



SUSTAIN ABILITY REPORT

2023

BABOR
BEAUTY
GROUP



DEDICATED TO BEAUTY

COMMITTED TO SUSTAINABILITY

For a company to be successful - economically, ecologically and socially - one prerequisite is of paramount importance: trust. This is our top priority - the trust of our customers, partners and employees. Because we see ourselves as a model company in the cosmetics industry, fair in our dealings with customers and business partners and a supportive employer for our teams.

The BABOR BEAUTY GROUP is a modern family business that assumes ecological and social responsibility. This means that sustainable ecological and social goals as well as the promotion and development of our employees are just as important to us as economic goals.

The BABOR BEAUTY GROUP has been developing and producing products of outstanding quality made in Germany since 1956. The employees use their decades of experience and thanks to their innovative ideas, the products are constantly evolving. Then as now, we stand for beauty solutions meeting the highest standards - in terms of quality and conscience.

THE BEAUTY OF RESPONSIBILITY

Dear readers,

In a time of diverse and often abrupt changes, we realize that preserving certain values is a value in itself. It is therefore clear to us that as a family company thinking and operating sustainably is becoming more and more relevant. We do not work for short-term profit, but for long-term success. We are convinced that we can achieve more together in the long term. More integrity. More success. And also, more joy from working together.

Taking responsibility and working transparently is firmly anchored in our corporate philosophy - above all because, as a family business, it is important to us that customers, partners, suppliers and employees can trust us 100 percent. Since the company was founded in 1956, this conviction has perhaps been the most important component of our joint corporate belief.

TRUST IS OUR TOP PRIORITY.

That is why the following insight into what we do is particularly important to us as the owner family.

We want to present our actions and our sustainability strategy transparently and clarify our goals. Always with the aim of becoming even better.

With this in mind, we wish you an enjoyable and stimulating read.

**Yours Dr. Martin Grablowitz,
yours Isabel Bonacker**

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DIVERSITY OF UNIQUENESS

ABOUT THE BABOR BEAUTY GROUP - FACTS AND HISTORY

The BABOR BEAUTY GROUP is a German family business, home to some of the most sought-after international beauty brands and a global player in the cosmetics industry. Based on more than 65 years of experience, the BABOR BEAUTY GROUP develops individual skin care for all your needs. The drive for innovation and sustainability are firmly anchored in the core of the company. The group researches, develops and produces in Germany and stands for quality „Made in Germany“.

At the heart of this success is the „Expert Skincare“ brand BABOR. The traditional sales channel via excellent beauty salons is supplemented by a multi-channel strategy that focuses on spas, retail partnerships and e-commerce. In addition, the private label units of the BABOR BEAUTY GROUP develop brands for renowned customers worldwide. Dermatologists, celebrities, wellness partners and influencers are just as much a part of this as

retail brands and start-ups. The private label units offer full-service solutions, from product development and production to consulting and marketing. Expertise makes the difference: thanks to a team with many years of brand and product development experience, the range is diverse and each product is unique.

SUCCESSFUL IN THE THIRD GENERATION

The BABOR BEAUTY GROUP is headed by the third generation of the owner family. As Chairman of the Supervisory Board, Dr. Martin Grablowitz is leading the company into the future together with his cousin Isabel Bonacker (Deputy Chairwoman of the Supervisory Board). And they are doing so extremely successfully: since joining the company in 2014, turnover has more than tripled.



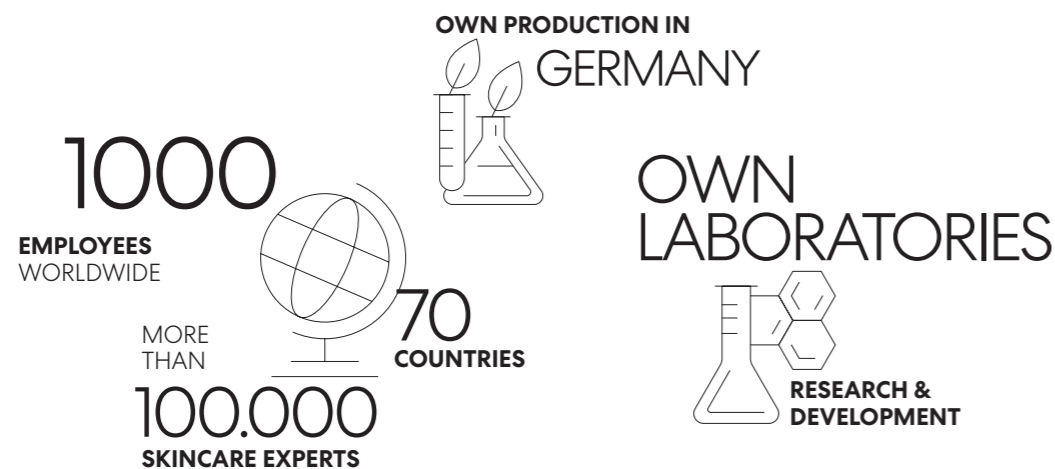
Dr. Martin Grablowitz and Isabel Bonacker are supported by external specialists: the management of the BABOR BEAUTY GROUP is in the hands of Tim Waller, Horst Robertz and Stefan Kehr. Tim Waller is globally responsible for Marketing and Sales, Horst Robertz is responsible for the Research, Procurement and Production departments, while Stefan Kehr is in charge of 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 anything but ‚en vogue.‘ The conviction that sustainability in all its facets is important for the success of the company is firmly anchored in our DNA, says co-owner Isabel Bonacker. The company was

already several times ahead of its time: In the 1990s, the BABOR brand launched a refill jar and focused on waste management and water microfiltration at a time when sustainability efforts were still being ridiculed. More than 10 years ago, the region's first e-charging station was installed in front of the headquarters in Aachen.

Today, there are more than 80 charging stations, employees charge free of charge and the company pursues a stringent e-car policy. „We do not work for short-term profit, but future-proof, for the success of the next generation as well,“ says Isabel Bonacker: „As a family-owned company, we believe in the power of sustainable business. We are not perfect, not everything works right away, but we are 110 percent behind it.“



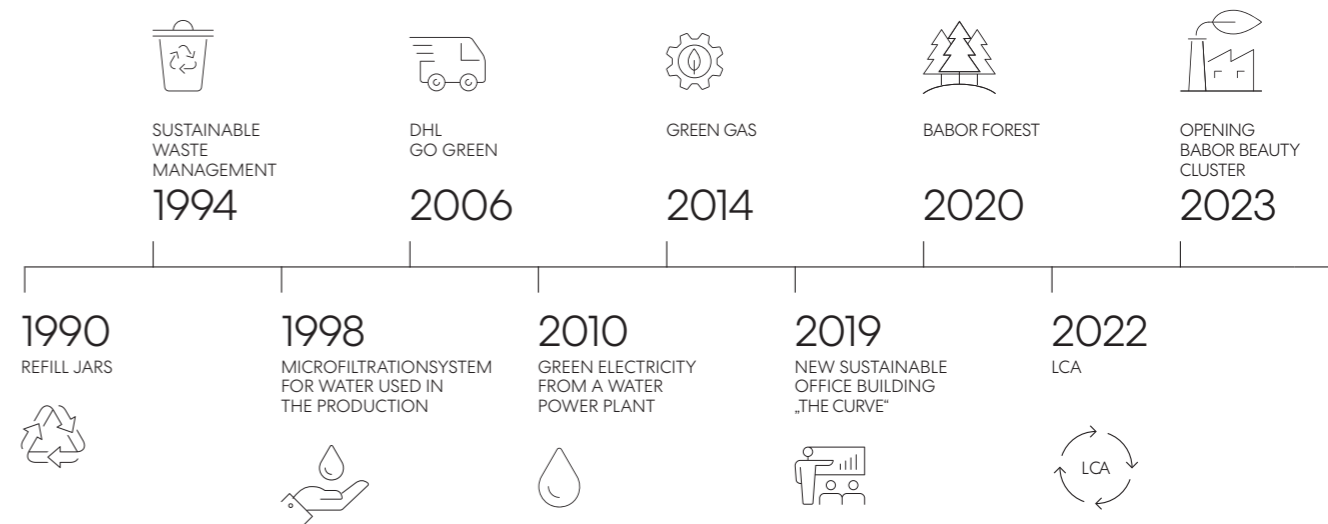
A ROADMAP TO THE FUTURE

HIGHEST STANDARDS OF SUSTAINABILITY, SOCIAL COMMITMENT AND CORPORATE GOVERNANCE

In 2018, the BABOR BEAUTY GROUP combined the ambitions of the various divisions to operate sustainably into a Green Agenda. This sustainability roadmap, which is valid until 2025, includes targets for carbon emissions, sustainable packaging or clean ingredients and continues to shape our sustainability efforts to this day. The Green Agenda is being replaced and further developed by the overarching Corporate Strategy in a smooth transition.

Two instruments are crucial in order to identify the most relevant sustainability topics for the BABOR BEAUTY GROUP: a close exchange with stakeholders and the regular performance of a materiality analysis in which the demands and expectations of all stakeholders are surveyed.

Sustainability goes far beyond the topics mentioned above. It also includes biodiversity and social issues such as the well-being of employees, social commitment, the security of personal data and compliance with human rights throughout the supply chain as well as fair and transparent business relationships with partners and suppliers.



THE FUTURE IS MADE OF DIALOG

PARTICIPATION FOR A SUSTAINABLE ORIENTATION

Stakeholder dialog is an important part of our corporate culture and the key to a successful and sustainable future. The aim of the BABOR BEAUTY GROUP is to know the wishes and requirements of our stakeholders and to actively integrate them into our business processes. This creates a sustainability culture within the company that also has an external impact. With the help of a stakeholder analysis, we identify the stakeholder groups that influence the company or are influenced by it. We use various channels and instruments to maintain a continuous dialog at different levels.

The most important stakeholders are our customers, our employees, the C-level management, the owner family and the media.

CUSTOMERS:

Customers are the key to success. Their purchasing decisions and feedback influence product development, pricing and marketing. Satisfied customers remain loyal and strengthen the brand image. Companies must actively understand and meet the needs of their customers in order to remain competitive.

EMPLOYEES:

Employees are the driving force of the company and influence its success through their motivation, qualifications and creativity. Companies should therefore invest in their employees. We invest in our employees, promote respectful cooperation and involve them in the further development of the company.

Satisfied and qualified employees increase productivity, efficiency and customer satisfaction.

C-LEVEL MANAGEMENT:

C-level management is the control center of the company. It makes strategic decisions, directs resources and shapes the culture. C-level decisions influence the future of the company, its employees and its long-term success. A high level of expertise and experience in this area of management is therefore essential.

OWNER FAMILY:

Owner families shape companies through their long-term orientation, strategic vision and financial stability. They promote innovation, risk-taking and social responsibility and implement their values by influencing important decisions within the company.

MEDIA:

The media influence public opinion about companies and their activities. They can strengthen or weaken reputations, uncover grievances and promote transparency. However, false reporting can be damaging. Companies use the media to communicate with stakeholders and to legitimize their activities.



We are in constant contact with our customers, for example via customer service or at trade fairs and events. We take the needs of our private label customers and suppliers into account in partnership relationships and regular discussions. Our employees are actively involved through regular surveys, discussion rounds and a well-functioning suggestion scheme. In addition, various interest groups within the company ensure their participation. We also closely involve other key stakeholders in our actions. We are also in constant contact with all our suppliers as well as with representatives of other companies and society, e.g. the City of Aachen, the Eschweiler Sustainability Foundation, the Aachen Chamber of Industry and Commerce and many others. In this way, we ensure the involvement of all relevant stakeholders along our value chain and in our direct corporate environment.

We achieve this through intensive dialog with our stakeholders:

- Improved consideration of their interests and needs
- Increased trust and a positive reputation
- Joint development of sustainable solutions

MATERIALITY ANALYSIS FOR A FUTURE-ORIENTED FOCUSED ALIGNMENT

The BABOR BEAUTY GROUP regularly carries out a materiality analysis to determine which topics are particularly important for the focus of sustainability management and reporting. Both the stakeholder perspective and the internal company perspective are taken into account.

PLANET, PEOPLE & GOVERNANCE

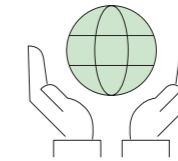
MATERIALITY AND SUSTAINABILITY STRATEGY WITH FOCUS ON CORE TOPICS

The materiality analysis has resulted in a number of topics that are given top priority alongside other areas. These include: emissions, resources, consumers, diversity and inclusion, employee well-being, training and development, human rights and workers in the value chain.

In 2023, the Green Agenda was incorporated into the **CORPORATE STRATEGY**, which sets out the company's goals until 2030. In addition to economic aspects and targets, the strategy also contains sustainability targets that go beyond the Green Agenda and focus on our material topics.



OUR MAIN TOPICS



PLANET

- Decarbonization
- Regeneration of nature
- Packaging/ raw materials
- Destruction rate
- Participation



PEOPLE

- Employer of Choice
- Leadership
- Diversity & fairness
- Employee qualification
- Health management



GOVERNANCE:

- Compliance and human rights
- Workers along the value chain

The corresponding targets and measures are therefore set out in a separate Annex Planet and Annex People and assigned responsibilities. The key topics relating to our supply chain or compliance are anchored in our Governance field. The core topics of our Corporate Responsibility Framework are derived from this: PEOPLE, PLANET, GOVERNANCE

GETTING BETTER WITH A SYSTEM

SMART MINDS AND PROCESSES FOR EFFICIENT SUSTAINABILITY MANAGEMENT



Sustainability is seen as a management issue in the BABOR BEAUTY GROUP. All managers are jointly responsible for achieving the overarching goal. In addition, there is a responsible person for each defined target who manages the measures required to meet the target. Furthermore, the Group-wide Corporate Responsibility (CR) Division reports directly and regularly to the Management Board. This CR division contains responsibilities for each of our core topics: PLANET, PEOPLE and GOVERNANCE. Contact persons for the topics are clearly defined, which facilitates strategic processes and increases transparency within the company. In order to monitor our strategic goals in the area of sustainability and to optimize processes.

To scrutinize the company's performance, an interdisciplinary board meeting is held every month.

The Sustainability Board oversees and coordinates all necessary measures. This board is made up of the people responsible for the respective goals as well as the management and the Corporate Responsibility Division. All key corporate decisions in the area of sustainability are made with the involvement of the Sustainability Board. The aim is to continuously improve strategic business development in the area of sustainability.

AT A GLANCE:

OUR FIELDS OF ACTIVITY



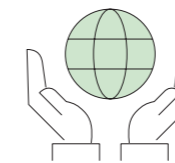
PEOPLE

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



GOVERNANCE

As a family-owned company, the BABOR BEAUTY GROUP thinks and acts for the long term - it operates sustainably, including with one another: Many of the successful business relationships have existed for decades, as the company makes every effort to build lasting relationships based on trust, cooperation and transparent communication with its business-to-business partners. The BABOR BEAUTY GROUP is committed to a code that goes beyond compliance with the law and also includes 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 and optimizes processes for even more sustainable work: from the procurement of raw materials to the manufacturing process to the finished product. All packaging and formulations should be as sustainable and clean as possible - that is the goal. An ambitious, clean standard exists for all new formulations for the core brand BABOR.



BECAUSE PIONEERING LIES IN OUR GENES

PLANET

„The will to take responsibility for society and the environment comes from deep within the BABOR BEAUTY GROUP,“ explains Co-CEO Horst Robertz. „This will has often been ahead of its time and has always achieved more than the law required. Today, the problems are global and we alone cannot solve them. But we can make a contribution. There are solutions. And we will find them. That is our DNA“. The Planet topic area contains the following focal points:

- Decarbonization
- Regeneration of nature
- Raw materials
- Packaging materials
- Destruction rate
- Participation
- Mobility concept
- Building

DECARBONISING

It is the declared goal and understanding of the BABOR BEAUTY GROUP that the reduction of CO₂ emissions always has priority before compensation. Emissions that are currently unavoidable will be offset through a partnership with Klim.

BY 2025, THE EFFECTIVE CO₂-FOOTPRINT WILL BE REDUCED TO A MAXIMUM OF 50% OF THE 2019 VALUE.

CARBON FOOTPRINT

The corporate carbon footprint (CCF) and also the product carbon footprint (Product Carbon Footprint - PCF) were determined using the Greenhouse Gas Protocol (GHG) (Scope 1 to 3).

In addition to direct emissions such as the vehicle fleet, refrigerants, printed materials, water consumption and business trips, the CCF also includes employees' commutes to work. A digital dashboard was used to identify the main drivers of company emissions and derive effective measures. The core driver of the CCF lies in the mobility of employees and their daily commutes as well as in the vehicle fleet and business travel. The BABOR BEAUTY GROUP has therefore consistently developed a mobility concept.

To determine and reduce product emissions, a balance sheet is carried out annually and opportunities to reduce emissions are sought for every new and further development. This applies both to the selection of suppliers and to ingredients and packaging materials.

In recent years, the BABOR BEAUTY GROUP has consistently reduced its carbon emissions. In 2023, new Scope 3 categories were included in the balance sheet. The following categories were also included: electronic devices, gastronomy, business waste, transportation for waste disposal, hotel accommodation, rail, home office and material disposal. These were not previously recorded, which makes direct comparability difficult. We prepare our accounts according to the latest scientific standard. We therefore consider our emissions including the new categories.

IN 2023, THE BABOR BEAUTY GROUP ACHIEVED A REDUCTION OF ALMOST 47%.



THE INTELLIGENT FACTORY

THE BABOR BEAUTY CLUSTER

High sustainability standards were applied during the construction of the new production and logistics center in Eschweiler, the BABOR BEAUTY CLUSTER. All building structures meet the KfW 40 energy efficiency standard, making the BABOR BEAUTY CLUSTER a highly efficient building that consumes 60 percent less energy than a standard building. At the heart of the energy supply is a photovoltaic system on the roof, which produces the majority of the electricity required. A storage cube with car batteries stores the electricity from the solar system when it is not needed so that it can be used later. The capacity of this storage cube corresponds to the daily electricity consumption of 120 single-family homes.

FROM 2030, THE AIM IS FOR THE BUILDING TO BE COMPLETELY ENERGY SELF-SUFFICIENT.

In conjunction with heat pumps and heat recovery, the BABOR BEAUTY CLUSTER runs 97% without using fossil fuels. The only exception is ampoule production, where natural gas is currently still used to melt the glass vials. The switch to hydrogen, the technology of the future, will take place in 2024. The factory thus follows the „All Electric“ principle. Also, in 2023, a CO₂-capturing system was tested. As production will initially remain at the Aachen headquarters, zero-emission electric trucks will be used for shuttle transportation between the sites.





MOBILITY CONCEPT

At the headquarters, business trips and the commute to and from work account for over 50% of the corporate carbon footprint. In response to this realization, a mobility concept has already been introduced in the past with the aim of reducing CO₂ emissions. This led to far-reaching new regulations for business trips and mobility, which are still being successfully implemented today. The BABOR BEAUTY GROUP encourages employees to lease company cars, use public transport or carpool. The company provides production employees with five e-vehicles from the vehicle pool free of charge if they use them for carpooling. The company has been driving the switch to electromobility for years.

ACCORDING TO THE SINCE 2021 VALID 100% E-CAR POLICY ELECTROMOBILITY IS THE NEW STANDARD FOR COMPANY CARS.

The only reason it has not yet been fully implemented is the currently very long delivery time for electric vehicles.

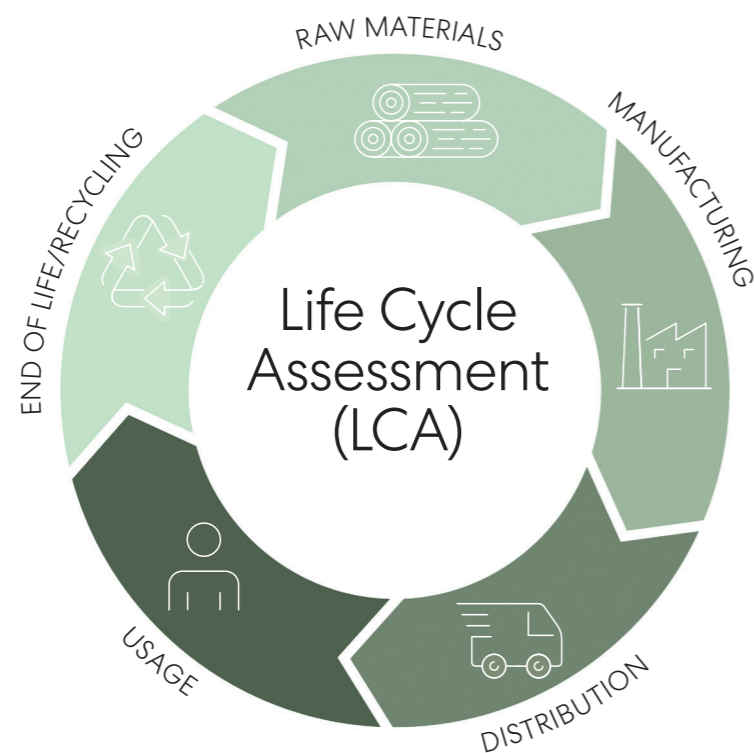
E-CARS CURRENTLY ACCOUNT FOR 60% OF THE VEHICLE FLEET.

The BABOR BEAUTY GROUP was already active in the field of electromobility at a time when there was no carbon balance sheet to demonstrate the urgency of this issue. As early as 2010, the BABOR BEAUTY GROUP was the first company in the Aachen region to place electric charging stations at its headquarters, purchased an

electric company car for regional business trips and promoted the e-mobility of its employees in cooperation with the local energy supplier. Today, the team has more than 80 free charging stations powered by green electricity at its disposal. Since July 2020, the BABOR BEAUTY GROUP has been Member of EV100, an initiative of the international NGO Climate Group. The aim of EV100 is to make electric mobility the norm by 2030.

REGENERATION OF NATURE

The BABOR BEAUTY GROUP endeavors to reduce the impact of its activities on the environment as far as possible. Where this is not possible, suitable compensatory measures are implemented. The CO₂ emissions are not the only environmental impact that companies cause through their business activities. BABOR uses a life cycle analysis to determine exactly which impacts exist. Based on this, steps are to be determined that make an appropriate contribution to the regeneration of nature.



LIFE CYCLE ANALYSIS

The BABOR brand continuously carries out a comprehensive analysis of all products and processes by means of a life cycle analysis (based on GHG Scope 1-3). A life cycle analysis (also known as a life cycle assessment) examines the products from the raw material through production and transportation to the use phase and disposal.

IN ADDITION TO CO₂ EMISSIONS, 13 OTHER FACTORS RELEVANT TO THE ENVIRONMENTAL COMPATIBILITY OF THE PRODUCTS WERE EXAMINED.

These include, among others: Eutrophication of water bodies, acidification of soils, resource consumption, land use. This in-depth analysis enables a comprehensive comparison of the products and reveals potential for optimization. Recommendations for action are derived from this, which help BABOR to consistently reduce the environmental impact of its products.

RAW MATERIALS

Sustainability criteria play a major role in product development. It is about safety - for users and the environment -, effectiveness and transparency in terms of ingredients and manufacturing processes. The European Cosmetics Regulation (EU 1223/2009) regulates important cosmetic ingredients, such as UV filters, preservatives or colorants, and the list of banned substances (Annex II) currently includes 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 company, the BABOR BEAUTY GROUP is of course committed to the EU Cosmetics Regulation and in many cases goes beyond it in order to develop products that are even more sustainable.

This ranges from „transparent production“ to the self-image of the BABOR brand.

The aim is to produce all skincare products to an ambitious clean standard by 2025 - i.e. a clean formulation - without compromising on effectiveness 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 must be borne in mind that synthetic ingredients can also be sustainable and natural ingredients can be harmful to the environment. BABOR is committed to using only ingredients that promote a healthy skin condition and support the integrity and efficacy of the formulations.

The Clean Standard states that products must be free from microplastics - not just microplastic particles, but also synthetic polymers. They should also be free from silicones, parabens, PEGs, mineral oils, sulphates (SLS and SLES), non-certified palm oil and synthetic dyes. The company has been RSPO-certified since 2019 and has been sourcing RSPO-certified palm (kernel) oil derivatives ever since.

IN 2023, 47% OF ALL BABOR PRODUCTS WILL MEET THE CLEAN STANDARD. BY 2025, THE TARGET IS 100%.

The BABOR BEAUTY GROUP has never carried out or commissioned animal experiments in its history.

We very much welcome the fact that this is now also prescribed by corresponding EU regulations. Exports to China, where animal testing for cosmetics is part of the registration process required for import, are often viewed critically. In order to promote animal-free imports to China, the company has successfully undergone a monitoring process. The Chinese National Medical Products Administration has accepted a GMP (Good Manufacturing Practice) certificate that allows the BABOR BEAUTY GROUP to import products without animal testing.



15 % BIOGEN PLANT EXTRACT
THE CURE CREAM

DOCTOR
BABOR

PACKAGING MATERIALS

By 2030, 100% of the materials used in BABOR products should be traceable. This will ensure that all components come from sustainably managed suppliers.

IN 2023, 75% OF ALL PACKAGING MATERIALS FROM THE BABOR BRAND WERE ALREADY RECYCLABLE.

The use of recycled materials is often a compromise in terms of quality. It is therefore a challenge for BABOR product development to design sustainable materials that are compatible with quality standards. BABOR is therefore increasingly relying on highly recyclable packaging and recyclable shipping material as well as FSC-certified paper. Since 2020, all BABOR packaging has been made exclusively from FSC-certified paper. In addition, the products are not cellophane-wrapped and the use of packaging materials that are detectable during recycling is being promoted.

THE ENTIRE COMPANY HAS SET ITSELF THE TARGET OF ACHIEVING A QUOTA OF 95% BY 2030 AT THE LATEST.

The waste produced is separated at a very small scale and recycled by a certified waste disposal company in order to keep waste volumes as low as possible. The leaflets accompanying the products have been removed from the range and recycled by QR codes. This measure alone leads to a material reduction of almost four tons of paper per year. The BABOR BEAUTY GROUP is pursuing the goal of waste-free operations: From 2030, all recyclable materials that can no longer be used for operational reasons (paper, cardboard, plastics, metal) will be fully recycled.

DESTRUCTION RATE

We have set ourselves a very ambitious target with regard to our destruction rate. The BABOR BEAUTY GROUP will reduce the destruction rate of leftovers, packaging materials and/or finished products by 10% per year by 2030.

PARTICIPATION

The BABOR BEAUTY GROUP develops sustainability transparently and together with its stakeholders. We have therefore set ourselves targets for the participation of our employees and stakeholders. We involve our employees at all levels and ensure maximum participation. We closely involve internal and external stakeholders in our actions.

AUTARCY

The BABOR BEAUTY GROUP strives for a maximum degree of self-sufficiency in the energy supply of its buildings; self-produced energy has priority over purchased energy. Thanks to green electricity, photovoltaics and green natural gas, production at the headquarters in Aachen has been low-emission since 2014. The large-scale installation of photovoltaic systems on the roofs of the headquarters and the BABOR BEAUTY CLUSTER has enabled the production of over 1,100,000 kWh of electricity per year since 2023 - equivalent to the annual consumption of more than 300 households.



HIGHLY MOTIVATED

BABOR FOREST

The BABOR BEAUTY GROUP runs its own forestry project, the BABOR Forest. Since October 2020, it has been growing in the Eifel, the low mountain range region very close to the Aachen headquarters. Trees are growing here on an area of 10 hectares.

IN THE END, THERE WILL BE AROUND 30,000, AND 26,700 NATIVE TREES HAVE BEEN PLANTED SO FAR.

Every year, a tree planting campaign takes place in the BABOR forest. In 2023, many employees of the BABOR BEAUTY GROUP once again took part with their families. The group was highly motivated and a new record was set: More than 350 trees were planted and the successful campaign was celebrated at a joint closing dinner.

SINCE MID-APRIL 2020, EIGHT BEE COLONIES NOT FAR FROM THE HEADQUARTER HAVE FOUND A NEW HOME

BE(E) BABOR

A welcome twist to a story that began more than 15 years ago, when the BABOR BEAUTY GROUP wanted to harvest a valuable raw material in the Eifel region: wild serviceberries. Of all the local fruits, these have the highest vitamin C content. A perfect source of active ingredients for the expert skin care of the BABOR brand. As wild serviceberries are rare, the stocks should be protected and the extracts harvested on a plantation. Over the years, thanks to a collaboration with the Fraunhofer Institute, it has been possible to extract the valuable ingredients in the laboratory using plant stem cell technology. The trees in the Eifel region and their fruit were no longer needed as a source of raw materials. In 2020, the BABOR BEAUTY GROUP turned the wild service tree

plantation into a bioserve. Shortly afterwards, the reserve became home to bees, which are now a visible symbol of sustainable cosmetic production that protects the biodiversity of our planet. In 2023, 133 kg of honey was extracted, some of which (1,050 jars) was distributed to employees on World Bee Day. The honey is a by-product of pollination work that preserves the local biosphere.





WITH THE POWER OF THE FULL POTENTIAL

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

The BABOR BEAUTY GROUP also fulfills its social responsibility as a company in the region. In order to secure local jobs and remain an attractive employer in the long term, the BABOR BEAUTY GROUP offers many Training and further education opportunities, modern workplace facilities and professional occupational health and safety management. The mental and physical health of our employees is important to us. The same basic principle applies in the BABOR BEAUTY CLUSTER, the company's new production and logistics center. The BABOR BEAUTY GROUP is a pioneer of a modern, high-performance work and team culture. The aim is to measurably increase employee engagement and ensure that everyone has the opportunity to develop their potential with the full support of our managers.

The People topic area contains the following focal points:

- Employer of Choice
- Employees qualification
- Leadership
- Health management
- Consumers and end users
- Corporate Citizenship

EMPLOYER OF CHOICE

The employees are the heart of the company. That is why the BABOR BEAUTY GROUP offers its employees a bundle of work-related benefits: Qualification offers, targeted training, internal programs, workshops and training courses. A benchmark-based employee survey was conducted in 2023. This is to be measured regularly as a basis for increasing the attractiveness of the company

EMPLOYEE QUALIFICATION

Opportunities for internal and external further training are a matter of course for us. We actively promote and demand continuous learning through professionally challenging tasks, individual career development and targeted further training. Qualification offers, targeted training and annual feedback meetings are key elements of our HR policy: a total of 256 external and 512 internal further education and training courses took place in 2023.

Managers encourage participation in further training programs and also support job changes within the company as part of this development. In this way, we create good conditions so that key positions can be filled internally as a matter of priority.

LEADERSHIP

The managers of the BABOR BEAUTY GROUP empower their employees to act on their own responsibility and to contribute their potential to the realization of the company's goals. They act as role models and act in accordance with the company's values. They support employees in their development, encourage and demand performance, team spirit and innovation and provide space for autonomous collaboration. The BABOR BEAUTY GROUP prepares managers specifically for their demanding tasks. From 2024, all managers will undergo a development program based on the management model.

HEALTH MANAGEMENT

The BABOR BEAUTY GROUP offers its employees health protection measures and company sports. The mental and physical health of our employees is our top priority. Psychosocial counseling, team sports, joint celebrations, collectively agreed pay, profit-sharing 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. In this way, we are increasing the compatibility of family and career and creating the conditions for a good work-life balance.

The management and the works council of the BABOR BEAUTY GROUP maintain close and good cooperation, and there are also several agreements between the chemical employers' association and the IGBCE trade union in the interests of the workforce. In accordance with legal requirements, the BABOR BEAUTY GROUP has an occupational safety committee, in which the company management, the occupational safety specialist, the company doctor and the works council are represented and,

if necessary, other safety officers, managers and specialists are also consulted. There is also an interdisciplinary company health management circle, which bundles and manages the company-wide health projects.

CONSUMERS AND ENDUSERS

The satisfaction of our customers and end users is our top priority. We closely integrate their wishes and requirements into product development.

Trust and always keeping our promise of quality are essential values of the BABOR BEAUTY GROUP. Customers who are satisfied with our products are the best ambassadors for this. We greatly appreciate their brand loyalty, which often spans decades.



CORPORATE CITIZENSHIP

The concept of corporate citizenship underlines the voluntary social commitment of employees and the social responsibility of the BABOR BEAUTY GROUP. Our common goal is to make a positive contribution to society through entrepreneurial activity and to shape the future. Corporate citizenship is based on three principles:

- Corporate Volunteering
- Corporate Giving
- Diversity, Equity & Inclusion

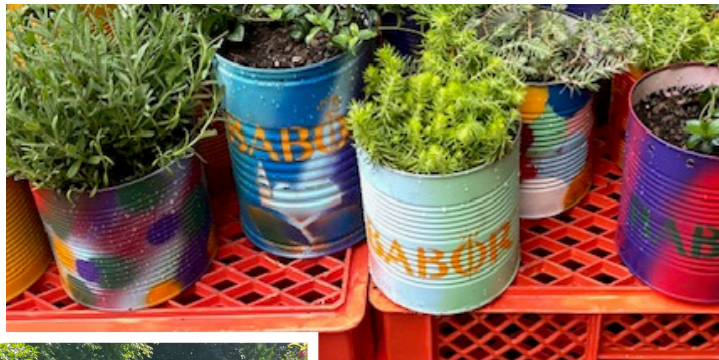


CORPORATE VOLUNTEERING

The BABOR BEAUTY GROUP wants to positively influence society and make it fit for the future. „Think global, act local. As an international, fast-growing company, our roots are extremely important to us. We are aware of our social responsibility in the region - as an employer and beyond,“ explains Co-CEO Tim Waller.

The BABOR BEAUTY GROUP works with selected partners and supports their projects. In addition, employees use their skills and time to get involved in their own sustainable and social company projects. In this way, we contribute to prosperity and better development in society. From 2024, the topic of „social commitment“ will be further developed as part of an international concept.

The BABOR BEAUTY GROUP has close ties to its home city of Aachen. Not only because the company has valuable partnerships here, such as with RWTH Aachen University, but also because the group is aware of its responsibility - as an important employer and as part of society. Here is a brief insight into current projects and campaigns that took place again in 2023.



VOLUNTEER DAY

On Volunteer Day, employees actively support various charitable projects. In 2023, 8 projects took place in which the company's employees and members of the individual foundations were involved:

- Beautification of the outdoor area together with the Center for Social Work
- New garden design for the Maria im Tamm residential groups
- Visits from guests and relatives at Haus Hörn hospice
- Magical summer afternoon in the cozy courtyard of the Hospiz am Ilerbach
- Upcycling workshop with Caritas Aachen: Flower confetti for the „Querbeet“ project
- Entertaining movie day for children and families from refugee shelters
- Bike shelter for the stationary facility „Don Bosco House“
- Beautyday with the fire birds: Guide to technique, product and color selection

PLOGGING

In 2023, the BABOR BEAUTY GROUP went „plogging“ around World Earth Day. The aim was to walk together and pick up litter on the street, doing something good for our environment (and fitness) and making the earth a little bit cleaner.

In just over an hour, the participants collected around 250 kg of garbage! In comparison: In 2022, it was around 70kg of garbage.

CULTURAL COMMITMENT

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

SCHOLARSHIP SOUTH AFRICA

Since the beginning of the company's history, BABOR has focused on women: the female entrepreneurs in its institutes and their customers. Women's empowerment is therefore part of our philosophy, both within the company and in external initiatives. In 2020, the BABOR BEAUTY GROUP has launched a scholarship program to give young women the opportunity to develop their full potential. The company is supporting training for the CIDESCO Beauty Therapy Diploma at a school in South Africa. The program will transition into the NRW Talent Program from 2024.

NRW TALENTS

From 2024, BABOR will support NRW Talente, a student scholarship program in the Aachen region that accompanies talented students from the 8th grade onwards with practical offers, regular advice and support as well as individual talent development. The program supports young people from less privileged backgrounds and from families without academic experience who are motivated and want to develop further. Commitment, talent and a willingness to perform should develop regardless of gender, nationality, ethnic origin, religion, educational biography and parents' income, and

enrich our society. NRW Talente makes a contribution here and supports the scholarship holders in discovering their potential and

talent, developing it in the best possible way and successfully shaping their own path.

The program is run by FH Aachen and RWTH Aachen University and is largely funded by the Ministry of Schools and Education of the state of North Rhine-Westphalia. Unique in this form in Germany, it has been running successfully in the Ruhr region since 2016 and is permanently funded by the state of North Rhine-Westphalia.

The BABOR BEAUTY GROUP supports two scholarship holders with a migration background (3,000 € in total). We show committed young people our company and the BABOR BEAUTY CLUSTER and enable them to gain interesting knowledge and build new networks. The donation goes 100% to the scholarship holders and is used exclusively for the educational program and education-related material support.

CENTER FOR SOCIAL WORK

For more than 30 years, the BABOR BEAUTY GROUP has been supporting the Center for Social Work in Aachen and is associated with it as a partner. The center is a network of interlocking help for children, young people and

MORE ACTIONS

BABOR ROSE

Since 2015, the BABOR BEAUTY GROUP has honored committed personalities in the region with the „BABOR Rose for Social Commitment“. The prize, which is endowed with 5,000 euros, is developing into a tradition that aims to support outstanding social initiatives.

families. The center aims to help young people in difficult situations in particular to 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.

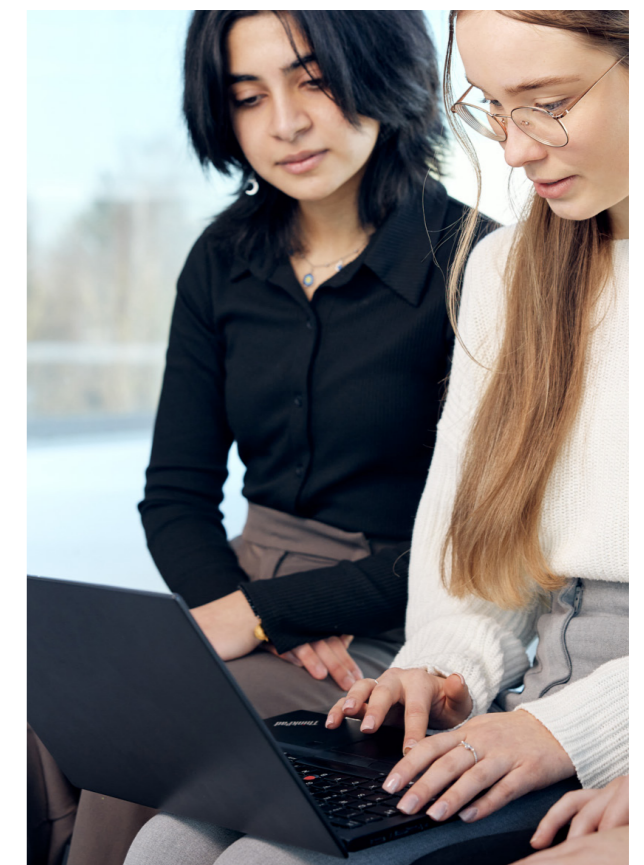
MORE ACTIONS

NRW Talents

„The scholarship gave me new experiences and opened up new opportunities. Together with others in workshops or on excursions, for example to Paris, I was able to broaden my horizons and also get to know great people. I would never have experienced this without the scholarship.“

(Hannah, 8th grade)

<https://www.nrwtalente-regionaachen.de/>



EMPOWERING PEOPLE THREEFOLD

Diversity, Equity & Inclusion (DE&I) are only effective in combination. Equity and inclusion are not automatic consequences of diversity, but three mutually reinforcing principles. A company should, firstly, have a diverse workforce, secondly, offer everyone access to the same opportunities and, thirdly, create a sense of belonging among employees.

THE THREE FIELDS AT A GLANCE:
DIVERSITY refers to the acceptance and promotion of visible and invisible differences with the aim of reflecting diverse ways of thinking and perspectives.

EQUITY stands for access to equal opportunities and the removal of barriers that prevent this access. The aim is to shape norms and practices in such a way that personal identity has no influence on opportunities or outcomes.

INCLUSION refers to all measures that create a sense of belonging and psychological security and aims to create a corporate culture that enables employees to develop their full potential.

WHY DE&I IS IMPORTANT FOR THE BABOR BEAUTY GROUP

The BABOR BEAUTY GROUP is convinced that the diversity of opinions and ideas is a decisive success factor for the development of the company and attaches great importance to the diversity of gender, age, origin, etc. of its employees. The topic is actively promoted through the creation of a position in the CR team for the focus area PEOPLE. DE&I workshops with management, HR management, CR, internal experts and renowned partners (ACI Consulting) reveal the status quo and help to define further steps and benchmarks. In the first step,

the activities focus on gender, nationality and age.

THE PROPORTION OF WOMEN IN THE COMPANY IS CURRENTLY 63%, IN MANAGEMENT POSITIONS 49%.

(According to ESRS: managers with disciplinary management responsibility)

WHAT'S NEXT?

A LOOK INTO THE FUTURE UNTIL 2025

- Creation of a regular impulse generator format to anchor DE&I in the company and identify relevant fields of action
- Establishing gender-neutral language in the company
- Global reporting for all diversity KPIs (gender, age, social background, nationality, ethnic origin, religion & world view, disability, sexual orientation)
- Integrate DE&I into the leadership concept to sensitize managers to the topic
- Organizationally established contact options for parents during parental leave to facilitate their return to the company

GOVERNANCE

„Trust is our top priority. As an independent family business, we stand for the actions of our company with our name and build good, reliable relationships with our environment,“ says Isabel Bonacker, co-owner of the BABOR BEAUTY GROUP. The company maintains clear, respectful and trusting relationships with its partners, suppliers and customers. Everything is aimed at growing together in partnership and sustainably.

The topic of governance contains the two main areas:

- Compliance and human rights
- Workers along the value chain

COMPLIANCE AND HUMAN RIGHTS

The BABOR BEAUTY GROUP always values the trust and well-being of all its stakeholders and respects compliance with existing laws and regulations.

A BINDING CODE OF CONDUCT HAS THEREFORE BEEN DEVELOPED, WHICH SERVES AS A GUIDELINE FOR EMPLOYEES AND OTHER BUSINESS PARTNERS.

In cooperation with the external compliance officer, the company developed and implemented a compliance management system that focuses on the relevant topics. In addition, a complaints procedure is linked internally and on the website, which can be used to report human rights violations, corruption or other compliance violations. The complaints procedure (exclusively for compliance violations) can be found here:

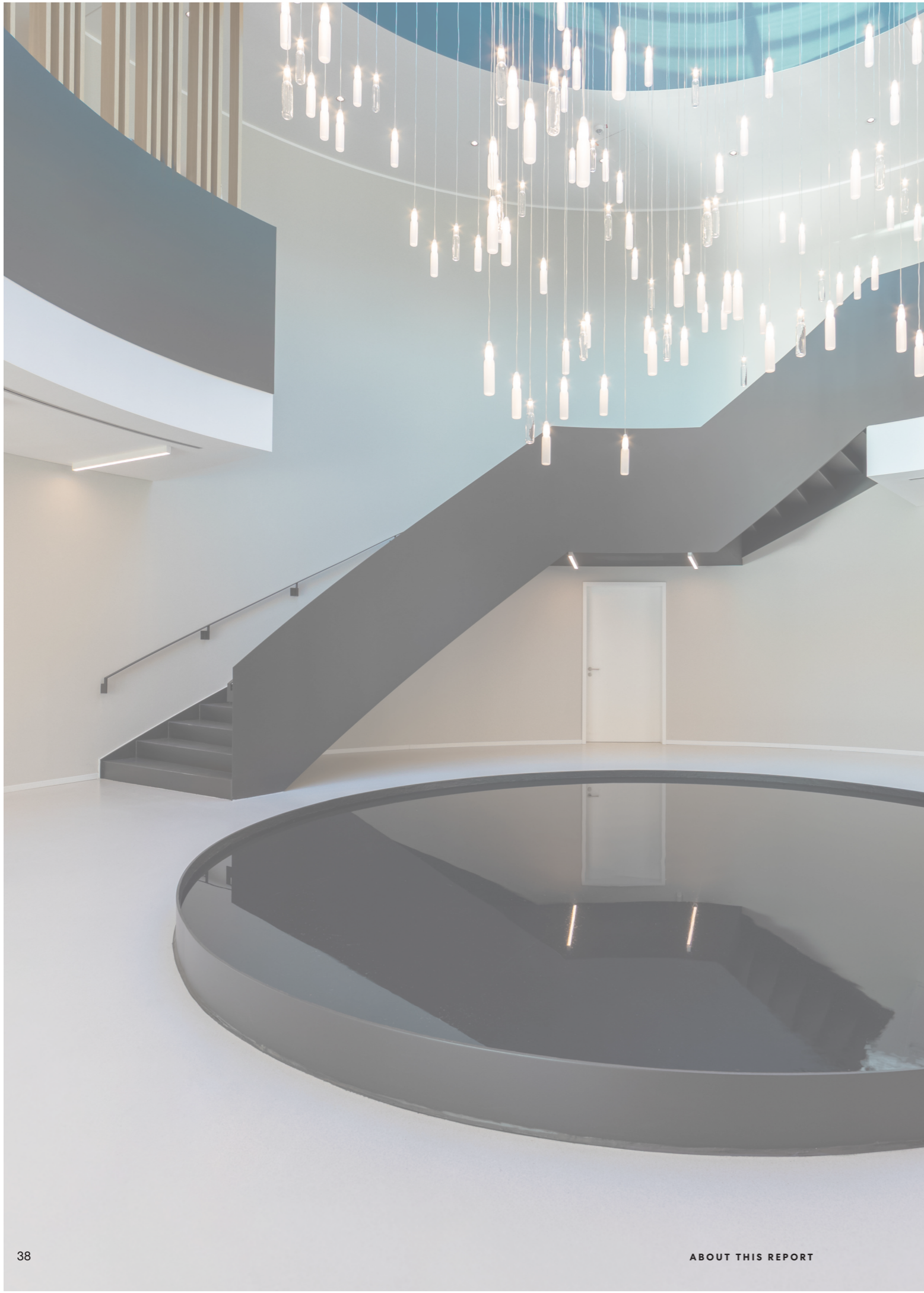
<https://babor-beauty-group.com/compliance-regulations/>

EMPLOYEES ALONG THE VALUE CHAIN

The BABOR BEAUTY GROUP's suppliers are also subject to a Code of Conduct, which sets out all the expectations that the company has of them. These include respect for human rights, compliance with occupational health and safety regulations, economic and sustainable practices, environmental protection and, last but not least, the prevention of corruption. Compliance with the Code is ensured by checking all suppliers as part of a supplier self-assessment. The contents of the binding supplier self-assessment include DIN ISO 9001:2008; 2015 and the Compliance with the international social standard SA8000. In addition, the BABOR BEAUTY GROUP regularly carries out an external risk analysis using the PREWAVE tool in order to identify violations of the Supplier Code of Conduct in good time and initiate appropriate measures.

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

- Kosmetik-GMP ISO 22716
- IFS-HPC-Zertifizierung
- Energie-Audit gem. DIN EN 16247
- ISO 9001
- IFS Broker



ABOUT THIS REPORT

With this sustainability report, the BABOR BEAUTY GROUP provides an insight into its convictions, its actions and its vision for the future. We would like to inform customers, partners, suppliers, employees and the public about how the BABOR BEAUTY GROUP is managed, which principles guide us and how we are advancing the topic of sustainability. Transparency and honesty have the highest priority here. We strive to closely involve internal and external interest groups in all matters. We have been publishing our sustainability report since 2018 and use it to provide information about our commitment to the three pillars of sustainability as well as our goals

and future measures. As a global cosmetics company, the BABOR BEAUTY GROUP continues to develop sustainability at all levels. A structured and uniform approach is essential in order to achieve the ambitious goals in terms of a future worth living for all people. This report relates to the period from January 1, 2023 to December 31, 2023 and the information contained herein and 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 publishes voluntarily.

THANK YOU!

Thank you for taking the time to read this sustainability report. We want to be transparent about our path, question and challenge the status quo. We want to make a contribution to making our industry, society and our environ-

ment a little better and more sustainable. This is what drives us. Day after day. Do you have any wishes, suggestions or criticism? Write to us, we look forward to hearing from you! E-mail: sustainability@babor.de

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APPENDIX

PERFORMANCE INDICATORS GRI

Please note: Due to the approaching sustainability reporting obligation in terms of Corporate Sustainability Reporting Directive, the calculation logic for some statistics will change from this year onwards. We are making every effort to ensure the best possible comparability with previous years.

ENVIRONMENT

PERFORMANCE INDICATOR GRI 301-1: MATERIALS USED

Better allocation of input quantities in 2023 has resulted in a clear specification.

Raw materials in kg	2021	2022	2023
Total raw materials	1.110.016	1.265.497	608.291
Packaging in kg	2021	2022	2023
Glass	1.013.418	1.358.342	270.294
Paper/cardboard/cardboard	1.744.780	2.224.456	457.606
Aluminium	12.525	14.400	41.052
Plastics	829.312	1.351.616	154.327
Other associations	310.593	230.121	31.392
Tinplate	6.618	1.687	79
Organic packaging materials	115.901	24.340	0
Total	4.033.148	5.204.963	1.563.046 (rounded up)

PERFORMANCE INDICATORS GRI 302-1: ENERGY CONSUMPTION

Energy in MWh	2020	2021	2022	2023
Electricity	2.762	3.107	3.142	2.854
of which renewable electricity from external sources	2.621	2.834	2.878	2.572
of which self-generated renewable energy	31	32	34	34
of which self-generated energy from combined heat and power plant	110	241	230	282
Gas	2.949	2.739	2.597	2.761
of which precompensated gas	2.949	2.739	2.597	0*
Fuel	1.465	1.230	1.511	831
Total	7.176	7.076	7.250	6.447

*Due to the gas crisis in 2022, we did not have the opportunity to procure offset green gas for 2023

PERFORMANCE INDICATOR GRI 303-3: WATER WITHDRAWAL

	2020	2021	2022	2023
Water in m ³	16515	18.489	21.015	24.785

PERFORMANCE INDICATOR GRI 306-3: WASTE GENERATED

The structure of the waste data differs from the last report, as we have now classified the CRSD data. In this way, we are creating a standardized structure for data collection for waste.

Recyclable materials	2023
hazardous waste 1.988 avoided through recycling	1.988
of hazardous waste by other recycling processes avoided	424
of non-hazardous waste avoided through recycling	434.550
non-hazardous waste, that were burned	277.175
Total amount of waste generated	714.137
Total amount of waste disposed of	714.137

PERFORMANCE INDICATORS GRI 305: THG-EMISSIONS (SCOPE 1,2 UND 3) IN TONS

Year	2022	2023 (incl. new categories*)	2023 (Categories analog 2018)
Total quantity	6069	5426,8	4901,66
already precompensated	1077	1542,9	1542,9
Compensation quantity incl 10% safety surcharge	5521	4272,3	3694,6
Percentage target achievement (-4.000t)	31%	47%	54%

*New Scope 3 emission categories have also been reported since 2023 in accordance with the Reporting Standard: electronic devices, gastronomy, Company waste, transportation for waste disposal, hotel accommodation, rail, home office and material disposal

NATIONALITY

Range	German	Europe	Non-Europe
Logistics	71%	13%	16%
Operation	65%	28%	7%
Administration	92%	7%	1%
Total	82%	14%	4%

Occupational accidents*

Employees*	Number of accidents at work	Number of commuting accidents	Total number of accidents	Total number of days lost
Not reportable	12	3	15	18
notifiable	9	7	16	89
External employees	Number of accidents at work	Number of commuting accidents	Total number of accidents	Total number of days lost
Not reportable	4	0	4	6
notifiable	2	0	2	11

* All figures refer to 2023 (929 own employees)

PERFORMANCE INDICATOR 404-1: NUMBER OF HOURS OF EDUCATION AND TRAINING

A total of 256 external and 512 internal training courses took place in 2023. On average, each employee took part in around 0.97 training courses in 2023.

Training and further education/training courses	2022	2023
External	192	256
Internal	482	512
Training courses per employee	0,9	0,97

EQUAL OPPORTUNITIES

Proportion of women 63 %, in management positions 49 %.

(According to ESRS: managers with disciplinary management responsibility)

PERFORMANCE INDICATOR GRI 405-1: DIVERSITY

Diversity 2023

	Number of persons	Rate in %
Ladies under 30 yrs.	160	69%
Men under 30 yrs	71	31%
Total	231	
Ladies 30 - 50 yrs.	306	64%
Men 30 - 50 yrs.	171	36%
Total	477	
Ladies over 50 yrs.	127	56%
Men over 50 yrs.	97	44%
Total	221	



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