

ARTDECO
COSMETIC GROUP

Sustainability Report

2021 | 2022



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A WORD FROM HELMUT & MATTHIAS BAURECHT



„In all our planning, activities and objectives, the wishes of our customers are always in the spotlight.“

Dear readers,

I founded the ARTDECO cosmetic brand 37 years ago - with the aim of revolutionizing the cosmetics market. In addition to an unprecedented price-performance ratio, in which we offered the best quality at affordable prices, and a distinct trend competence, the refillable system played a key role in our success from the very beginning. This still enables our customers today to be their own make-up artist and experience a variety of color.

Back then, we were already way ahead of our time when it came to sustainability. Right from the start, our customers were able to save packaging material and refill their favorite products over and over again - "trend setting" that is.

Over the years, the brands MALU WILZ, MAKE UP FACTORY and ANNY have become part of our group of companies. And my son has also taken up his role in the company.

As a medium-sized family business, sustainable management has been important to us from the very beginning. We have recognized that in the future we will have to focus even more on how we can become more sustainable as a company group and with our products. We owe that to our customers.

With this first sustainability report, we would like to take the opportunity to inform you all about our recent activities and the milestones we have already achieved and are still planning for the future. We look forward to continuing our journey with you.

HELMUT & MATTHIAS BAURECHT



We have established a group-wide sustainability staff unit.



We have launched a supplier initiative against virgin plastic in transport packaging.



We have joined the United Nations Global Compact.



We have created a sustainable product packaging guide for optimization.



With the ARTDECO Green Couture line, we have created our first nature-oriented product line.



We calculated our corporate carbon footprint for the first time.

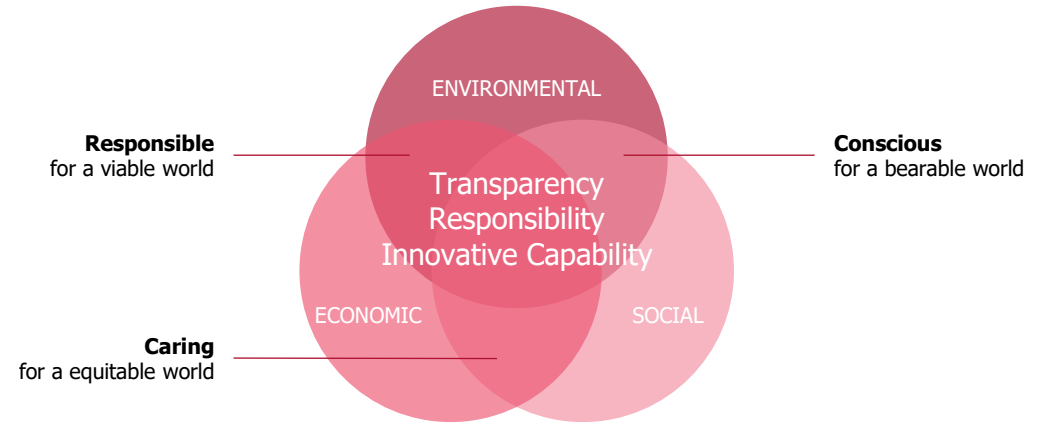
As a large, regional employer and family-run company, sustainability has always been part of our journey. Beauty, which we see in every human being, plays a very special role for us as a cosmetics manufacturer. True to the thinking of Jane Goodall:

“WHAT YOU DO MAKES A DIFFERENCE, AND YOU HAVE TO DECIDE WHAT KIND OF DIFFERENCE YOU WANT TO MAKE.”

Our journey

towards greater sustainability

We believe that we need to take further ambitious steps today and in the future. For us, sustainability is a journey that will never end - but one on which we are aligning ourselves more sustainably every day. Transparency, responsibility and innovative capability are important to us during the journey:



Environmental - Conscious

Moving forward with the circular economy | CO² reduction | Animal-free since 1985 | Responsible use of ingredients

Economic - Responsible

Saving resources and using them efficiently | Process optimization | In-house production

Social - Caring

Corporate Citizenship | Flexibility & work-life balance | Promoting diversity & female empowerment



— Our journey

Sustainability vision

Our great goal for the future

ARTDECO
COSMETIC GROUP

We feel the beauty in every human being. Beauty needs a planet worth living on. We take responsibility - with courage for a sustainable colorful future.

#noplanetnobeauty

— *Our journey*

Everything we do starts with sustainability. For us, this means not only renunciation, but above all enrichment. Hands-on for our future viability and future generations.

Sustainability mission

Our daily commitment



— Our journey

Sustainability mission

Our daily commitment



ARTDECO
COSMETIC GROUP

Step by step, we are making our textures & packaging more innovative, for even more sustainability in production and consumption. We select the raw materials for our products according to the highest quality and sustainability standards. We value ingredients of natural origin wherever possible.

Day after day, we put our supply chains to the test. We do not accept child labor or inhumane working conditions. Together with others, we are committed to a planet worth living on.

We love beauty in all its facets - which is why we are committed to diversity and equality. Our employees act as sustainability ambassadors. Together, we develop new concepts and proactively let ideas flow.

We reduce the use of virgin plastics to a minimum. We align our company to be as environmentally friendly as possible. At the same time, we are constantly improving our internal work processes and communication. In this way, we are making our contribution to the circular economy.

Sustainable, profitable growth forms the basis for all our corporate activities. Our products make life and the world not only greener, but more colorful - and take our partners, customers & employees along for the ride.

WHAT CAN WE DO FOR SUSTAINABILITY?

Sustainable Development Goals

We focus on the Sustainable Development Goals and contribute to the pursuit of global sustainability. In all our activities, special attention will be paid to the selected five goals:



We want to live sustainability in a holistic and authentic way. For us as a medium-sized company, sustainability is an entrepreneurial challenge. We have to be courageous, take responsibility and set ourselves ambitious goals.

The following questions are particularly relevant for us:

- How can we make a contribution to the circular economy?
- How can we extend the "Reduce, Reuse, Recycle Principle" to the entire company processes in order to operate even more sustainably?
- How can we use more recyclates and continue to ensure quality and safety?
- What can we do to reduce our emissions?
- How can we further expand our social commitment?
- How can we further optimize our product range to reduce plastic pollution in the world?
- Where can we source even more sustainably to reduce environmental impact and continue to promote good working conditions?

The Sustainability Report 2021 / 2022 addresses these issues and shows measures and successes to date. In two years, we have achieved a great deal and laid the foundations for our sustainable journey.

Responsible

Our contribution to a viable world



OUR BRANDS
AND
PRODUCTS
WORLDWIDE

ARTDECO

1.416 PRODUCTS*

ANNY

225 PRODUCTS*

MALU WILZ

560 PRODUCTS*

MAKE
UP
FACTORY

604 PRODUCTS*



1985

Foundation of ARTDECO in
Munich, Karlsfeld



4

Brands under one roof

ARTDECO
ANNY
MALU WILZ
MAKEUP FACTORY



In >70

Countries represented



> 700

Employees



107 M

Revenue in 2021

70 % ARTDECO
12 % MALU WILZ
12 % MAKEUP FACTORY
6 % ANNY



In 60

Duty Free Shops worldwide



In 7500

Beauty salons and spas, of
which more than 3000 in
Germany and Austria



In 7500

Perfumeries worldwide



In 300

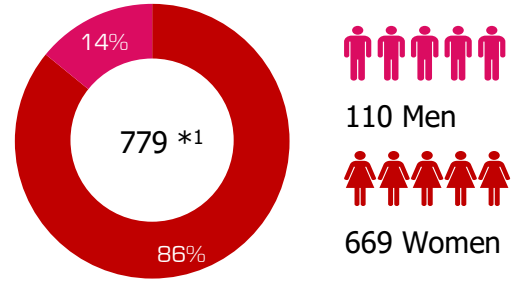
Leading stores

HUMAN RESOURCE STATISTICS 2021

28 nationalities

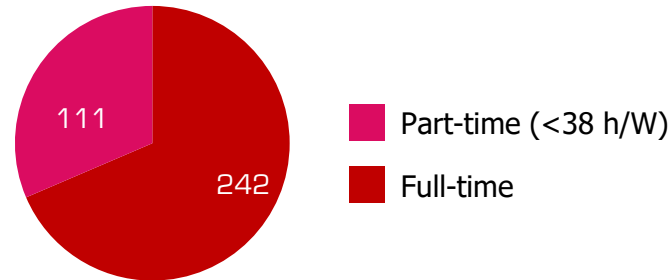
- australian
- bosnian-herzegovinian
- bulgarian
- german
- ecuadorian
- french
- greek
- indonesian
- italian
- kosovar
- croatian
- mongolian
- montenegrin
- mozambican
- Austrian
- polish
- portuguese
- romanian
- russian
- serbian
- slovenian
- spanish
- syrian
- czech
- turkish
- ukrainian
- hungarian
- vietnamese

ARTDECO cosmetic Group

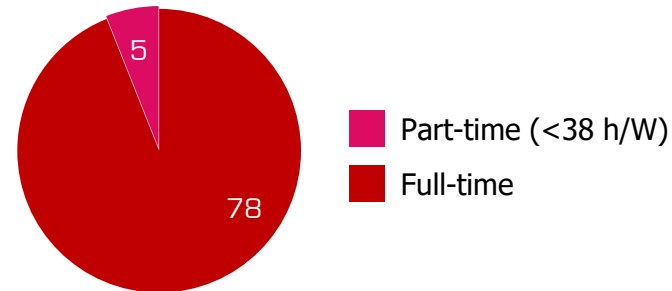


110 Men
669 Women

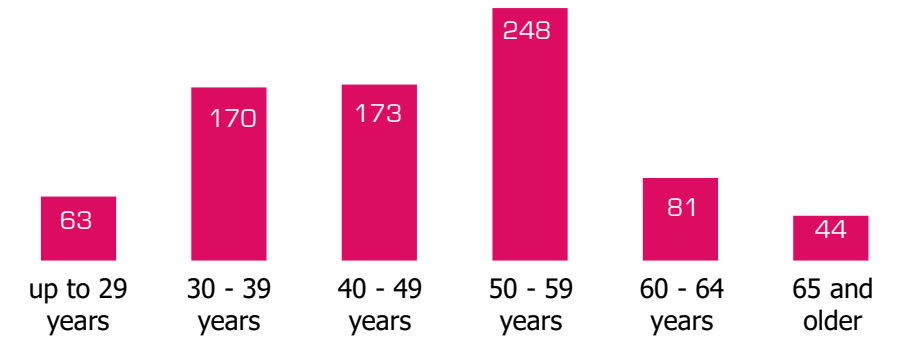
Share of women by working time distribution *2



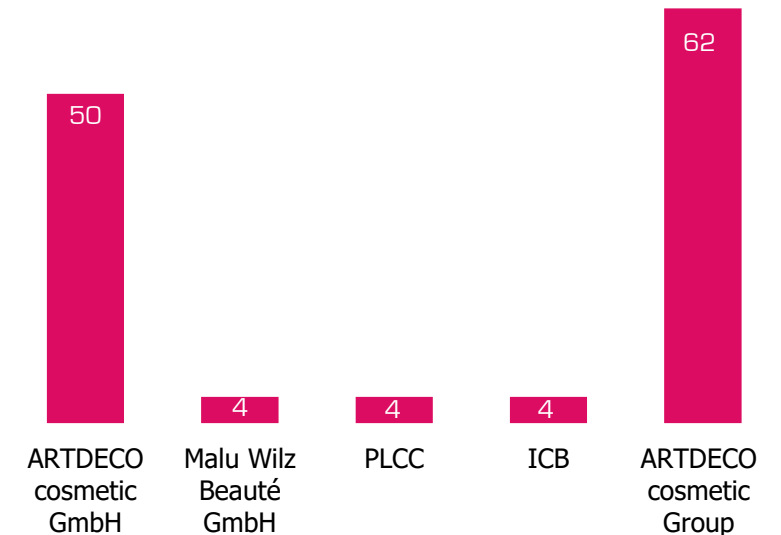
Share of men by working time distribution *2



Age structure of all employees



Employees on parental leave by number by company *3



*1 All employees, incl. parental leave, long-term sick, interns and working students, as of Dec. 31, 2021 | Incl. one employee of CCS GmbH and two employees (temporary help) BeYu

*2 Excluding service staff and home workers (marginally employed on a mini-job basis).

*3 Number by company in 2021 (not necessarily the entire year)

— Responsible

PARTNERSHIPS



ARTDECO
COSMETIC GROUP



Climate Partner helps companies calculate and reduce CO² emissions.

econsense

Forum Nachhaltige Entwicklung
der Deutschen Wirtschaft

Econsense supports companies in anchoring sustainability within the company.



EcoBeautyScore
CONSORTIUM

The EcoBeautyScore Consortium is developing an industry-wide environmental impact assessment and scoring system for cosmetics products.



GEMEINSAM RECYCLN.
GEMEINSAM WERTE SCHAFFEN.

The Forum Rezyklat is an alliance of partners along the entire packaging value chain.



VKE represents the common political, professional and technical interests of cosmetics manufacturers and distributors.

Conscious

Our contribution to a bearable world

In the area of environmental sustainability, we focused on the following aspects:

- Preparation of our first CO² balances and climate neutrality for the year 2022
- Elaboration of a guideline for sustainable packaging materials
- Identifying optimization potential in the area of sustainable transport packaging

Protecting the environment plays an important role for us as a manufacturer of cosmetic products. We have focused strongly on our packaging materials, as they represent a major factor in reducing our impact on the environment. We also focus on the selection of our raw materials. In our textures, we emphasize high-quality ingredients and close collaboration with our suppliers.

Conscious is lived at our company true to the motto "Reduce, Reuse, Recycle".

— *Conscious*

CORPORATE EMISSIONS AND CLIMATE NEUTRALITY

ARTDECO
COSMETIC GROUP



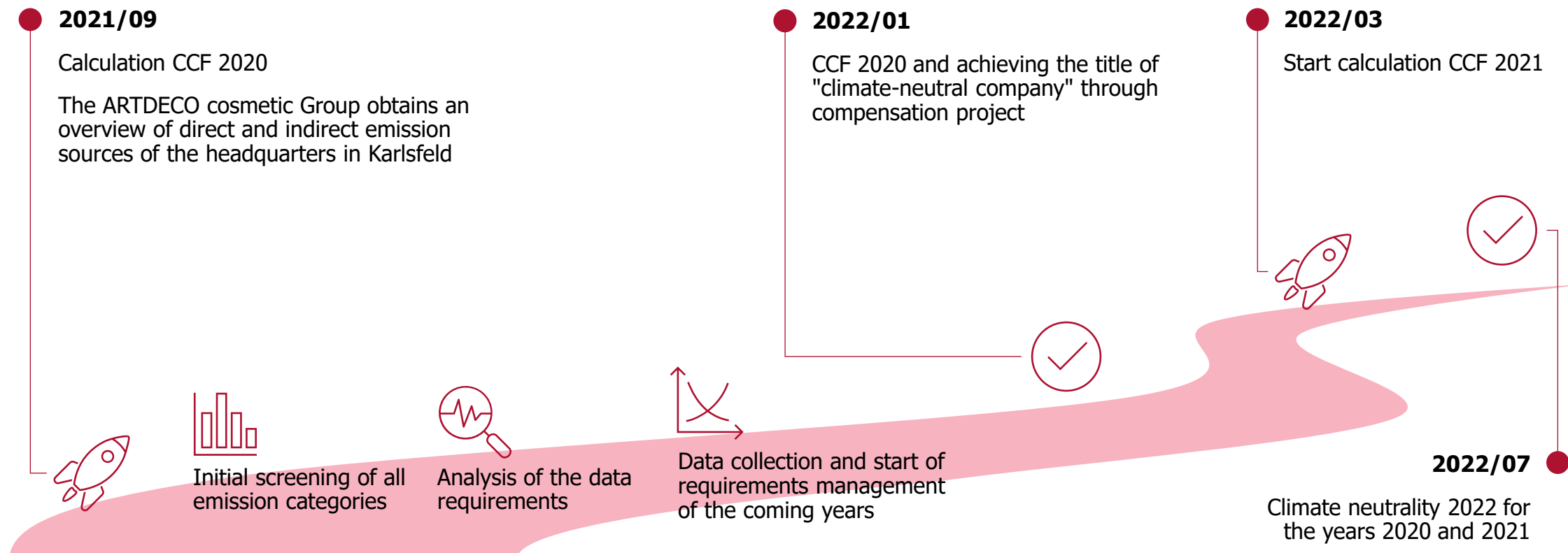
Last year we conducted our first-ever carbon footprinting of our Group. The CO² emissions were calculated from direct emissions (Scope 1), purchased energy (Scope 2) and part of the indirect emissions from the supply chain (Scope 3), such as business travel and employee transportation.

We offset our emissions through climate protection projects that produce clean cooking stoves through a local cooperative in Rwanda and Uganda.

Traditionally, families there cook over an open three-stone fire. In the process, energy efficiency is low, and large amounts of energy are lost unused. Clean cooking stoves are often simple devices made of metal or clay, but they make better use of the energy supplied. Families thus save fuel and CO². In addition, the families can significantly reduce their wood consumption and thus protect the Nyungwe Forest National Park from deforestation. Since women are usually responsible for the fire, they and their children benefit particularly from the project.

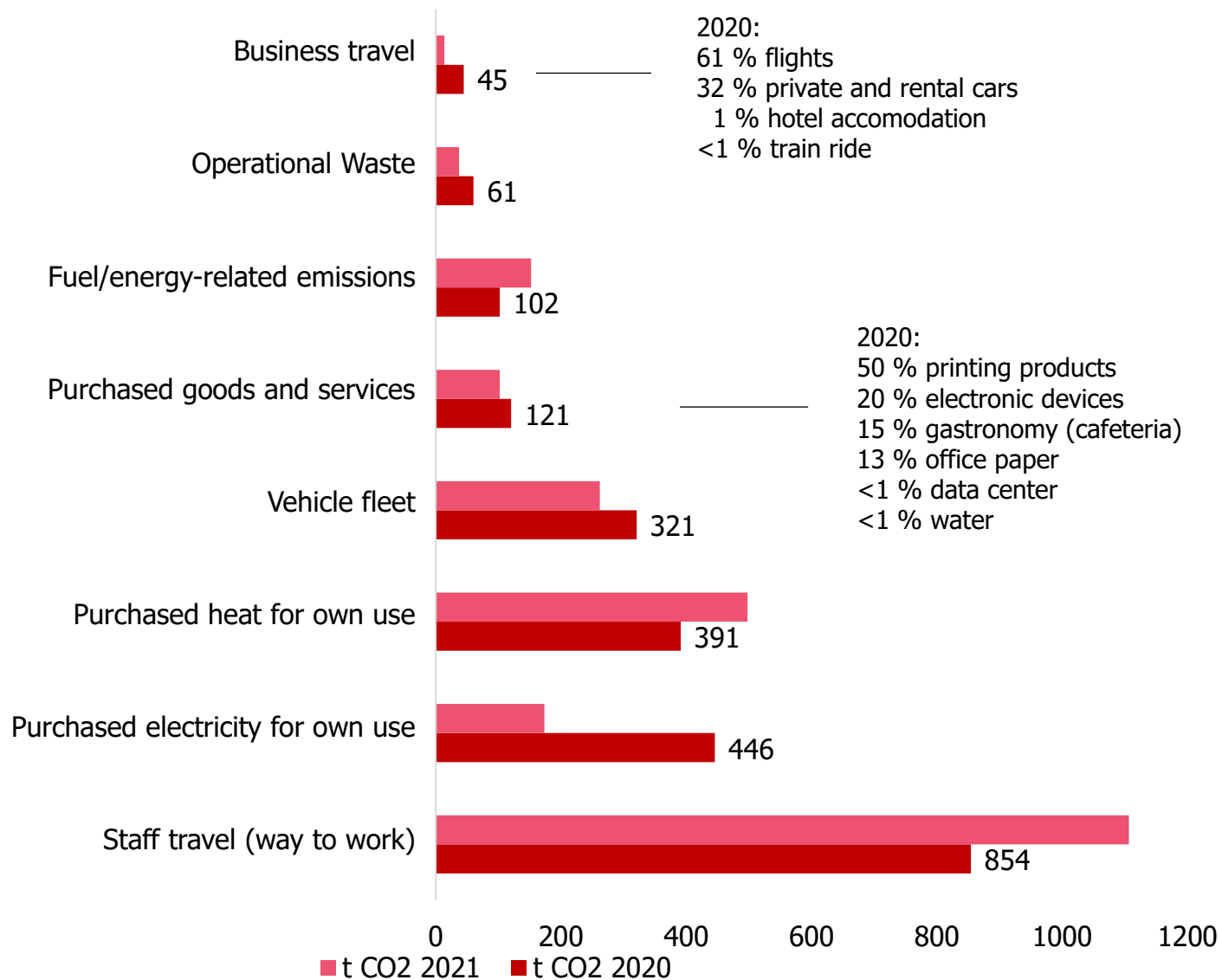
However, in addition to emissions compensation, reducing emissions in particular plays a key role in a successful climate protection strategy. We are therefore currently developing measures and targets to reduce our CO² emissions in the future.

EMISSIONS-ROADMAP AND CLIMATE NEUTRALITY 2022



For our climate neutrality in 2022, we have continued the calculation for 2021 directly to avoid a gap. Our climate neutrality for 2022 is thus composed of the years 2020 and 2021. Continuous calculation of emissions over further years will enable us to take further measures to reduce emissions and determine the success.

CORPORATE EMISSIONS BASE YEAR 2020 AND FOLLOWING YEAR 2021



OUR BIGGEST SOURCES OF EMISSIONS

A more detailed look at the distribution of emissions in the base year 2020 and a comparison of the data from the following year 2021 show our biggest sources of emissions:

Employee travel accounted for nearly 34 % of our total emissions in 2020. In the course of the 2021 calculation, an internal employee survey was conducted to gain even more detailed insights into travel behavior.

Stationary electricity accounts for 19 % of our corporate carbon footprint. We switched to green electricity in 2022 and can thus avoid 19 % of our emissions as early as 2022. Heat and power represent another strategic focus area.

* Electricity, heat & fleet upstream chain

DETAILS CORPORATE EMISSIONS 2020 & 2021

Emission sources	t CO² 2020	t CO² 2021	Difference
Scope 1	320,87	262,25	-58,62
Direct emissions from the company vehicle fleet	320,87	262,25	-58,62
Vehicle fleet	320,87	262,25	-58,62
Scope 2	837,07	671,46	-165,61
Purchased electricity for own use	445,77	173,52	-272,25
Power (stationary)	445,77	173,52	-272,25
Electricity (fleet)	0	0	0
Purchased heat, steam and cooling for own use	391,29	497,93	+ 106,64
Heat (purchased)	391,29	497,93	+ 106,64
Scope 3	1.182,52	1.485,97	+ 303,45
Staff travel (way to work)	854,38	1.180,31	+ 325,93
Staff travel (way to work)	782,18	1.106,42	+ 324,24
Home Office	72,2	73,89	+ 1,69
Purchased goods and services	120,56	102,34	-18,22
Print products	59,84	41,18	-18,66
Electronic devices	24,24	33,53	+ 9,29
Gastronomy (cafeteria)	17,93	15,63	-2,3
Office paper	15,5	10,23	-5,27
External data center	1,7	1,54	-0,16
Water	1,36	0,21	-1,15
Fuel and energy-related emissions	102,33	152,22	+ 49,89
Heat upstream chain	66,2	84,93	+ 18,73
Electricity upstream chain	36,13	67,29	+ 31,16
Upstream chain vehicle fleet	0	0	0
Waste from the company	60,54	37,15	-23,39
Operational waste	60,54	37,15	-23,39
Business travel	44,7	13,95	-30,75
Flights	27,48	4,4	-23,08
Private and rental cars	14,23	9,08	-5,15
Hotel accomodation	2,55	0,48	-2,07
Train	0,43	0	-0,43
Total	2.340,45	2.419,68	+ 79,23

PRODUCT CARBON FOOTPRINT

In addition to our CCF, we also calculated the emissions of the first products and compensated them through further climate protection projects. We started at ARTDECO with the Natural Cream Lipstick and at MALU WILZ with the Aloe Vera Cream. Year after year, further products follow in order to reduce our product carbon footprint and to initiate corresponding measures.

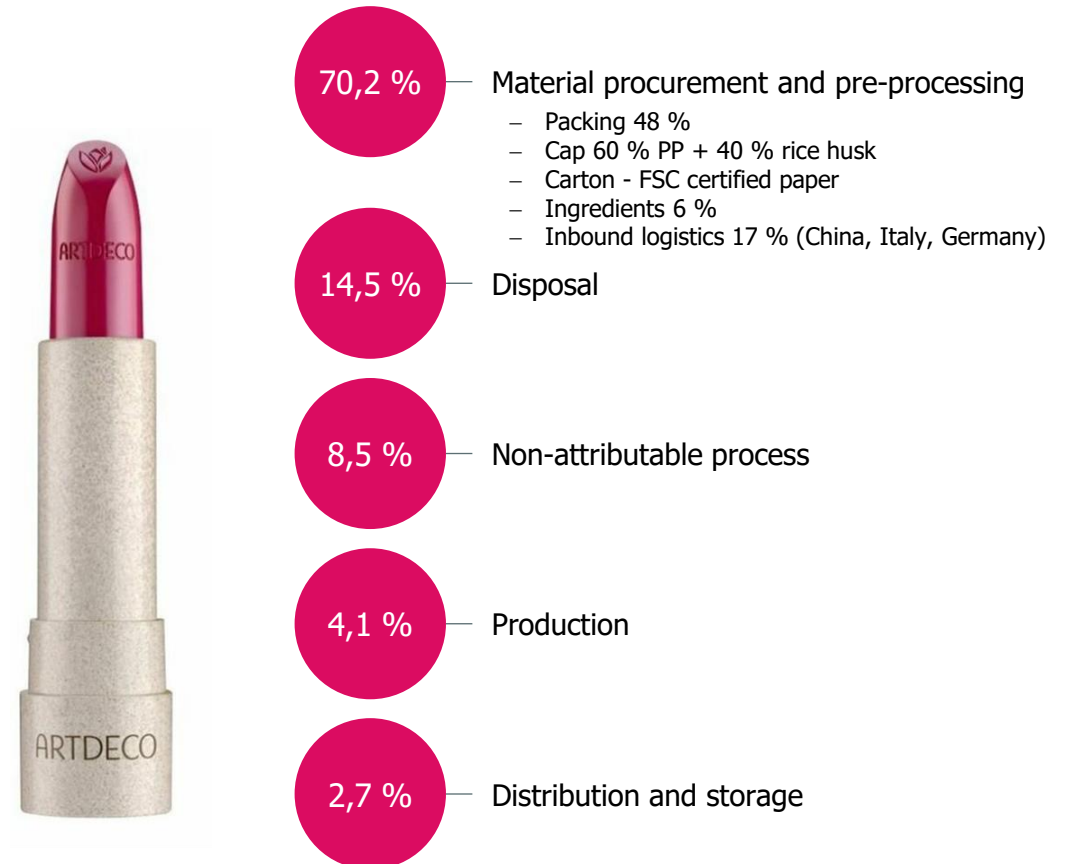
MALU WILZ ALOE VERA CREAM

391 g CO² / piece*



ARTDECO NATURAL CREAM LIPSTICK

271 g CO² / piece*



*The filling quantity of the two products is different, therefore the CO² emissions cannot be put into relation.

— *Conscious*

SUSTAINABLE PRODUCT PACKAGING

ARTDECO
COSMETIC GROUP

The products are the heart of our company. That is why we focus in particular on optimizing our packaging for greater sustainability. Important to us here are the recyclability of our packaging, increased use of recyclates, as well as circular economy and minimal use of resources.

To this end, in 2021 we developed a guideline for sustainable product packaging, a checklist, as well as our own assessment tool for the everyday work of our product managers. This tool quantifies packaging materials on the basis of criteria such as quality and safety, resource savings, social responsibility and emission reduction. The checklist was also transferred to the area of promotional materials in 2022.

GROUP VISIONS & SUCCESSES TO DATE PRODUCT PACKAGING



As of **today**, we consistently omit product packaging elements that we can do without from a brand and product perspective.



By **2035**, our product packaging will be free of plastics newly produced from petroleum (so-called primeware from fossil raw materials).



From **2025**, we will use at least 40 % recycled plastics for our plastic product packaging.



By **2023**, 80 % of our newly developed product packaging will be recyclable or reusable.
By **2028**, our product packaging is recyclable or reusable.



From **mid-2022**, 100 % of our newly produced product packaging will be made from paper from sustainable forestry, recovered paper or grass-fed paper.

EXAMPLES OF REALIZATION OF THE MALU WILZ BRAND

- FSC cardboard for decorative and care products
- Elimination of the package insert (Mineral Powder Foundation & Caviar Gold & Sensitive Pro products) by QR code and folding box with inside printing
- Elimination of folding boxes (MEN products & ALOE VERA series)
- Climate-neutral folding box (Sensitive Pro & ALOE VERA series)

EXAMPLES OF REALIZATION OF THE ARTDECO BRAND

- Extension refill system (Translucent Loose Powder)
- Folding box without foil lamination (Blush Couture & Beauty Box Trio)
- Advent Calendar 2021: outer packaging certified cardboard from sustainable forestry, thermoformed part 100% recycled cardboard (recycled mix of corrugated cardboard)

— Conscious

SUSTAINABLE TRANSPORT PACKAGING



"As much as necessary to ensure product protection and stability, but as little as possible to use resources sparingly."

ARTDECO
COSMETIC GROUP

As an internationally operating cosmetics group, we also source textures and packaging materials from all over the world in order to package them in Karlsfeld specifically for the market. This results in different delivery routes. Transport packaging in particular plays a major role. In 2021, a project team dealt with the sizes of packaging, waste reduction and the recycling system. Taking these fields of action into account, the focus was on "thinking from the beginning to the end of the value chain".

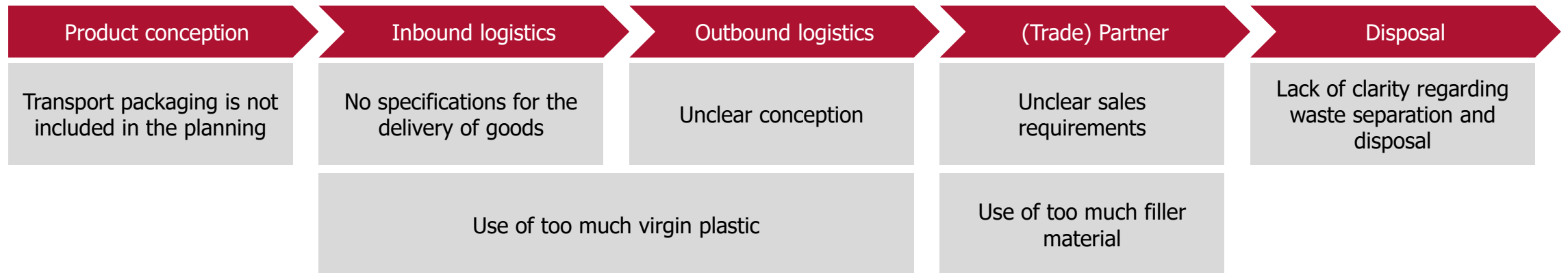
SUCCESSFUL TRANSFORMATIONS

- Delivery note pockets from plastic to paper
- Tissue paper made of 100 % recycled paper, FSC certified and recyclable
- Filling material made of 100 % recycled paper
- Adhesive tape made of paper, recyclable
- Work tools for thinking about transport packaging in product design
- Standard for deliveries
- Guideline for orders & deliveries
- Internal collection system for poly bags
- Waste separation and yellow garbage can
- Packaging made from recycled material
- Collection of displays, modules & inserts for recycling
- Direct shipment of large displays from Hamburg to customers in Europe

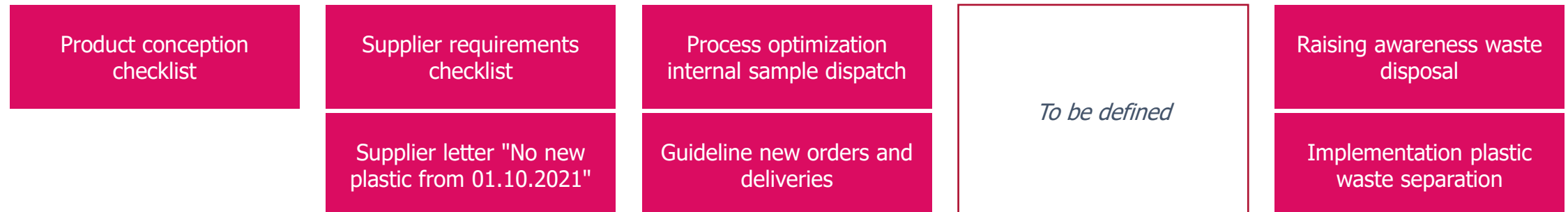
SUSTAINABLE TRANSPORT PACKAGING ALONG THE VALUE CHAIN

A project team from different departments of the ARTDECO cosmetic Group identified the hotspots of transport packaging within our group of companies and subsequently defined and implemented improvements. The findings were communicated to the employees.

Hotspots



Improvements





GREEN COUTURE

With our nature-oriented Green Couture product line, we want to raise awareness for respectful treatment of the environment, resources and all living creatures on this planet. The new product line stands for the triad of naturalness, sustainability and performance. In the products of our Green Couture series, at least 60 % of the ingredients are of natural origin. The primary packaging consists of at least 40 % rice husk powder, which in combination with PP saves the use of virgin plastic. ARTDECO has made a conscious decision to use paper from sustainable forestry for the folding boxes and packaging, which comes from responsibly managed forests and plantations. The line is free of mineral oils, parabens, silicones, PEG/ compounds and GMO, vegan and has a percentage of RSPO certified palm oil.

To increase transparency for customers, we deliberately refrain from stating the percentage of water contained in the products as part of the natural ingredients. The advertised percentages of ingredients of natural origin therefore explicitly exclude water and are largely based on plants and minerals. The remaining 10 % help to ensure the product's excellent performance and shelf life.

— Conscious
PRODUCTS

ARTDECO
COSMETIC GROUP



SENSITIVE PRO

For the first time, MALU WILZ uses product packaging from PCR (post-consumer recycling). This is packaging waste that has been used by the end consumer and then enters the recycling loop, for example via the yellow bag. These are then reprocessed and can be used again as packaging. For packaging for which recyclates cannot currently be used, we rely on mono-materials (packaging made from only one material to facilitate proper disposal).

The product line can be called "Clean Beauty" because it has been developed under strict conditions that go beyond the law. It is vegan and free of silicones, sulfates, mineral oil, parabens, PEGs, microplastics, aluminum, chemical filters, palm oil as well as nanoparticles. The entire series counteracts skin irritation and redness, strengthens the disturbed barrier function of the skin and increases moisture.

VISIBLE CHANGES WITH IMMEDIATE EFFECT FOR THE ENVIRONMENT 2021 | 2022

Retrieval and reconditioning of merchandise supports

Merchandise carriers - especially modules and inserts - are often destroyed after the promotion has expired and disposed of with the residual waste. Through a new process with our display manufacturer, these are taken back and recycled.

Savings in the logistics effort in the field of large displays

We have decided to shorten the logistical route and make it more direct. We have dispensed with the intermediate storage of displays in our warehouse and have switched to direct delivery within the EU.

First 100 % recycled bottle at MALU WILZ

A bottle made of pure post-consumer recyclate has been introduced at MALU WILZ. The reuse not only conserves resources, but also the environment.

Product team training

All our product teams have received training in materials science to recognize and implement environmental and circular economy impacts.

Saving resources with RENEWD IOS company devices

ARTDECO cosmetic Group has entered into a new agreement with the supplier of IOS corporate devices. The company Renewd gives a second life to high-quality electronics in order to extend the life of the devices and thus save electronic waste.

Conversion from PVC to PET sleeve films of the pencils

Within the ARTDECO cosmetic Group we are switching from PVC to PET sleeve film. PET brings various economic and ecological advantages. Especially in recycling, as waste management is focused on common plastics.

ARTDECO Group Forest x Treedom

With Treedom we have already planted over 300 trees in different countries. Among other things, this was our Christmas gift to distribution partners.

Caring

Our contribution for a equitable world



In the area of social sustainability, we focused on the following aspects:

- Development of a compliance guideline
- Joining the UN Global Compact
- External commitment by supporting women's aid organizations

Social issues are just as important to us as ecological issues, as they enable us to live and do business together well. Both our employees, their protection and well-being, and the general support of society are at the forefront of our activities. In particular, the topic of female empowerment is close to our hearts: most of our customers and employees are female, we work in a female-dominated industry, and so we also want to support women in our society beyond these boundaries.

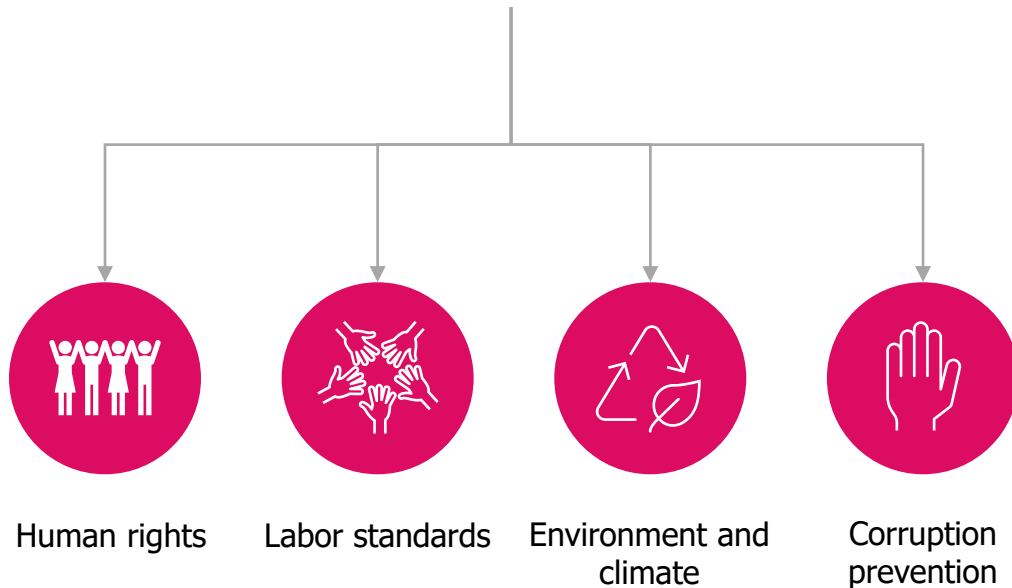
However, it is at least as important that we pay attention to the fact that our products and their production are in compliance with internationally recognized human rights and labor standards. We are very aware of our responsibility and will make our supply chain even more transparent in order to monitor these issues more closely.

OUR RESPONSIBILITY

WE SUPPORT



The United Nations Global Compact supports companies in strategically anchoring sustainability on the basis of 10 universal principles and contributing to the implementation of the Sustainable Development Goals.



By signing the UN Global Compact, the ARTDECO cosmetic Group has committed itself to take measures against child and forced labor and to ensure the observance of human rights. For this purpose, this year the suppliers of the ARTDECO Green Couture collection were audited according to the 10 principles of the Global Compact. A specially developed evaluation tool calculates a score, which provides information about the fulfillment of the principles. On average, the suppliers achieve 90 % compliance with the 10 principles. This monitoring will be extended to other product lines in the future.

The ARTDECO cosmetic Group works exclusively with suppliers who declare that no child labor was used for products or materials produced and confirm that they also do not tolerate forced or compulsory labor and that human rights are respected, and good working conditions are ensured.

OUR RESPONSIBILITY



HUMAN RIGHTS

The Group respects and supports the protection of international human rights within our sphere of influence and ensures through a supplier agreement that we are not complicit in human rights abuses.



LABOR STANDARDS

Some of our brands' cosmetic products contain MICA. In the mining countries, poverty often prevails, and women bring their children to work. The ARTDECO cosmetic Group ensures through a supplier agreement that no child labor is used for the extracted product.



ENVIRONMENTAL PROTECTION

The Group constantly analyzes possible environmental problems and will take initiatives to counteract them as well as to generate greater awareness.



FIGHTING CORRUPTION

The ARTDECO cosmetic Group takes a stand against all forms of corruption, including extortion and bribery.

WHAT'S NEXT?

The ARTDECO cosmetic Group is working on a holistic supplier agreement in order to be able to pursue our responsibility even more strongly. This agreement improves communication with our suppliers and ensures that sustainable responsibility becomes a constant topic of conversation. At the same time, the agreement is used for monitoring and operational audits in order to be able to establish sustainable supplier management. Finally, agreements with suppliers help us to ensure that their performance meets our sustainability requirements.

— Caring

EXTERNAL COMMITMENT



We cannot close our eyes to the suffering of the many people in Ukraine who now find themselves at war or on the run. Therefore, we have also made our contribution to support the people. We helped eight families with their arrival and integration in Munich. Both financially in terms of accommodation and through organizational assistance. In addition, the group has donated a total of 100,000€ for humanitarian aid in Ukraine.

We cooperate with the workshop for disabled people Schönbrunn. Here we regularly make up the X-Max sets for ANNY, for example. We also regularly cooperate with the Landshuter Werkstätten GmbH. We have the eyeshadow pans and magnets manufactured at the Cooperative of Workshops for Disabled People South eG.

In 2021, true to World Oceans Day, MALU WILZ donated €1 per product sold from the Thalasso skin care line to the One Earth - One Ocean organization from June to December. Specifically, the donation will go to the project "Recovering ghost nets in the Baltic Sea".

The Group has long been involved in various charitable organizations, such as Bild Hilft e.V., Ein Herz für Kinder, SOS Kinderdörfer, Plan International and Münchner Tafel, through product and in-kind donations.

LOOKING FORWARD

Dear readers,

2022 is a year of great upheaval. We are experiencing great powerlessness and despair during the war in Ukraine, but also great willingness to help on the part of people worldwide.

Imposed sanctions against Russia will also affect us and make raw materials such as oil, gas and coal even more expensive and scarce, which could mean that renewable energies could be expanded much faster than planned and we could thus also take further steps towards ecological sustainability.

Other resolutions such as the United Nations Global Plastics Agreement will increasingly shape our everyday working lives.

Sustainability is becoming more and more important to people. We will all have to find solutions to problems and challenges in order not only to preserve our planet for future generations, but also to ensure the success of our company in the future. We are looking forward to going on this journey together with you and are eager to hear your impulses and feedback!

CLAUDIA STEINBERGER
Managing Director – Sustainability



VICKY HANTSCH
Head of Sustainability



„All things are possible with coffee and mascara“

ARTDECO

COSMETIC GROUP

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