sustainably. Many of our successful business relationships have existed for decades, as we constantly work with our business-to-business partners to build lasting relationships based on trust, cooperation and transparent communication. We are committed to a code that goes beyond legal compliance, as it also encompasses moral and ethical values such as fairness and sustainability.



PLANET

Protecting the environment has long been part of the BABOR BEAUTY GROUP's sustainability philosophy. Today, an interdisciplinary sustainability board continuously scrutinizes processes and develops possibilities for even more sustainable work: from the procurement of raw materials to the finished product. Our packaging materials and formulas should be as sustainable and clean as possible - that is our goal (details on page 19). For our core brand BABOR, we have set ourselves an ambitious, clean standard for all new formulations.



PEOPLE

The BABOR BEAUTY GROUP invests in the ongoing training of its employees and actively promotes and cultivates lifelong learning through professionally challenging tasks, individual career advancement and targeted further training. In both, individual and group coaching, employees are supported in realizing their potential and in breaking new ground. Aspects such as employee satisfaction, diversity, human rights and health are important to us.

MATERIALITY

AND STAKEHOLDER DIALOGUE



Our goal is to know the wishes and requirements of our stakeholders so that we can take them into account in our business processes. We always try to ensure that our stakeholders can experience our sustainability concept -

at all analog and digital touch points of the company and of the flagship brand BABOR. In addition, we strive to involve them so that their actions also help us to become better.

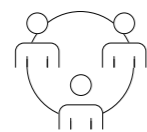
As part of a stakeholder analysis, we have identified and subdivided the stakeholder groups into individuals or groups of individuals who can influence, be influenced by, or feel influenced by decisions or activities in the BABOR BEAUTY GROUP.

The dialog with our stakeholders is maintained through various channels and instruments and takes place at different levels.

We are in constant exchange with the customers of the BABOR brand, among other things via the BABOR customer service. In addition, BABOR regularly invites its customers and the public to trade fairs and events. We also maintain close, cooperative relationships with our private label customers.

We also hold regular supplier meetings with our suppliers to discuss mutual requirements and expectations.

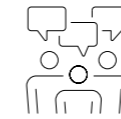
Employees are actively involved through a wide variety of formats (surveys, discussion groups, suggestion schemes, etc.). In addition, participation is ensured by various interest groups within the company (works council, trainee representatives, representatives of the severely disabled, BABOR employee shareholding company). In addition, we conducted a sustainability survey with our employees and customers in 2022 (for details see chart above). The results have been incorporated into the determination of the key topics.



INTERNAL STAKEHOLDER GROUPS **EXTERNAL STAKEHOLDER GROUPS**

- | | |
|--------------|---------------------------------|
| Shareholders | Customers |
| Management | Suppliers |
| Executives | Service providers |
| Employees | City / Municipality |
| | NGOs |
| | Press authorities / legislators |
| | cooperating Universities |
| | Hochschulen |

THE MOST IMPORTANT FACTS ABOUT THE PARTICIPANTS OF THE SUSTAINABILITY SURVEY 2022



97% OF CONSUMERS AND
70% OF EMPLOYEES ARE
FEMALE

46% OF CONSUMERS
ARE **46 TO 60** YEARS OLD

42% OF EMPLOYEES
ARE **31 TO 45** YEARS OLD

Number of completed surveys:
703 consumers and 199 employees

In addition, we conducted a sustainability survey with our employees and customers in 2022 (for details see chart above). The results have been incorporated into the determination of the key topics.

Customers as well as shareholders, managers and employees were included in the evaluation. The following perspectives were considered:

- **Relevance for stakeholders**
... relates to the importance of sustainability issues as perceived by external and internal stakeholder groups.
- **Impact**
... refers to the impact of the company's direct and indirect business activities on the relevant sustainability topic.
- **Business Relevance**
...refers to the direct or indirect influence of the sustainability issue on the course of business, the business result and the situation of the company.

SUSTAINABILITY IN FOCUS

PLANET

„The willingness to take responsibility for society and the environment comes from deep within BABOR,“ explains Co-CEO Horst Robertz. „This willingness has often been ahead of its time and we have always done more than what the laws require. Today the problems are global, and we cannot solve them alone. But we can do our part. The solutions are there. And we are going to find them. This is our DNA.“

The topic Planet includes three main points:

- Decarbonisation
- Packaging
- Ingredients

DECARBONISATION

BABOR BEAUTY GROUP's firm commitment is that reducing carbon emissions always takes priority over offsetting. The entire company and BABOR brand products have been carbon neutral since 2020. We offset emissions that cannot yet be avoided through a partnership with Climate Partners.

Our savings goal: by 2025 we want to reduce our carbon footprint by 50% compared to 2019.

CO₂ BALANCE

The corporate carbon footprint (CCF) and product carbon footprint (PCF) were determined using the Greenhouse Gas Protocol (GHG) (Scopes 1 to 3).

In addition to direct emissions such as the vehicle fleet, refrigerants, pressurized air, water consumption and business trips, the CCF also includes the employees' commutes. By developing a digital carbon dashboard (see also CO₂ Dashboard), we were able to identify the main drivers of the corporate footprint and decide on effective. The core driver of the CCF is the mobility of employees through daily travel to and from work as well as the vehicle fleet and business routes. The BABOR BEAUTY GROUP has consistently developed a mobility concept.

We carry out an annual assessment to determine product emissions and look for ways to reduce emissions with every new and further development. This applies to the selection of suppliers, ingredients and packaging materials.

In 2021, the BABOR BEAUTY GROUP reduced its CO₂ emissions by 37 percent. This means it has not yet reached its ambitious target. This is due to the fact that production volume has increased substantially. However, thanks to the comprehensive measures to reduce CO₂ emissions (see mobility concept), we are confident that we can reach the target by 2025.

From 2023, we want to go one step further and consider not only CO₂ but also the entire life cycle assessment (see also Outlook: Life cycle analysis).

More about the CO₂ balance and compensation: <https://fpm.climatepartner.com/tracking/13403-1911-1001/>



FOCUSPROJECT: BABOR BEAUTY CLUSTER

High sustainability standards were applied in the construction of the new production and logistics cluster, the BABOR BEAUTY CLUSTER. All building structures meet the **KfW 40** energy efficiency standard. This means the BABOR BEAUTY CLUSTER will be a high efficiency building that consumes **60 percent less energy** than a standard building. The core of the energy supply is a **photovoltaic system** on the roof, that will produce a major part of the electricity needed. The goal is for the building to be **largely energy self-sufficient starting from 2030**. Paired with heat pumps and heat recovery, the BABOR BEAUTY CLUSTER can function almost without fossil fuels. Thus, the factory is dedicated to the **“all electric principle”**. A so called “cube” equipped with car batteries stores electricity from the solar panels when it is not needed so that it can be used later. It has storage capacity equivalent to the electricity needed by 120 households. There are also plans to use **hydrogen** as next-generation technology. Since initially production of the products remains at the Aachen headquarters, zero-emission electric trucks will be used for the shuttle service between Aachen and Eschweiler. BABOR BEAUTY GROUP also has plans to install **CO₂ capturing** technology at the new production site. Since production will initially remain at the Aachen headquarters, **zero-emission electric trucks** will be used for transportation between the sites.

MOBILITY CONCEPT

At the headquarters, business trips and commute to and from work account for more than 50 percent of the company’s carbon footprint, as we have been using green electricity and green gas for a long time. In response to this data, a mobility concept was introduced in the past with the aim of reducing CO₂ emissions. The result was a far-reaching new regulation for business trips and mobility, which was successfully implemented and is still being implemented today. The BABOR BEAUTY GROUP supports employees with company bike leasing, public transport use and carpooling. The company provides five electric vehicles from the fleet free of charge to employees working in the production sector if they use them for carpooling. The company has been pursuing the transition to electric mobility for years. In accordance with the 100 percent E-Car policy in effect from 2021, electric mobility is the new standard for company cars at the BABOR BEAUTY GROUP. Only due to the currently long lead times for electric vehicles has this not yet been fully implemented.

However, the company was already active in the field of electromobility even before there was a CO₂ balance to demonstrate the urgency of this action: in fact, as early as 2010, the family-owned company was the first in the Aachen region to install electric charging stations at its headquarters, to purchase an electric company car for regional business trips and to promote electric mobility for its employees in cooperation with the local energy supplier.

Today, the team has over 60 free charging stations that are powered by green electricity. Since July 2020, BABOR has been a member of EV100, an initiative of the internationally active NGO Climate Group. The goal of EV100 is to make electric mobility the norm by 2030.

BUILDINGS

The BABOR BEAUTY GROUP strives to achieve the highest possible degree of energy self-sufficiency for its buildings, with internal energy production taking precedence over purchasing. Using green electricity, photovoltaics, and climate-neutral natural gas, production at the Aachen headquarters has been CO₂-neutral since 2014. The large-scale installation of photovoltaic systems on the roofs of the Aachen headquarters with a capacity of >400kWp will enable the production of 400,000 kWh of electricity per year directly on-site from March 2023.

PACKAGING

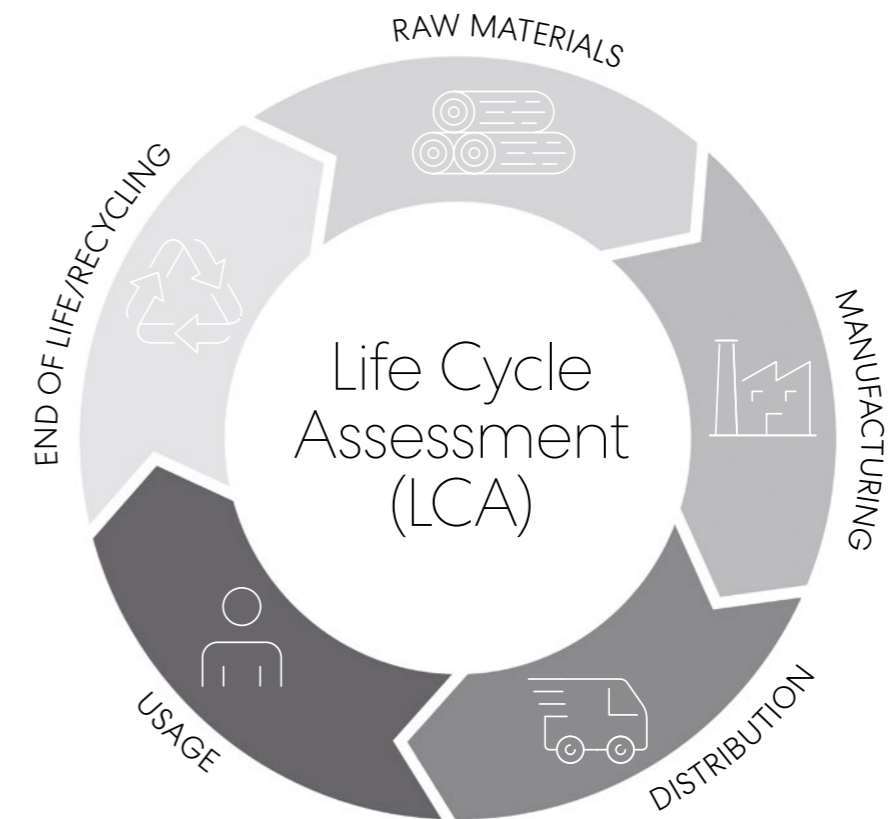
By 2030, 100% of our packaging materials should be recyclable. All components shall be sourced from sustainable suppliers. By the end of 2022, 73% of all BABOR packaging materials were recyclable and virgin plastic consumption relative to growth was reduced by 30% compared to 2019.

The use of recycled materials is often a quality compromise. For the BABOR product development, it is therefore a challenge to design sustainable materials that are compatible with our quality standards.

For example, BABOR is increasingly relying on highly recyclable packaging and shipping materials as well as FSC-certified paper. Since 2020, all BABOR packaging materials have been made exclusively of FSC-certified paper. In addition, cellophaning of the products is dispensed with and the use of packaging materials that are detectable in recycling is promoted.

Waste produced by BABOR is separated in a very granular manner and recycled by a certified waste disposal company to keep the amount of waste as low as possible.

The package inserts of our products are removed from the range and replaced by QR codes. This alone results in a material reduction of almost four tons of paper per year.



OUTLOOK: LIFE CYCLE ANALYSIS

In the future, in addition to **reducing CO₂ emissions**, all other environmental impacts of the products are to be identified and minimized. Our goal: from 2022, all products and processes of the BABOR brand will be subjected to a **life cycle analysis** (according to GHG Scope 1-3). The environmental impact of the products should be analyzed in detail and the negative environmental impact should be reduced as much as possible.



OTHER PROJECTS

BABOR FOREST

The BABOR BEAUTY GROUP has its „own“ forest, the so-called BABOR FOREST. Since October 2020, it has been growing in the Eifel, the mountain region near the headquarters in Aachen. More and more trees will grow here on around 100.000 square meters. In the end there will be around 30.000, providing a fresher air. To date, we have managed to plant 16.500 native trees.

BE(E) BABOR

Since mid-April 2020, eight bee colonies have found a new home not far from the headquarters. More than 15 years ago, the BABOR BEAUTY GROUP wanted to harvest a valuable raw material in the Eifel region: wild serviceberries. Of all the local fruits, wild serviceberries have the highest vitamin C content. A perfect supplier of active ingredients for the expert skincare of the BABOR brand. Since elsberreries are rare, the population should be protected, and the extracts harvested on a plantation. Over the years, thanks to a cooperation with the Fraunhofer Institute, it was possible to extract the valuable ingredients in the laboratory using plant stem cell technology.

The tree population in the Eifel and its fruits were no longer needed as a raw material supplier. What happened to the wild service tree plantation? In 2020, the BABOR BEAUTY GROUP turned it into a bioserve. Shortly thereafter, it became home to eight bee colonies. Today, the bees are a visible symbol of sustainable cosmetics production that protects the biodiversity of our planet. In 2022, we were able to obtain 150 kg of honey through our eight bee colonies, part of which (800 jars) we distributed to employees on World Bee Day. The honey is a by-product of pollination work, through which local biosphere is protected and preserved.

INGREDIENTS

Sustainability criteria play an important role in product development. The philosophy at BABOR BEAUTY GROUP is all about safety – for the user and the environment – and about efficacy and transparency in ingredients and manufacturing processes.

The European Cosmetics Regulation (EU 1223/2009) regulates important cosmetic ingredients such as UV filters, preservatives and colorants, and the list of banned substances (Annex II) currently comprises more than 1,300 substances. In the USA, for example, the regulations are highly fragmented and there is no comprehensive official list – only the FD&C Act of 1938 with its amendments.

As a German business, the BABOR BEAUTY GROUP is, of course, committed to the EU Cosmetics Regulation and in many cases goes beyond it to develop products that are even more sustainable. This ranges from the „glass production“ at the headquarters to the clean formulation standard of the BABOR brand. This aims to reach up to 100% natural origin in the formulas without sacrificing efficacy and pleasant textures.

For this reason, the product philosophy of the BABOR brand allows the use of synthetic ingredients in very small quantities and only when necessary. It is committed to using only ingredients that promote a healthy skin condition and support the integrity and efficacy of the formulations.

Synthetic ingredients can be sustainable and safe, just as natural ingredients can be harmful to the environment and cause skin concern.

Our goal is that by 2025, all BABOR skincare products will be formulated in a clean way.

Our BABOR standard states that our clean products must be free of microplastics – not only microplastic particles, but also synthetic polymers. They are free from silicones, parabens, PEGs, Mineral oils, sulfates and synthetic dyes. In 2022, already 23% of all BABOR products met this standard and the assortment is updated constantly.

Throughout the BABOR BEAUTY GROUP, the percentage of products without synthetic polymers has increased from 54% in 2019 to 82% in 2022.



An improvement of 30% was achieved for the BABOR brand. In 2022, 64% of BABOR products were formulated without synthetic polymers.

The BABOR BEAUTY GROUP has never conducted or commissioned animal testing in its history. We fully support the fact that this is now also required by the corresponding EU regulations. Exports to China are often perceived as critical, as in China animal testing for cosmetics is part of the registration process required for import. To promote cruelty-free distribution into China, the company has successfully undergone a monitoring process. China's National Medical Products Administration authority has accepted a Good Manufacturing Protocol (GMP) certificate, which allows BABOR BEAUTY GROUP to import products without animal testing.

Our suppliers of palm oil-based ingredients are either members of the Roundtable on Sustainable Palm Oil (RSPO) or their goods are RSPO-certified.



BABOR Clean Standard Without:

- Mikroplastics (incl. synthetic polymers)
- Silicone
- Parabens
- PEGs
- Mineral oil
- Sulfates



PEOPLE

„Our employees are the heart of the BABOR BEAUTY GROUP. They shape the success of the company. Further training is therefore a fundamental component of the employee empowerment strategy,“ says Co-CEO Stefan Kehr.

The People topic contains the following main points:

- **Employer of choice**
- **Employee development**
- **Leadership**
- **Corporate management**
- **Diversity**
- **Social Commitment**

The BABOR BEAUTY GROUP fulfills its social responsibility as an employer in the Aachen region. To secure local jobs and to remain attractive as an employer in the long term, the BABOR BEAUTY GROUP offers many training and further education opportunities, as well as modern workplace facilities and a professional occupational safety and a strong health management system. The mental and physical health of the employees are important to us. The same rules will apply in the BABOR BEAUTY CLUSTER, the company's new production and logistics cluster. The BABOR BEAUTY GROUP wants to be a pioneer of a modern, high-performance work and team culture. The goal is to measurably increase employee engagement and ensure that each employee can develop their potential with the full support of the executive leadership.

EMPLOYER OF CHOICE

Employees are the heart of the company. That is why the company offers them various work-related benefits: qualification offers, targeted training, internal programs, workshops and training courses. We have set ourselves the goal of conducting a benchmark-based assessment of employer attractiveness starting in 2023. The aim is to regularly increase our attractiveness in a measurable way.

EMPLOYEE DEVELOPMENT

Internal and external training opportunities are a given for us. We actively promote and demand continuous learning through professionally challenging tasks, individual career development and targeted training. Qualification offers, targeted training and annual feedback meetings are central elements of our HR policy: In 2022, a total of 192 external and 482 internal training courses took place. On average, each employee took part in around 0.9 training sessions in 2022.

Leadership encourages participation in further training programs and also support job changes within the company in the interests of employee development. In this way, we create good conditions to fill key positions with priority internally.

LEADERSHIP

Leadership enables employees to take on responsibilities and to contribute their potential to achieving the company's goals. They serve as role models and act in accordance with the company's values. They support employees in their development, provide space for collaboration and encourage and demand performance, team spirit and innovation.

The BABOR BEAUTY GROUP specifically prepares the leadership team for this purpose. From 2023, 100% of the leadership team will undergo a development program based on the leadership mission statement.

CORPORATE HEALTH MANAGEMENT

The BABOR BEAUTY GROUP offers its employees preventive health measures and company sports. The mental and physical health of our employees is our top priority. Psychological and social counseling, team sports, joint celebrations, pay according to collective wage agreements, profit-sharing opportunities for the workforce, intensive team and leadership coaching strengthen employee satisfaction and cooperation. We are also making working hours more flexible and enabling mobile working on a large scale. We are thus increasing the compatibility of family and career and creating the conditions for a good work-life balance.



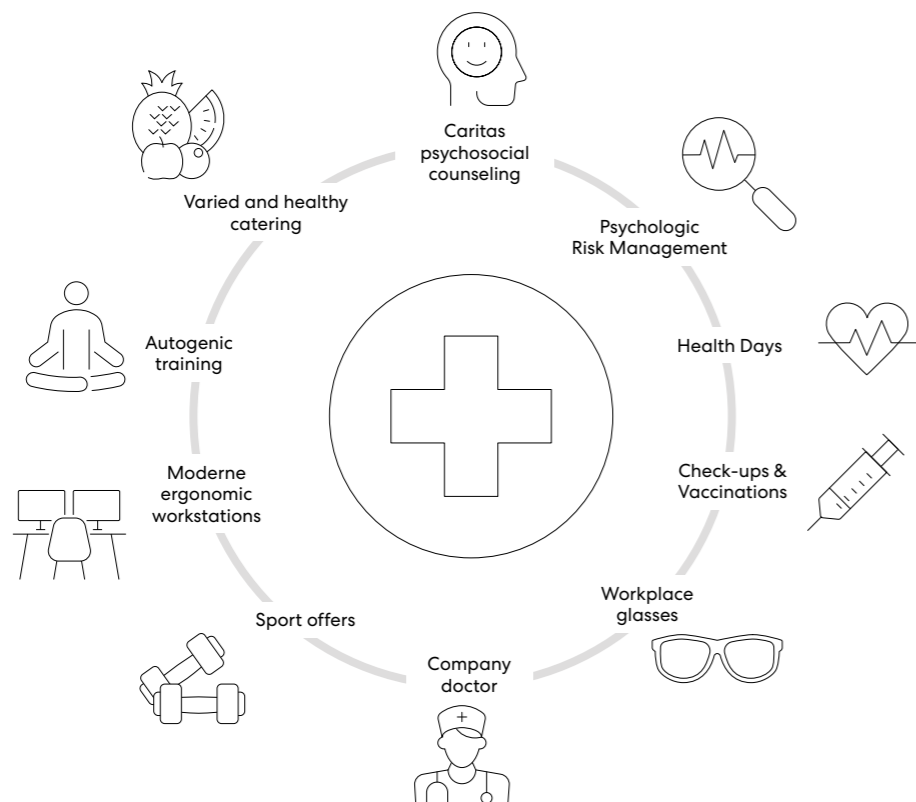
The senior leadership team and the workers council of the BABOR BEAUTY GROUP maintain a close and good relationship; in addition, there are various agreements between the Employers' Association for the Chemical Industry and the trade union IG BCE in the interest of the workforce. In accordance with legal requirements, the BABOR BEAUTY GROUP has an occupational safety committee, in which the leadership of production, the occupational safety specialist, the company physician and the workers council are represented, and in addition, depending on requirements, other safety officers, management and specialist staff are involved.

There is also an interdisciplinary company health management circle that manages and controls the company-wide health projects.

DIVERSITY

We are convinced that the diversity of opinions and ideas is a decisive success factor for future development. In addition, it is important to create a fair environment in which togetherness, equal opportunities and cooperation reflect the values of our company.

We consider our diversity to be a strength and support employees in balancing different life models with new forms of work. Diversity in terms of gender, age, origin, etc. is especially important to us. We aim to achieve gender balance as quickly as possible and as a priority, when filling key positions. Through flexible working time models, the BABOR BEAUTY GROUP promotes compatibility of family and career, thus enabling parents to have better career opportunities. In addition, there is an in-house daycare center. To ensure gender equality and diversity in the company, the BABOR BEAUTY GROUP has an equal opportunity officer.





SOCIAL ENGAGEMENT

„Think global, act local.

As an international fast-growing company, our firm roots in the region are extremely important. That is why we are aware of our social responsibility in the region – as an employer and beyond,” explains Tim Waller; Co-CEO.

We want to use our power to positively influence social development. To do so we work together with selected national and international partners and support their projects.

In addition, we engage in our own corporate projects and invest the skills and time of our employees in support of these projects. In this way, we want to contribute to prosperity and better development of our society.

COMMITMENT IN THE REGION

The BABOR BEAUTY GROUP is connected to its home region. Not only because the company has valuable partnerships here, such as with RWTH Aachen University – but also because the BABOR BEAUTY GROUP is aware of its responsibility – as an important employer and as part of society.

VOLUNTEER DAY

On Volunteer Day, employees actively supported various charitable projects. In 2022, various activities took place, involving the company’s employees and the members of individual foundations. Some examples:

- **Zentrum für soziale Arbeit (Center for social work): gardening together with the kids of the residential group for LGBTQ* people (More*);**
- **Aachen Region Hospice Foundation;**
- **Wellness offerings for hospice residents and support in the implementation of the „Autumn Lights“ event in the Haus Hörn hospice.**
- **Maintenance of the Iterbach hospice’s outdoor area.**
- **Kinderschutzbund (child protection agency): preparation of a lip balm in the playground.**

CENTER FOR SOCIAL WORK

For more than 30 years, the BABOR BEAUTY GROUP has supported and partnered with the Center for Social Work in Aachen. The center is a network of interlocking help for children, young people and families.

In particular, the center aims to help young people in difficult situations find their way to a positive, self-determined future. The BABOR BEAUTY GROUP supports the center with an annual pre-Christmas donation of 10,000 euros and also provides pragmatic assistance.

CULTURAL COMMITMENT

Since 2003 the BABOR BEAUTY GROUP has been supporting the Aachen Coronation Banquet and thus makes a generous contribution to the preservation of the historic town hall of the city of Aachen.

EVERWAVE

With the “Let’s clean up this planet” initiative, the BABOR BEAUTY GROUP, Audi Foundation for the Environment, and Porsche Ferry Foundation collaborated with green start-up everwave to promote clean water. Three business sectors, one goal that unites and strengthens teamwork. Sustainability knows no national or industry boundaries. In April 2022, an everwave waste boat collected more than five loads of plastic and other waste each day, which were



FURTHER ACTIONS

BABOR ROSE

Since 2015, the BABOR BEAUTY GROUP has been rewarding committed personalities in the region with the „BABOR Rose for social commitment“. The award, endowed with 5,000 euros, is turning into a tradition that aims to support outstanding commitment.

PLOGGING

The BABOR BEAUTY GROUP does „plogging“ every year on World Earth Day. The goal is to walk together and pick up trash in the streets, doing something good for our environment (and our fitness) and making the earth a little cleaner.

then professionally disposed of at a local recycling center. In line with the campaign, joint plogging events and onshore cleanup activities were held. Each of these partners pursues the goal of doing their part for the environment. Thanks to this collaboration, the boat’s sailing time in 2022 was doubled compared to 2021 and 69,338 kg of waste was collected. This shows that teamwork is the key to success.

SCHOLARSHIP SOUTH AFRICA

Since the beginning of its history, the BABOR BEAUTY GROUP has focused on women: the female entrepreneurs in the cosmetics institutes and their clients. Therefore, the empowerment of women is part of the company’s philosophy, both within the company and in external initiatives. In 2020, the BABOR BEAUTY GROUP launched a scholarship program.

The goal of the program is to give young women the opportunity to develop their full potential. Therefore, the company supports training for the CIDESCO beautician diploma at a school in South Africa.

GOVERNANCE

„Trust is our top priority. As a family business, we stand by our company's actions with our name. That is why we want to build and maintain good and trustworthy relationships with the people around us,“ says Isabel Bonacker, co-owner of BABOR BEAUTY GROUP.

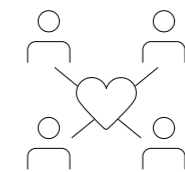
Our relationships with our partners – suppliers and customers – are respectful, trusting and clear. We grow together in a sustainable way.

The topic Governance contains the following main points:

- **Compliance**
- **Supply chain**
- **Data security**

COMPLIANCE

We always value the trust and well-being of all our stakeholders and respect compliance with applicable laws and regulations. For this reason, we have developed a binding code of conduct that serves as a guideline for employees and other business partners.



Long-term partnerships

ALMOST
33%
OF CUSTOMERS:
**MORE THAN
20 YEARS**

ALMOST
82%
OF CUSTOMERS:
**MORE THAN
5 YEARS**

18%
OF THE INTERNATIONAL
PARTNERS:
**MORE THAN
20 YEARS**

59%
OF THE INTERNATIONAL
PARTNERS:
**MORE THAN
10 YEARS**

54%
OF SUPPLIERS:
**MORE THAN
10 YEARS**

76%
OF SUPPLIERS:
**MORE THAN
5 YEARS**

SUSTAINABILITY- MANAGEMENT

SUPPLY CHAIN

We have a code of conduct for our suppliers that defines all the expectations we have of them. These include respect for human rights, compliance with occupational health and safety standards, economic and sustainable practices, environmental protection and anti-corruption. To ensure this, we monitor all suppliers as part of a self-declaration. The contents of this binding supplier information include DIN ISO 9001:2008; 2015 and compliance with the international social standard SA8000.

The BABOR BEAUTY GROUP applies the following standards along its own production:

- **Cosmetics GMP ISO 22716**
- **IFS HPC certification**
- **Energie audit according to DIN EN 16247**

DATA SECURITY

Data security is a top priority for us. That is why all new employees of the BABOR BEAUTY GROUP attend training courses on

data and information security. In this way, our employees are made aware of this topic from the very beginning, which enables us as a company to ensure greater data security in our processes, but also regarding the data of our employees. Protecting the personal data entrusted to us by our employees, customers and business partners is very important to us. We handle personal data in accordance with applicable laws and regulations governing the collection and use of personal data.

For all possible topics and questions in the area of data security, the BABOR BEAUTY GROUP has a data protection officer, who monitors the measures taken by the BABOR BEAUTY GROUP.

For us, sustainability is an essential task of our leadership. As part of an analysis, we regularly examined which topics are particularly important for the orientation of sustainability management and sustainability reporting in our company – from the perspective of our stakeholders as well as from the internal company perspective. Everyone in the leadership team is responsible for the overarching achievement of sustainability goals. In addition, for each defined target there is a responsible person who manages the measures necessary to meet the target. There is also a group-wide corporate responsibility manager who reports directly and regularly to the Co-CEOs.

An interdisciplinary Sustainability Board is meeting monthly to monitor the targets and review processes. The Sustainability Board supervises and coordinates all necessary measures. This board is made up of the persons responsible for the respective targets, as well as the parts of the Senior Leadership, the environmental manager and the CR manager. All major corporate decisions in the area of sustainability are made with the involvement of the Sustainability Board. The aim is the continuous improvement of the strategic development of sustainability measures.



ABOUT THIS REPORT

With this sustainability report, we would like to provide an insight into our beliefs, our actions and our visions for the future. We would like to inform customers, employees, partners, suppliers and the public about how the BABOR BEAUTY GROUP is managing its sustainability initiatives, which principles are applied and how we are planning to move forward.

Transparency and honesty have the highest priority here. We strive to closely involve internal and external stakeholders in our actions. We have been publishing our Sustainability Report since 2018 and in this way provide information on our commitment to the three pillars of sustainability as well as on our targets and future measures.

As a global cosmetics company, we want to further develop sustainability at all levels. A structured and consistent approach is essential for us to achieve our vision. This report relates to the period from January, 1, 2022, to December, 31, 2022, and the internally calculated key figures relate to Dr. BABOR GmbH & Co. KG (BABOR brand and private label). The BABOR BEAUTY GROUP is currently not subject to reporting requirements and voluntarily publishes its declaration. The DNK report can also be found in the DNK's database: <https://www.deutscher-nachhaltigkeitskodex.de/Home/Database>

THANK YOU

Thank you for taking the time to read this sustainability report. We are dedicated to presenting our journey to more sustainability in a transparent way and to question and challenge the status quo.

We want to help make our industry, society and environment a little better and more fit for the future. This is what drives us. Day by day.

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CONCEPT AND COORDINATION: Wiebke Thünnesen (Head of Corporate Responsibility), BABOR BEAUTY GROUP Sustainability Board, Eva Spiertz, (Corporate Communication)
DESIGN AND ART DIRECTION: Baydesign **PHOTOS:** BABOR, Unsplash

ANNEX

PERFORMANCE INDICATORS GRI

In this report you will find an excerpt of the performance indicators.
All performance indicators can be found in the DNK database:
<https://www.deutscher-nachhaltigkeitskodex.de/Home/Database>

ENVIRONMENT

PERFORMANCE INDICATOR GRI 301-1: MATERIALS USED

Raw materials in kg	2020	2021	2022
Total raw materials	1.099.834	1.110.016	1.265.497
Packaging	2020	2021	2022
Glass	1.044.111	1.013.418	1.358.342
Paper / Cardboard / Carton	1.562.362	1.744.780	2.224.456
Aluminium	10.176	12.525	14.400
Plastics	769.977	829.312	1.351.616
Other composites	289.542	310.593	230.121
Tinplate	869	6.618	1.687
Biologically based packaging materials	21.238	115.901	24.340
Total	3.698.275	4.033.148	5.204.963

PERFORMANCE INDICATOR GRI 302-1: ENERGY CONSUMPTION

Energy in MWh	2019	2020	2021	2022
Electricity	3.210	2.762	3.107	3.142
of which renewable electricity from external sources	3.127	2.621	2.834	2.878
of which self-generated renewable energy	28	31	32	34
of which self-generated energy from combined heat and power plant	55	110	241	230
Gas	3.602	2.949	2.739	2.597
of which climate-neutral gas	3.602	2.949	2.739	2.597
Fuel	1.634	1.465	1.230	1.511
Total	8.446	7.176	7.076	7.250

PERFORMANCE INDICATOR GRI 303-3: WATER WITHDRAWAL

	2019	2020	2021	2022
Water in m³	16.893	16.515	18.489	21.015

PERFORMANCE INDICATOR GRI 306-3: ACCUMULATED WASTE

Recyclable materials in kg	2019	2020	2021	2022
Recyclable materials for recovery	456.680	450.430	420.130	431.847
Hazardous waste	32	33	42	37
Non-hazardous materials	275.486	296.328	258.780	263.411
Badly stored/defective goods	181.194	154.102	161.350	168.436
Waste for disposal	1.706	2.546	2.946	2.837
Hazardous waste	1.706	2.546	2.946	2.837
Total	458.386	452.976	423.076	434.684

Recyclable materials in m³	2019	2020	2021	2022
Grease separator	1.185	1.185	1.380	1.560

Recyclable materials without weight	2019	2020	2021	2022
Container (1.100 l Volumen) for foils	12	12	12	12

PERFORMANCE INDICATORS GRI 305: THG-EMISSIONS (SCOPE 1,2 AND 3)

Total result	
CCF Location	1.717,2 t CO ₂ 28 %
PCF Products	4.392,8 t CO ₂ 72 %
Total	6.110 t CO₂ 100 %
+ 10 % security surcharge	+ 502,4 t CO ₂
- climate neutral procurement	- 1.085,9 t CO ₂
Offset amount	5.526,5 t CO₂

CORPORATE CARBON FOOTPRINT

Scope 1	[t]	[%]
Vehicle fleet	346,1	20
Refrigerant	0,0	0
Heat	0,0	0
Total	346,1	20
Scope 2	[t]	[%]
Electricity	0,0	0
Scope 3	[t]	[%]
Employee approach	949,2	55
Upstream chain fuel	194,7	11
Print products	130,7	8
Business travel	65,5	4
Water	12,1	1
Upstream chain electricity	10,0	1
Office paper	8,9	1
Total	1371,2	80

PRODUCT CARBON FOOTPRINT

	[t CO ₂]
Raw materials	1.159,7
Packaging	2.597,5
Inbound logistics	109,5
Contract manufacturing	25,2
Disposal	253,8
Outbound logistics	247,0
Total	4.392,8

EQUAL OPPORTUNITIES

At BABOR currently work **59.65% women** and **40.35% men**.
About half of the management positions are held by female professionals.

PERFORMANCE INDICATOR GRI 403-10: WORK-RELATED DISEASES

BABOR-wide, there was a sickness rate (m/f) of 4.38% in 2022; there were no work-related fatalities.

Occupational accidents*

Employees	Number of occupational accidents	Number of commuting accidents	Number of accidents in total	Number of lost days in total
Not reportable	4	2	6	7
Reportable	4	1	5	136
External employees	Number of occupational accidents	Number of commuting accidents	Number of accidents in total	Number of lost days in total
Not reportable	0	0	0	0
Reportable	2	0	2	10

*all data refer to 2022 (736 employees)

PERFORMANCE INDICATOR GRI 404-1 (PLEASE SEE G4-LA9):

NUMBER OF HOURS OF TRAINING AND CONTINUING EDUCATION.

A total of 192 external and 482 internal training courses took place in 2022.
On average, each employee participated in approximately 0.9 training sessions in 2022.

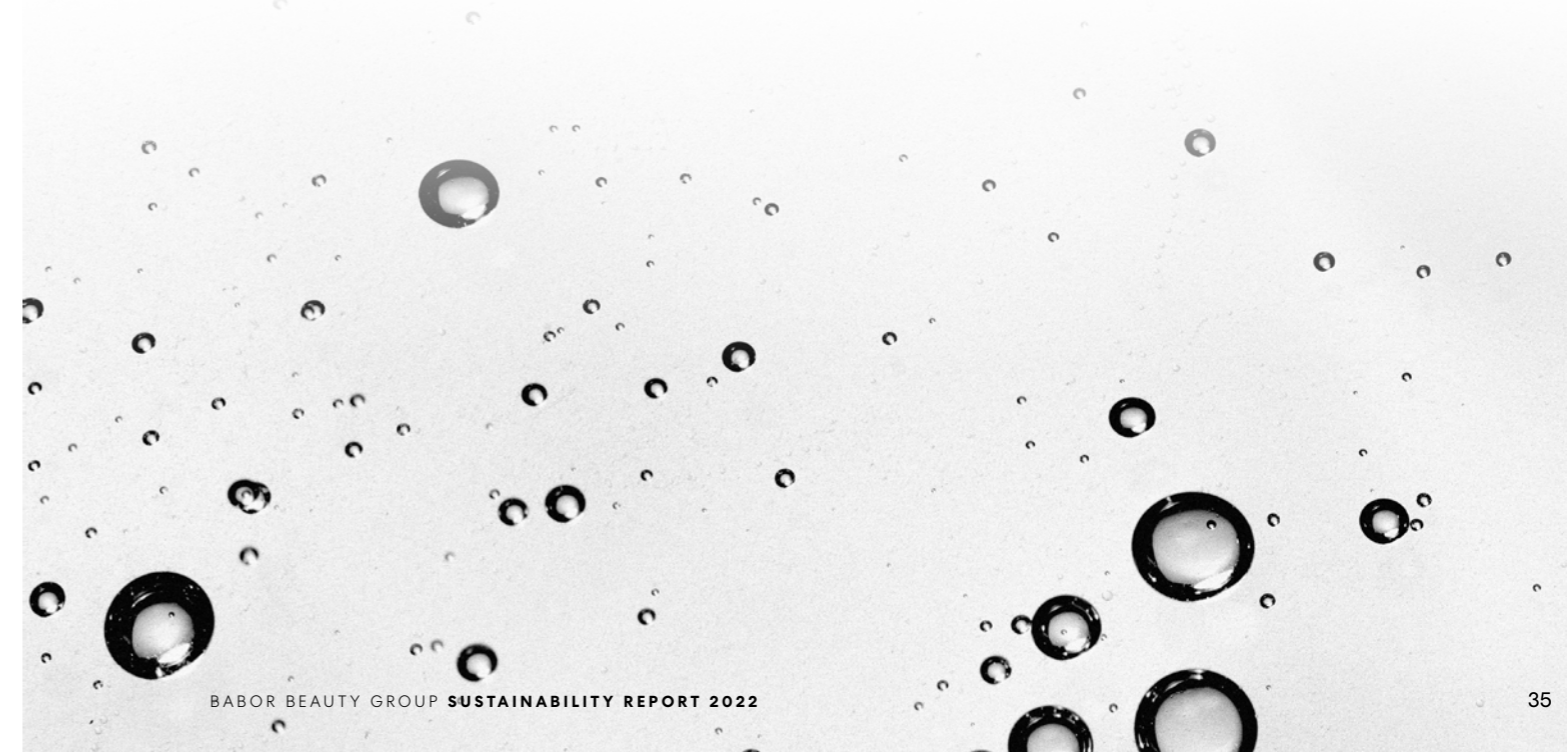
Education and training	2022
External	192
Internal	482
Training per employee	0,9

PERFORMANCE INDICATOR GRI 405-1: DIVERSITY

Share of managers (m/f) 2022: 56.79% / 43.21% (assessment on TA functions).
Share of women in the workforce 2022: 59.65%.

Diversity 2022

	Number of people	Quote in %
Ladies under 30 years old	140	65,42
Men under 30 years old	74	34,58
Total	214	
Ladies 30 - 50 years old	204	57,95
Men 30 - 50 years old	148	42,05
Total	352	
Ladies over 50 years old	95	55,88
Men over 50 years old	75	44,12
Total	170	



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