



REPORT — ENVIRONMENTAL AND SOCIAL IMPACT
2022





GOOD PURPOSE GOOD BUSINESS

At Wella Company, our mission is to enable all individuals to look, feel and be their true selves. We believe in the power to build business for good; striving to have a positive impact on the Planet, People and through our Products. These tenets are embedded into our operating foundation.

As we approach our third anniversary as a stand-alone company, we are proud to have successfully transformed Wella Company and our iconic portfolio of brands. We have created a resourceful, resilient business – one of the fastest growing beauty companies globally. We are continuing to gain share and loyalty across

the 127 countries in which we operate. As we grow, we are doing it the right way, leveraging our people, positively uplifting small businesses across the professional beauty sector and enhancing innovation for the planet. We have an employee population of more than 6,000, strong anchored in gender balance with 59% identifying as female, and a Board with 58% female representation. Last year we launched a broad-based employee participation program called WOW (We Own Our Way) that gives everyone a vested interest in the company's success.

We are galvanizing our people to employ an Owner's Mindset to scale growth for good.

It is on these principles that from day one we have advanced our Environmental and Social Impact journey. The ambitious yet pragmatic plan is anchored in science-based targets that we have validated and publicly declared in our ESG Manifesto. We are proud to be a participant of the United Nations Global Compact (UNGC) and to have signed the Women's Empowerment Principles (WEPs) and the UN Standards of Conduct to tackle LGBTQIA+ discrimination. Our carbon targets have been validated by SBTi, and we have joined the EcoBeauty Consortium. We believe that through partnerships like these we are well placed to continue to advance our efforts to drive positive impact.

This Environmental & Social Impact Report 2022 is our first chapter report. We will continue to reduce our carbon emissions, contributing to the collective efforts for the viability of our planet. We have built our future innovation pipeline to mindfully choose better ingredients, reduce packaging materials and waste and consider less water usage, which is our biggest source of environmental impact from products sold.

We are committed to being a corporate citizen of environmental and social integrity. That means we intentionally consider what and where we can positively impact and state goals that we believe are actionable and achievable. We hold ourselves accountable to our global employees, our customers, consumers, suppliers and partners. We engage with more than 91 million beauty lovers around the world, and we encourage them to join us in embracing our ambition to lead positive change.

As Wella Company continues to grow and mature, we will monitor, measure and validate our environmental and social impact. We will stand behind our commitments and progress with purpose, ensuring we deliver on our goals the right way.

We believe we can and will be a positive force for good – for our Planet, our People and through our Products. The next generation is counting on all of us.

Regards,

Annie

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2022
KEY HIGHLIGHTS

#1
Salon Color Brand in the World¹

143
years in the industry


3
years as
standalone company

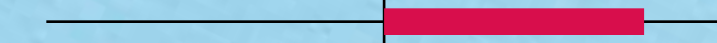
 USD 2B+
Net Revenue

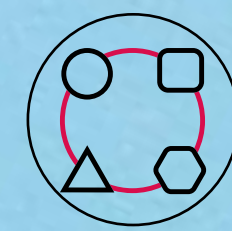
59%
employees identifying as female



ZERO
Waste to Landfill¹⁹


 6,000+
employees

-10%
Scope 1 & 2 emissions


77%
recyclable packaging


 11
brands

-5.5%
water withdrawn per unit
produced in our factories


98.85%
non-animal derived ingredients
in our factories


¹ See Appendix for further details.

¹⁹ Where allowed by law (note: Mexico is excluded due to local regulations that require specific waste to be sent to landfill).



Wella Company is an innovative global leader in the beauty industry that combines 140+ years of earned wisdom and industry experience with the high-growth momentum of a rising independent company.

Since 2020, Wella Company has galvanized the transformation of our business and brands to become one of the fastest growing companies in the beauty sector. Our portfolio of iconic professional and retail hair, nail and beauty tech brands includes Wella Professionals, O.P.I, ghd, Briogeo, Nioxin, Sebastian Professional and Clairol. Today Wella Professionals and O.P.I claim the #1 global position

for salon hair color and #1 professional salon nail brands, respectively. To build the best beauty company in the industry, we adhere to supporting the professional beauty industry because when the industry thrives, we thrive.

As innovators who seek to inspire consumers and beauty professionals through our brands to look, feel and be their true selves, we advance with the highest rigor combining science, technology and artistry to innovate products across our brand portfolio.

Guided by our company values and led by purpose to deliver positive impact on people through our products and towards our planet and society, we deliver sustainable growth to all stakeholders. Each day,

we impact a diverse community of more than 91 million beauty lovers and industry professionals, social influencers, ambassadors, followers, employees, customers and suppliers across the globe. This is our Wella Family. We are dedicated to proudly serving them and supporting the communities in which we operate across 127 countries globally.

Our ambition to be better by doing better propels us forward, empowering everything we do while also guiding our environmental and social progress. Continuing our journey to sustainably improve our products, reduce our impact on the environment and foster a culture where all employees lead as owners together as one team, we ensure Wella Company prospers for generations to come.





WE believe that business must be a catalyst for change, enabling people, organizations and societies to collectively prosper.

We aim to unleash the potential of our people, partners and organization globally through environmental and social impact, while ensuring we build on our ambition the right way through governance. Embedded into our ethos is Diversity, Equity, Inclusion and Belonging, which embraces each person for who they are, how we operate and

how we support the industry and communities we serve.

Our environmental and social impact journey is inherently connected to our commercial growth and how we measure our value. And as we make progress on our agenda to care for our planet, and leave a positive impact on society, we will

become a champion for change whose legacy will be worthy of our iconic history.

Since becoming an independent company in 2020, we have achieved the following **key milestones:**

- In 2021, during our first year, we conducted a comprehensive materiality assessment to identify with our stakeholders the environmental and social challenges Wella Company should act on. We assessed our environmental footprint around carbon and water to understand our baselines and set targets for 2030 around People, Planet and Products pillars.
- In 2022, we defined Wella Company's carbon strategy abiding to the Paris Agreement and having our 2030 Near-Term Targets validated by SBTi.

We proudly joined the UN Global Compact and committed to respect human and social rights. We declared our ambition by publishing our plan, targets and goals in Wella Company's ESG Manifesto.

- In 2023, publishing our first report (regarding 2022 impact).

Going forward, we will expand our efforts to protect natural resources. We will assess our biodiversity impact and identify actions.

And through social impact, we will identify those causes where we can use our resources and people to best benefit the communities where we operate, the people we serve and the planet we cherish.



Wella Company identified sustainability as core to our business value proposition from the start. Environmental and Social Impact are foundational to how we operate and integrate into our business, brands and products.



AND PRIORITIES — MATERIALITY ASSESSMENT

We take our Environmental and Social Impact ambition seriously. We lead our actions and outreach with integrity to ensure we do what we say.

Our first materiality assessment gathered input from internal and external stakeholders, including suppliers, customers and partners, to understand their perspectives and expectations regarding environmental and social challenges the world is facing, and how Wella Company could best contribute. Stakeholders were engaged through interviews and surveys as well as through social media. The goal was to align the company's commitments with stakeholder needs and ensure credibility and authenticity in what we built.

With our environmental and social priorities identified, we have built our ESG strategy on three pillars: People, Planet and Products, committing to care for people across our value chain, to protect the natural resources of our planet and to develop sustainable products. Carbon, water and waste, clean and green product formulation, Diversity, Equity, Inclusion and Belonging (DEIB) and business ethics are the core foundation of our strategy.

WELLA COMPANY MATERIAL TOPICS²

PEOPLE
PILLAR

- Diversity, Equity, Inclusion & Belonging
- Human & Social Rights
- Business Ethics



PLANET
PILLAR

- Climate Risk & Carbon Emissions
- Water & Waste
- Sustainable Salon Operations

PRODUCTS
PILLAR

- Product Quality & Safety
- Clean & Green Formulation and Packaging
- Diverse Product Offerings



² See Appendix for further details.



ESG — GOVERNANCE AND BUSINESS ETHICS

GOVERNANCE

From the very inception of Wella Company, we created a formal corporate governance structure to steer our Environmental and Social Impact plans. An ESG Executive Committee was formed to include key representative leaders from Research & Development (R&D), Supply Chain, Legal, Finance and Marketing, led by Sustainability and ESG leaders to validate the defined strategy and steer the priorities and resources needed.

In June 2022, the Wella Company Board of Directors confirmed its oversight of ESG matters and Wella Company's Environmental and Social strategy. We review the status of our progress toward achieving the plans and biannually present to the Board of Directors.

Looking ahead, we will set up a Committee at the Board level whose focus will include Sustainability to counsel and support the detailed strategy and execution.

BUSINESS ETHICS

Business Ethics is central to how we operate Wella Company and to the Environmental and Social Impact plans. We adhere to ethical decision-making across all operations.

At Wella Company we seek to 'do the right thing', operating with integrity across everything we do. We promote ethical behavior and ensure that everyone in the organization follows WECare, our Code of Conduct.

In 2022, we published our first new Code of Conduct as an independent company. WECare is specifically designed to respond to and manage the ethical risks that Wella Company faces and to provide clarity to company stakeholders about our commitment to doing what is right. WECare is accessible in multiple formats and made understandable for all our employees; as well as being available in 11 languages.

We now advance this Code of Conduct model to also include third-party partners (suppliers, customers, distributors, etc.). We aim to establish a mutual agreement with them ensuring that ethical decision-making is the defined working model.

The company's Whistleblowing hotline is available in all the languages across the geographies in which we operate. We have also issued Investigation Guidelines to ensure that all concerns and their outcomes are handled effectively and consistently across the company.

We continue to invest in our ethics and compliance program, continuing to focus on providing accessible and useful guidance to all employees regarding the ethical risks faced at work and how best to handle them. We already measure the effectiveness of our program and seek to enhance it where possible.



PEOPLE

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WE aim to create a positive environment where our People: employees, customers, partners and suppliers can conduct business in an ethical, fair and inclusive way across our value chain.

People are our greatest assets and are the catalysts that drive our success. Our more than 6,000 employees³ bring their talents and best selves to our diverse and inclusive workplace every day. Together, we connect with a community of more than 91 million beauty lovers and

industry professionals, social influencers, ambassadors, followers and customers across the globe.

We are on a journey to create a company that is fuelled by the power of its people. We foster a culture of belonging across all dimensions of diversity, including ethnicity, background, religion, gender, sexual identity, age, disability. By ensuring people feel authentically heard, valued and appreciated, we can leverage the full value of their talents.

Wella Company has the power to positively impact people, organizations, and societies to collectively prosper. We believe that when our industry and its communities thrive, we all collectively thrive.

‘WE ARE BUILDING AN ORGANIZATION WHERE EVERY EMPLOYEE IS INVESTED IN THE COMPANY’S SUCCESS. WHEN WE WIN, WE ALL WIN TOGETHER.’

Gretchen Koback Pursel, Chief People Officer

OUR GLOBAL PRESENCE

>6,000
employees

59%
employees globally identifying as female

>100
countries of professional customers

91
million people in our diverse community

³ See [Appendix](#) for further details.





OUR EMPLOYEES

WE are creating a high-performing organization and culture which inspires and empowers people to reach their full potential and thrive.

High-performance workplaces do not happen by accident. We know employees value growth, fulfillment and achievement. Companies need to reward employees mentally, physically and financially so that businesses can leverage the full value of their talents.

OUR APPROACH

Wella Company has a great ambition to become the best beauty company in the industry. We are a fast-moving and high growth business with steep ambition to deliver both a highly profitable business and also one that is centered on doing good for our people, society and the planet.

Together, we create more value. Powered by the hair, nails, beauty tech and salon community; enabled by science, education and a passion for partnership, Wella Company has thrived through transformation and

change. This could not have been achieved without people at the heart of success.

Our values serve as our North Star and inform how we work: Collaborative, Creative, Connected, Courageous and Committed. In our annual employee survey 'WE Listen', we take the pulse of our employees and highlight areas of improvement across three key indexes: inclusion, engagement and wellbeing. We are committed to providing fair wages and good working conditions to all our employees according to the law and in line with our Code of Conduct.

OUR COMMITMENTS

70%

We commit to achieving an employee engagement score of 70%

80%

We commit to achieving an employee sentiment of 80% for 'everyone can achieve their full potential'

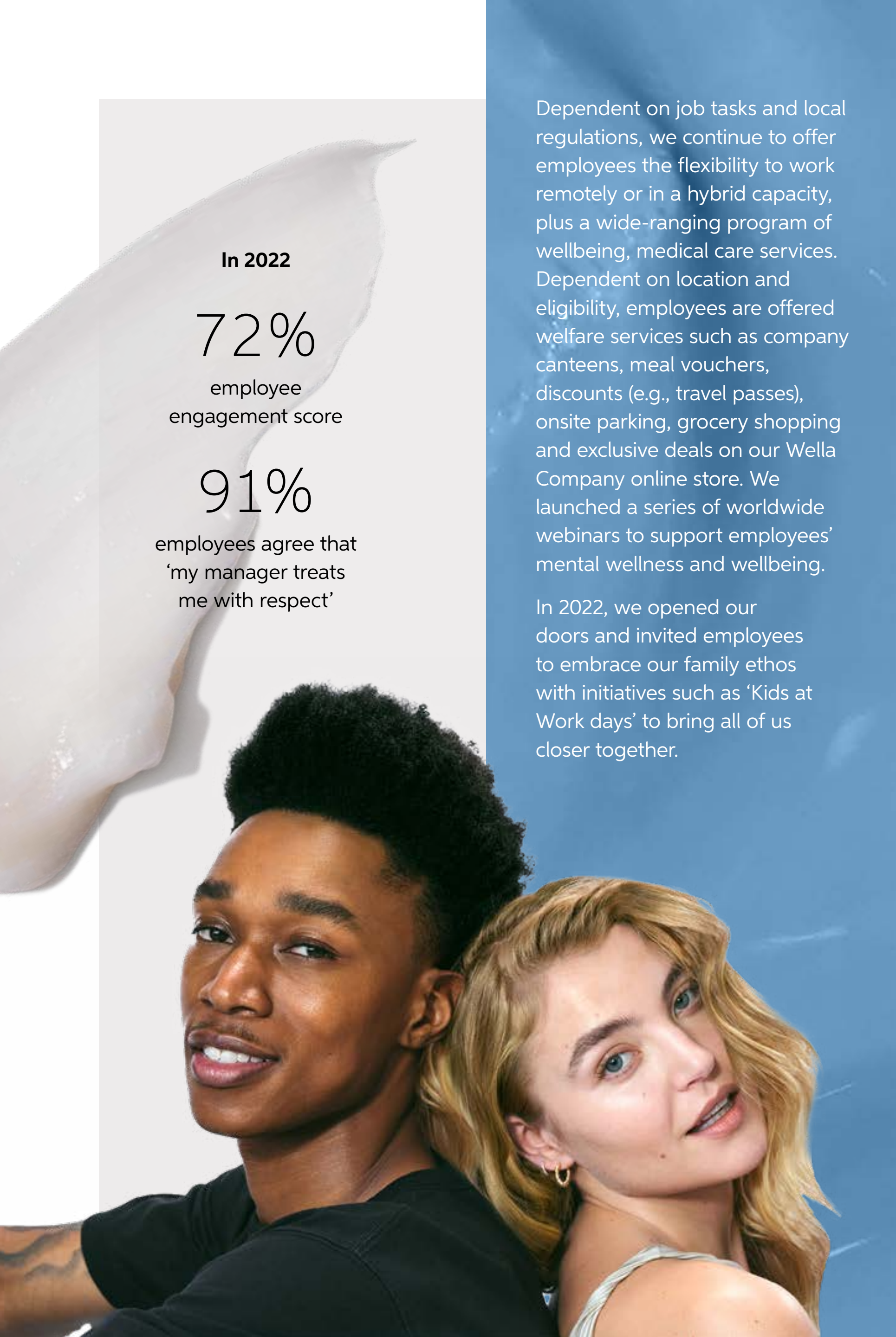
OUR IMPACT

Our management sets clear goals for employees via mid- and end-of-year performance reviews, with goals being based on how well employees are aligned with, and are delivering on, the values of Wella Company. These reviews help employees realize their best selves, while keeping communication within teams open and effective. This is reflected in the results of our 'WE Listen' survey: 76% of 'employees feel everyone can achieve their full potential', and 91% of employees agree that 'my manager treats me with respect'. In 2022, our overall employee engagement score⁴ reached 72% which exceeded our goal of 70% as stated in our ESG Manifesto.

58% of our employees are covered by collective bargaining agreements⁵, as required in some of the countries in which we operate. Employee welfare is a priority area at Wella Company. We provide a global Employee Assistance Program (EAP), supplementary life insurance protection in all countries and supplementary health insurance in most countries where we operate, in addition to the applicable statutory health insurance requirements.

⁴ See [Appendix](#) for further details.

⁵ See [Appendix](#) for further details.



In 2022

72%

employee engagement score

91%

employees agree that 'my manager treats me with respect'

Dependent on job tasks and local regulations, we continue to offer employees the flexibility to work remotely or in a hybrid capacity, plus a wide-ranging program of wellbeing, medical care services. Dependent on location and eligibility, employees are offered welfare services such as company canteens, meal vouchers, discounts (e.g., travel passes), onsite parking, grocery shopping and exclusive deals on our Wella Company online store. We launched a series of worldwide webinars to support employees' mental wellness and wellbeing.

In 2022, we opened our doors and invited employees to embrace our family ethos with initiatives such as 'Kids at Work days' to bring all of us closer together.

OUR VALUES AND EMPLOYEE EXCELLENCE

At Wella Company, WE are...

WE seek for employees to always...

Collaborative

WE work together to create the extraordinary

- Act as one team from global to local and across functions
- Inspire & empower others to succeed
- Treat everyone with trust & assume positive intent

Creative

WE foster creativity and excellence to create value for our brands and business

- Create brand and customer experiences that delight
- Value expertise and intuition with data
- Promote innovative ideas and excel in executing them

Courageous

WE are agile, entrepreneurial and we own our future

- Take full accountability for driving results
- Make things happen quickly, turning decisions into action
- Be open minded and adaptable to new thinking and ways to work

Connected

WE stay connected, ensuring we are always consumer centric

- Connect with professional and consumer needs and behaviors
- Think digital first as we engage with professionals and consumers
- Create active and engaged communities physically and digitally

Committed

WE are responsible for our impact on others and the planet

- Build inclusive and diverse teams
- Act with integrity and transparency towards each other and the consumer
- Work to have a positive impact on the planet

LOOKING AHEAD

We believe in building an 'Owner's Mindset' where everyone has the accountability of leading like an owner with a growth mindset and actions, aligned to our values and constantly challenge what we can achieve together for the iconic beauty brands we represent.





DIVERSITY, EQUITY, INCLUSION AND BELONGING

WE are committed to creating a diverse, equitable and inclusive company where everyone feels they belong, so that together we enable everyone to be their true selves and thrive.

Diversity, equity, inclusion and belonging (DEIB) are important drivers of employee connection. We added 'Belonging' to our DEI strategy in 2022 to better reflect our Wella Family ethos and build on the 73% employee 'feeling as though they belong to Wella Company' towards our 80% ambition.

We believe our focus on DEIB opens the door to new perspectives, ideas and better results. Businesses that champion DEIB build and retain teams that excel creatively and collectively.

OUR APPROACH

DEIB is our mission, and attracting and retaining a diverse workforce, including, but not limited to, gender, race, culture and nationality is at the very heart of how we connect with our employees, customers, consumers, suppliers and community.

DEIB AT WELLA COMPANY

Diversity

We ALL bring something unique

Equity

We ALL have what we need to succeed

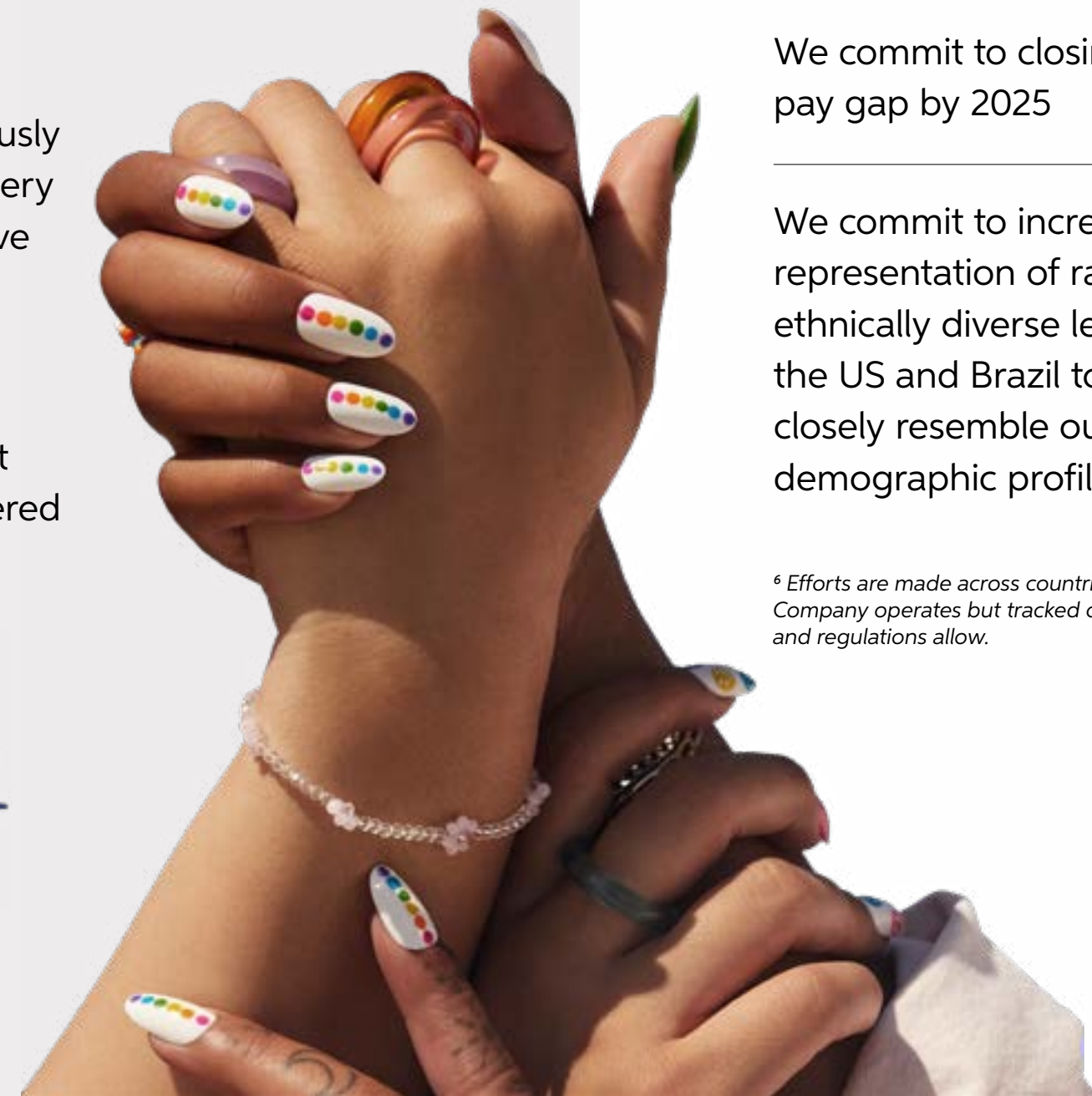
Inclusion

We ALL consciously strive to hear every voice and achieve full participation

Belonging

We ALL feel that we are empowered to contribute

WE ALL



OUR COMMITMENTS

50%

We commit to achieving 50% female directors and above by 2025

80%

We commit to achieving 80% of our employees feeling as though they belong at Wella Company by 2025

100%

We commit to training 100% of our employees on unconscious bias by 2025

We commit to closing the gender pay gap by 2025

We commit to increasing the representation of racially and ethnically diverse leaders in the US and Brazil to more closely resemble our consumer demographic profile⁶

⁶ Efforts are made across countries where Wella Company operates but tracked only where local laws and regulations allow.



SHARING WOMEN'S PERSPECTIVES ON LEADERSHIP

In 2022, our Founder's Forum event hosted more than 200 business leaders, beauty influencers, media and up-and-coming female executives for an inspiring discussion with several of Wella Company's powerful female founders. The live event, in Calabasas, California, celebrated the entrepreneurial vision and unique perspectives of Suzi Weiss-Fischmann, co-founder of OPI; Nancy Twine, founder of Briogeo; Eva Graham, founder of Nioxin; Annie Young-Scriver, Wella Company's CEO. Renowned journalist, Stephanie Mehta, CEO of Mansueto Ventures (Fast Company and Inc. magazines), has served as moderator of the event. They offered anecdotes and wisdom on topics close to women's hearts including enabling women leaders to succeed, the unique challenges facing female entrepreneurs and how to build a high-performing company culture.



OUR IMPACT

We successfully achieved our ambition of 50-50 gender balance for the Wella Company board and 46% of women as Directors and above in following a select hiring of talented women leaders in recent years.

Moreover, to assess our status in the fight towards gender equality, we have calculated our gender pay gap⁷. In 2022, on average, men's annual salaries were 2% higher than women's. We aim to eliminate this difference.

Central to driving our culture change is our Affinity Groups Program, which cultivates diverse voices and ideas in the organization that not only support employees, but also business growth. Affinity Groups

are open to all our employees whether they identify with the Affinity Group focus or are supporters and ambassadors. They enable a deepened knowledge of different cultures and experiences and foster new discoveries for personal and professional growth, as well as contribute to cultural values at Wella Company.

Since the launch of the program in 2020, six Affinity Groups have been established and all of them are already helping employees feel recognized, respected and professionally empowered.

We are working hard to advance diversity across a broad range of dimensions. We recognize the importance of making sure that every voice is listened to at Wella

Company. On this topic we have effectively leveraged local efforts to the benefit of our global progress on DEIB.

Specifically in Brazil, we have created a DEIB committee which is driving our goals and ambitions forward. Within the committee, five teams focus on specific areas of diversity (age, gender, ethnicity, disabilities and LGBTQIA+) on which they take actions to empower equality across all employees. Each team has set KPIs and targets which are clearly communicated and tracked. Moreover, they created guidance on how to tailor best practices to promote DEIB locally.

The committee is also responsible for the concept of 'WEALL': an invitation to see Wella Company, and the world, from another perspective. By embracing new viewpoints 'WEALL' make our company more plural, dynamic and complete.

Finally, in 2022, we began our pilot training for an unconscious bias program in the UK. The causes of bias, their negative effects and how to recognize and avoid them were all discussed.

'WE ARE BUILDING AN ORGANIZATION WHERE WE ALL MATTER, WE ALL ARE INCLUDED, AND WE ALL SUCCEED.'

Annie Young-Scriver, CEO

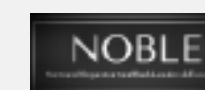
⁷ See Appendix for further details.

AFFINITY GROUPS

Our six groups are just the start of bringing people closer together at Wella Company



LGBTQIA+ AFFINITY GROUP



Network of Black Leaders and Executives (NOBLE) AFFINITY GROUP



ASIAN AFFINITY GROUP (AAG)



HISPANIC/LATINX/ MEXICAN (HLM) AFFINITY GROUP



WOMEN OF WELLA (WOW) AFFINITY GROUP



WOMEN IN STEM AFFINITY GROUP



Case study

Supporting the fight against LGBTQIA+ youth suicide

OPI proudly supports the Trevor Project, the world's largest suicide prevention and crisis intervention organization for LGBTQIA+ young people. The Project offers crisis services for suicide prevention, advocacy for LGBTQIA+ youth protection, education and public awareness on the topic, research in the field for continuous improvement, and an online networking space, 'TrevorSpace' for peer support. The networking space is an affirming online global community for LGBTQIA+ young people ages 13-24 where you can make friends, ask questions, get advice and find your people. The platform is secure and offers support to the community 24/7 365 days anywhere in the world.

We are about self-expression in all forms. Our support is here to stay: our continued partnership is one step toward creating a world in which our community feels safe and welcome in.

The Trevor Project partnership with OPI began in 2022, with the launch of a limited-edition 'Rock Your Rainbow' mini-pack of six bold shades to inspire rainbow-colored nail art and self-expression. OPI communicated the new partnership with their 'Power of Hue' Summer 2022 collection media campaign supporting the voices of local activists and organizations and a donation of USD 25,000 towards The Trevor Project. OPI has continued the partnership with an additional USD 100,000 donation in 2023. Together we amplify the voices of the LGBTQIA+ community and help build a more colorful future spotlighting unique skills, personality and style because nail polish isn't just a color, it's the punctuation to *hue* you are.

Collectively, the Trevor Project has had a significant impact, serving more than 220,000 youths in the US. When asked how satisfied they were with the service received, the youth reported an average of 8.5 on a scale from 0 - 10, with 10 being Very Satisfied.

Learn more about TrevorSpace by visiting: <https://www.trevorspace.org/>
Find out more about OPI's Corporate Partnership by visiting: <https://www.thetrevorproject.org/corporate-partners/>
To donate and learn more visit <https://www.thetrevorproject.org/>

LOOKING AHEAD

While our actions to date have focused on our employees, as we progress on our DEIB journey, we aim to broaden our practices to include our customers and consumers, suppliers and the communities where we operate. This will ensure DEIB is embedded as an essential component of our growth strategy at Wella Company.

With our business partners, we will continue to promote more diverse and inclusive practices which will in turn create a positive economic impact on the communities where they operate.

We will leverage the success of our DEIB Brazil committee and 'WEALL' as well as our unconscious bias training by expanding these to other regions, to enable good practices towards the inclusion of all voices.



HUMAN AND SOCIAL RIGHTS

WE are committed to abiding by the high standards we set for ourselves and our business partners.

Protecting the human and social rights of workers is non-negotiable. We realize that in global supply chains and operations it is paramount to ensure transparency of workers' rights.

OUR APPROACH

We have adhered to the United Nations Global Compact (UNGC) – the world's largest initiative for building highly sustainable businesses – and the Sustainable Development Goals (SDGs) in the areas of human rights, labor, the environment and anti-corruption. In connection with our Code of Conduct this is how we aim to operate as a socially conscious, purpose-driven company.

We work at the highest degree of integrity around human rights and business ethics in our organization, with our suppliers and business partners and across our value chain.

Through fundraising, donations and financial support, we seek to have a positive impact within the local communities where we operate.

OUR COMMITMENTS

We commit to assessing our suppliers and customers on human and social rights and when required, to set up a remediation plan with them.

OUR IMPACT

Before any new business partnership, fair wages and working conditions need to meet our Code of Conduct expectations. We prioritize those suppliers which uphold social and environmental responsibility.

In 2022, we mapped our suppliers with the Human Rights Global Index to understand how many

of our suppliers operate in high-risk countries and ensure they are putting in place all that is needed to protect human and social rights.

Moreover, Wella Company donated unsold inventory to support humanitarian relief efforts, including single mother shelter organizations and children's orphanages.



Donations for local communities

8,000

products donated to the International Red Cross Geneva (Switzerland) and International Red Cross Annecy (France)

189,291

products donated for humanitarian assistance



Case study

Raising over USD 23 million for breast cancer charities

Tackling breast cancer has been a pillar of the ghd brand for more than two decades. Close to our hearts, ghd wants to raise awareness of self-check for early diagnosis and to empower people across the world to start regularly checking their breasts for signs of breast cancer.

As a trusted brand that is used by millions of people across the world, ghd has a unique and powerful opportunity to connect and communicate with its consumers via its limited-edition pink tools and campaigns. The campaigns feature real-life stories from people who have experienced breast cancer and who ghd call 'our muses', as their stories of positivity, courage and determination are focused on promoting a culture of self-checking for all.

A business that lives its values, ghd has been at the forefront of supporting the breast cancer community for 20 years and is committed to continuing its meaningful work that helps provide improvements in breast cancer. By creating an annual Pink Collection of products, ghd has been donating GBP 10 or USD 10 for every item sold which has so far raised around USD 1 million annually and over USD 23 million in total, which is then donated to cancer charities globally.



LOOKING AHEAD

We will define and implement a comprehensive due diligence process to assess all new and current business partners on environmental and social risks impacting people in our supply chain and in communities around the world.

We will monitor these risks using a recognized scoring platform and conduct audits when necessary to ensure compliance with ethical and sustainable standards.

Moving forward on our journey to become a purpose-driven company, we will identify the social and philanthropic causes where we can have the greatest impact. And we will drive for lasting positive change.



PLANET

CLIMATE	7
WATER	7
WASTE	7
SUSTAINABLE SALONS	7





‘WE STRIVE EVERY DAY TO PROGRESS ON OUR SUSTAINABILITY JOURNEY, TO FULFILL OUR OBLIGATION TO IMPROVE THE PLANET FOR TODAY AND FUTURE GENERATIONS.’

German Alonso Boldu, Chief Supply Chain Officer

WE aim to reduce our environmental impact on the Planet, particularly our carbon footprint. Our focus is to reduce GHG emissions from our direct operations and value chain, while also supporting our vendors and customers to adopt sustainable practices.

Climate change is one of the biggest threats facing our world today. We care for the planet and take our responsibility to act now seriously. Everyone at Wella Company is committed to driving new solutions that make a meaningful impact.

In our first years as a standalone company, we have been prioritizing actions on carbon, water, waste and sustainable salons operations. We believe these material topics are where Wella Company can make the most difference.

OUR GLOBAL OPERATIONS

3

factories

8

directly controlled distribution centers

6

Research & Development centers in 4 countries

70+

third-party manufacturers

19

third-party distribution centers

18,000+

suppliers

38

offices in 25 countries

40

Wella Company studios/salons in 21 countries



Wetterstadt-Distribution Center (Germany)

CLIMATE

WE are committed to reducing our GHG emissions to help win the fight against climate change.

Climate change remains one of the world's most complex global crises to solve.

The continued effects of increased global temperatures have disrupted nature's pendulum causing severe droughts and extreme storms. These environmental effects are growing swiftly and require collective effort to manage for a sustainable future. Wella Company is acting to reduce its climate impact in all our direct operations⁸ and across the value chain.

OUR APPROACH

In 2021, during our first year as a stand-alone we started our journey toward decarbonization by assessing the entire carbon footprint⁹ of Wella Company.

We have aligned to the Paris Agreement and Science Based Targets initiative (SBTi) for reducing our Scope 1, 2 and 3 GHG emissions¹⁰ and have defined our first roadmap for meeting these goals.

Scope 1 and 2 emissions are generated across direct operations, and energy reduction¹¹ is a key component for direct emission depletion. Scope 3 emissions are generated across the value chain and we have already identified our main hotspots: Purchased Goods and Services, Transportation and Use of Products Sold by our customers and consumers.

In April 2022, we presented our decarbonization targets and roadmap to our Board of Directors, who confirmed our plans. We then submitted our 2030 Near-Term targets and actions to SBTi.

⁸ At Wella Company we include our factories, our directly controlled distribution centers, and our offices.

⁹ See *Appendix* for further details.

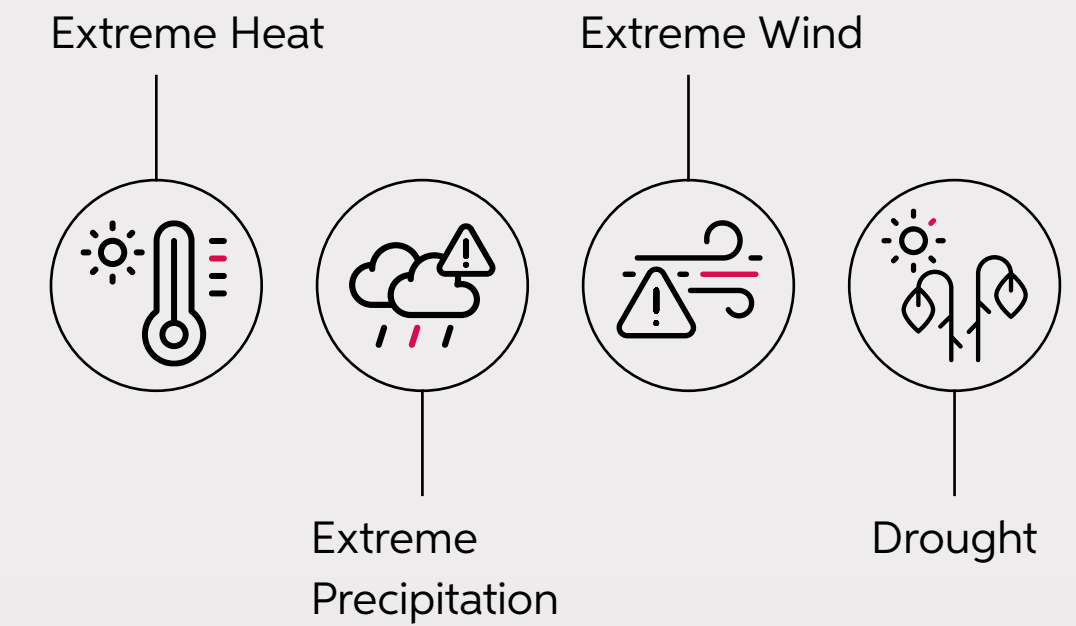
¹⁰ See *Appendix* for further details.

¹¹ As energy reduction enables direct emissions reduction, Wella Company decided to report targets only on Scope 1 and 2 emission reduction, which are validated by SBTi.

CLIMATE HAZARD ASSESSMENT

We conducted a climate hazard assessment in 2022 to identify risks across our factories and our main distribution centers and across our top 100 strategic third-party manufacturers and suppliers. This assessment is based on the latest climate science since, including Intergovernmental Panel on Climate Change (IPCC) and United Nations Environment Programme (UNEP).

Wella Company Top Four Climate Hazards



OUR COMMITMENTS

-46.2%

We aim to reduce 46.2% of absolute **Scope 1 and 2** GHG emissions by 2030 from a 2019 base year (validated by SBTi)

-26.3%

We aim to reduce **Scope 3** GHG emissions by 26.3% per unit sold by 2030 from a 2019 base year (validated by SBTi)



OUR IMPACT

Scope 1 and 2 emissions represent 4% of our total carbon footprint. Actions put in place in our direct operations to reduce Scope 1 and 2 emissions, especially in our energy-intensive facilities, include improving key equipment to be more energy-efficient, introducing activity-controlled LED lighting and expanding smart facility control systems. To help drive efficiencies in energy management, our factories have been certified ISO 50001 Energy Management Systems (or similar certification).

In addition, electric vehicle charging stations are available to employees. The Nordic and UK markets have introduced electric vehicles across their full fleets.

We have also been switching to energy providers who offer renewable sources of energy. For example, our factory in Rothenkirchen (Germany) and our Weiterstadt (Germany) distribution center, use 100% renewable electricity.

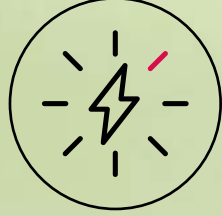
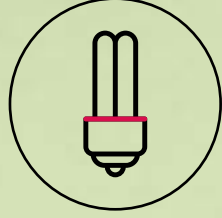
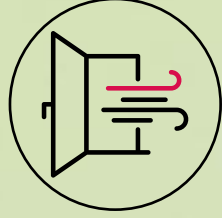

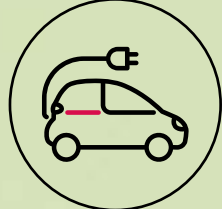
Scope 3 emissions represent 96% of our total carbon footprint. Purchased Goods and Services, Transportation and the Use of Products Sold contribute the most to our overall carbon footprint. We started focusing on sourcing raw materials and

packaging with a lower carbon impact. For transportation, we began maximizing the amount of product per container, for example by double stacking pallets and better using the space available.

During 2022, we have steadily increased our understanding of carbon assessment and worked on improving the robustness of our data across all Scope 1, 2, 3 and their categories. These methodological refinements¹² make our Carbon Footprint 2022 more solid if compared with the 2019 baseline¹³.

We can report that our absolute Scope 1 and 2 emissions have decreased by 10% overall from 2019 to 2022 going from 22,296 to 19,913 tCO₂eq. However, within the first year since committing to decarbonization, our Scope 3 emissions went from 431,132 to 442,327 tCO₂eq, increasing by 10.7% per unit sold when compared to our 2019 baseline. This increase in emissions is derived from the fact we have just embarked on the first steps of identifying depletion opportunities, and we are preparing ourselves to move in the right direction. Also, we changed our methodology used for the carbon footprint calculation, which impacted the results.

How we are reducing Scope 1 & 2 emissions

-  Energy-efficient equipment and machinery
-  LED lighting
-  Smart ventilation, heating and cooling systems
-  Optimized office space
-  Subsidized electric vehicle charging points

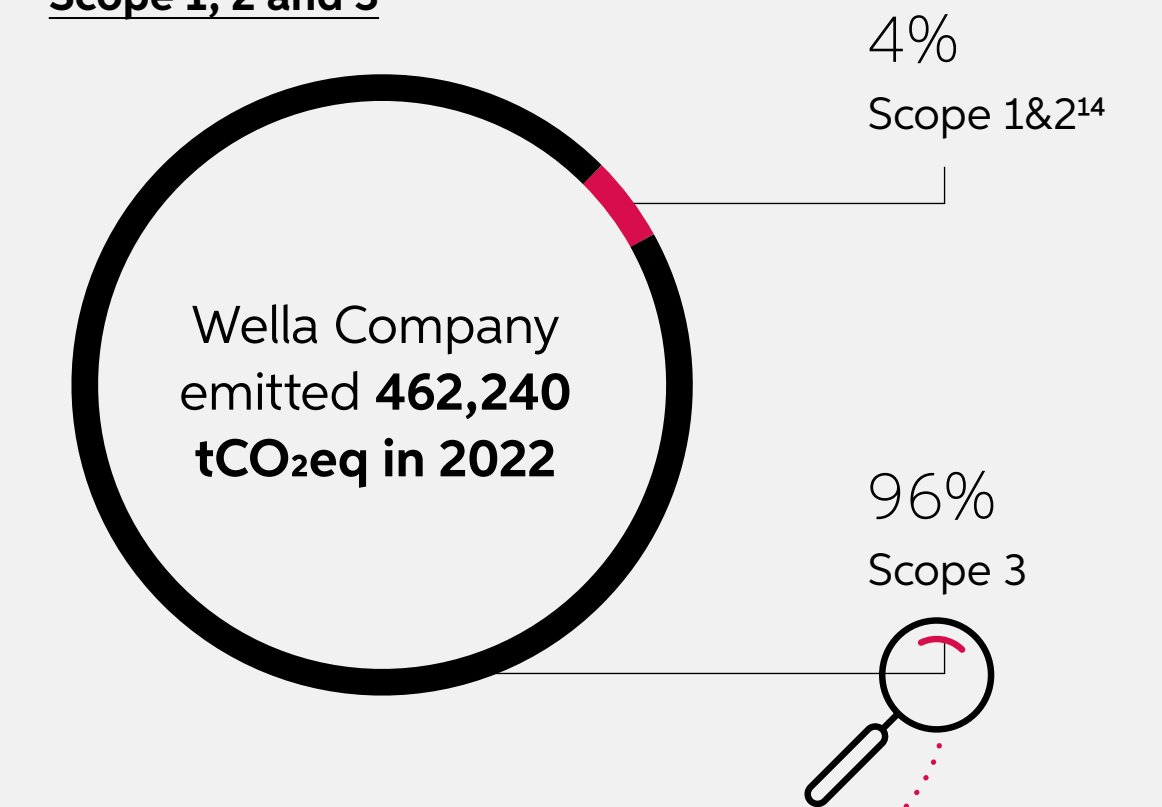
¹² See appendix for further details

¹³ See appendix for further details

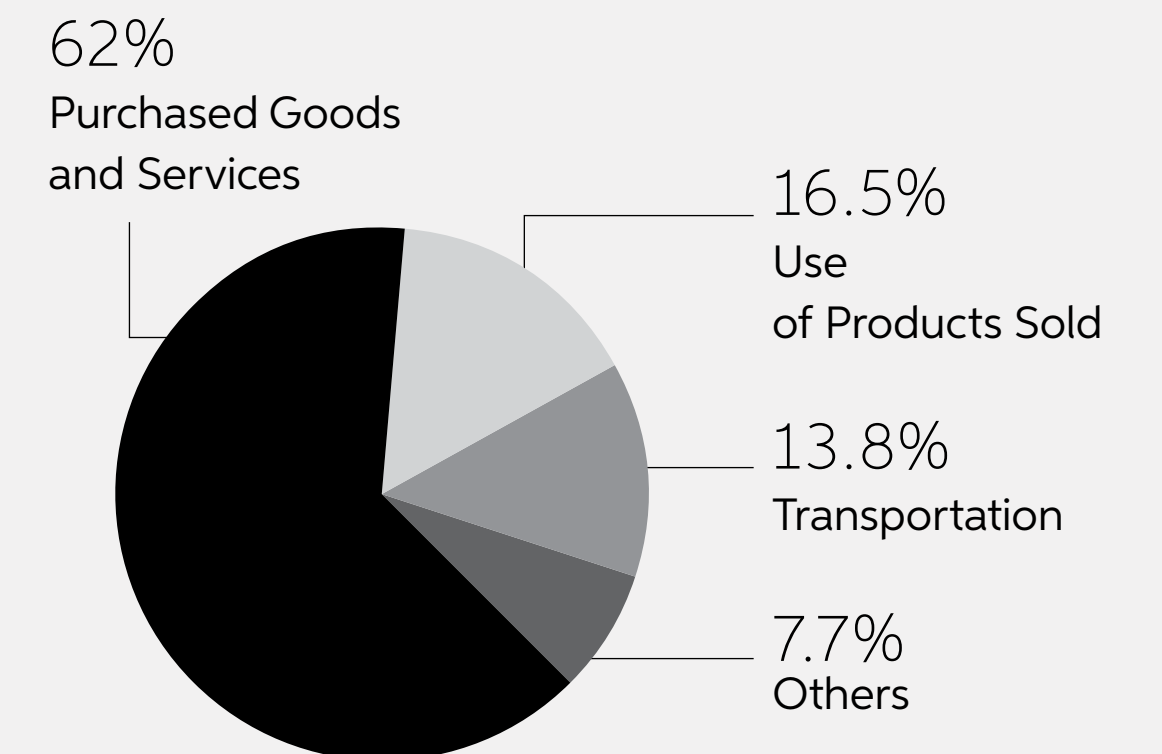
OUR CARBON FOOTPRINT

The 2022 carbon footprint of Wella Company is typical of consumer goods companies of comparable size. Scope 1 and 2 emissions represent only 4% of GHG emissions at Wella Company, while Scope 3 emissions total 96%.

Scope 1, 2 and 3



Breakdown of Scope 3 hotspots



¹⁴ Market-based.



Case study

Smart ideas for energy savings in Europe

Reducing impact at our most energy-intensive facilities (specifically factories and distribution centers) remains our priority, however, we realize the importance of fostering a culture of energy savings awareness and efficiency in our offices.

Darmstadt (Germany) is the home of one of our main European offices and also hosts our main Research and Development center. In these facilities, the team deployed Wella Company's 'Owner's Mindset' to develop actionable behavior changes combined with a suite of smart energy-saving ideas to save energy and costs.

Motion-activated LED lighting, intelligent cooling systems that shut off when windows open and energy-efficient elevators that wait on alternate floors, all contributed to reduce electricity consumption in Darmstadt toward our annual target of one gigawatt-hour.

In addition, the local Sustainability Club now offers a 'Cycle to Work' challenge, freely available bikes for lunch breaks or other errands and even partnerships with local restaurants for reusable takeaway lunch containers.

LOOKING AHEAD

Our sustainability journey is gaining momentum. For factories, ISO 14001 (Environmental Management Systems) is the next step in improving our overall efficiency.

Tracking and accurately measuring our progress will include a new carbon calculation tool to formally assess our carbon footprint (which will include Briogeo, acquired in 2022). Moreover, we will reassess our 2019 carbon footprint by leveraging our gained knowledge to ensure a robust carbon baseline, which will be used in future reporting. This baseline reassessment will ensure the comparability of our carbon footprints from 2019 to 2030.

After updating our carbon 2030 Near-Term Targets, we will continue taking concrete actions to reduce our GHG emissions across Scope 1, 2 and 3.



The water purifying system in Rotenkirchen factory (Germany)

WATER

WE have defined targets to reduce water consumption across our value chain to ensure we respect and value this essential source of life.

Sustainable water access, conservation, management and release are among the biggest environmental challenges facing businesses and society today. Taking care of the quality of water is also essential to benefit the environment, health and the protection of water resources for future generations. At Wella Company, water is integral to our product formulations. Water is central to our manufacturing processes and it is needed to effectively use our products (more information in the 'Products Pillar'). At Wella Company, we are focusing our efforts on water management in our factories, as they require water-intensive processes.



OUR APPROACH

Because water is critical in our manufacturing processes, we are putting our efforts into saving it. The optimization of water management in our production processes, which includes the cleaning and sanitizing of equipment, and the heating and cooling of our utilities, is a vital part of reducing Wella Company's environmental impact.

To stay up to date on industry progress and develop our water impact mitigation strategies we have been partnering with Global Water Intelligence (GWI) since 2020.

As one of the eight leading multinational manufacturers in GWI's Corporate Water Leaders (CWL) Beauty and Personal Care (BPC) group, we meet regularly to foster solutions and exchange information, with the ultimate goal of driving sustainable water management within the industry. The group's current focus is advancing water circularity in factory operations.

How the Corporate Water Leaders (CWL) Beauty and Personal Care (BPC) group promotes water circularity in manufacturing

- 

Uncovering the factors that may inhibit water reuse and recycling
- 

Benchmarking best practices for water management
- 

Developing recommendations and guidance
- 

Sharing information on technology performance and evaluation
- 

Identifying opportunities for innovation
- 

Clarifying and communicating industry needs
- 

Advocating for perception change around water reuse and recycling



OUR COMMITMENTS

-35%

We commit to a 35% reduction in water withdrawn per units produced in our factories by 2030, reaching 20% by 2025 (from a 2019 base year)¹⁵

100%

We commit to ensuring that 100% of our factories undergo a water risk assessment for the water basins in which we operate and seek to implement innovative circular water solutions

¹⁵ Reworded commitments. See [appendix](#) for further details.

OUR IMPACT

We focus our efforts on water reduction at our water-intensive facilities. At the factory in Rothenkirchen (Germany), we develop best practices to deploy to our two other factories in Mexico and Thailand. We have started by mapping water flow to see where water circularity principles and actions can be implemented.

We are already optimizing ‘washouts’ used for cleaning production equipment. By sequencing the production to reduce volume of water usage for cleaning to a minimum, we have reduced the total number of washouts in the manufacturing of all products, saving water as a result.

¹⁶ See [appendix](#) for further details.

We are improving ‘wastewater’ processes. By renovating the storages of wastewater to favor water reuse and treatment, we are reducing wastewater whenever possible.

These efforts have already decreased the water withdrawn from our factories per unit produced by 5.5%¹⁶.

LOOKING AHEAD

Wella Company will continue to share virtuous practices with the GWI consortium. We will continue to roll out best practices, to our factories in Rothenkirchen (Germany), Bangkok (Thailand) and Mariscal (Mexico).

Water will be central to our biodiversity risk assessment which is planned for the coming years. We will define and deploy our water stewardship program, in accordance with the new Taskforce on Nature-related Financial Disclosure (TNFD).





WE aim to significantly reduce the total waste we generate to lighten the negative impact we make on the world.

Collectively we generate too much waste and are struggling to dispose of this in a sustainable way. Improper waste disposal can lead to pollution, contamination, greenhouse gas emissions, habitat loss and health problems for humans and wildlife. It is important to assess and mitigate the environmental risks and impacts associated with waste disposal methodologies. Moving from a linear to a circular economy that proves to have lower environmental impacts is essential to protect our planet's limited natural resources. At Wella Company, our waste management efforts are linked to actions taken in our factories and distribution centers, as they account for the highest amount of waste generation.

OUR APPROACH

We focus on reducing (or wherever possible eliminating) waste generated during our business operations, manufacturing and distribution processes. Our first step: decreasing product waste¹⁷.

OUR COMMITMENTS

-35%

We commit to a 35% reduction in waste generated per units produced and shipped in our factories and directly controlled distribution centers by 2030, reaching 25% by 2025 (from a 2019 base year)¹⁸

ZERO

Waste to Landfill¹⁹

We commit to achieving Zero Waste to Landfill at all our factories and directly controlled distribution centers²⁰

¹⁷ Product formulation remaining in machinery and cleaned away as sludge and discarded finished products.

¹⁸ Reworded commitments. See [appendix](#) for further details.

¹⁹ Where allowed by law (note: Mexico is excluded due to local regulations that require specific waste to be sent to landfill).

²⁰ Reworded commitments. See [appendix](#) for further details.

OUR IMPACT

We follow local regulations on waste management in the countries where we operate. During 2022 our impact reductions focused on product-related waste.

We have maximized the amount of product formulation which passes through our manufacturing operations and reduced any residual waste in containers and pipelines before the cleaning and sanitization processes.

During process control, both in the production line and via distribution, we have developed methods to identify products that are not meeting our quality standards, correct the issue and avoid the scrapping.

To avoid leakage and potential waste during transportation, we check product heat-seals to ensure they are undamaged.

Finally, we offer unsold products to our employees to further reduce scrapping.

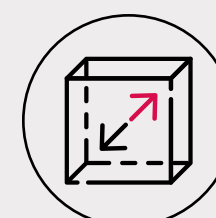
In 2022, these initiatives enabled us to decrease our waste per unit produced by 13.7%²¹ in our factories and our waste per unit shipped by 0.2%²² in distribution centers.

We are proud to report that we have already reached Zero Waste to Landfill¹⁹ at our factories and directly controlled distribution centers and are committed to maintaining this.

LOOKING AHEAD

We continue to improve manufacturing efficiencies to ensure waste is either avoided, recovered or repurposed. At the same time, our inventory controls will be re-examined to ensure the optimum level of inventory versus demand to avoid waste. We will also put our efforts into identifying further opportunities to give new life to unsold products.

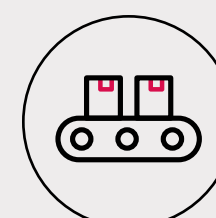
HOW WE ARE REDUCING WASTE



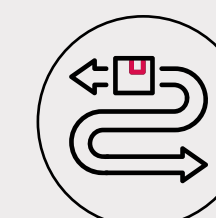
Maximizing product formulation use



Ensuring product quality control



Seeking production line efficiencies



Optimizing product logistics

²¹ See Appendix for further details.

²² See Appendix for further details.



SUSTAINABLE SALONS

WE are committed to supporting hair and nail salons in our sustainability journey to enable them to be responsible environmental businesses.

Wella Company supports more than 500,000 hair and nail salons globally, many of which are small businesses. We believe we can collectively impact these salons to be better stewards of the planet through our shared actions.

OUR APPROACH

We have a long history of supporting nail and hair professionals, owners and employees, their customers and their salon businesses. We believe these salons are critical to the success of the communities where they operate. We aspire to support and educate salon partners to be better business stewards toward a more sustainable future.

We help salon professionals adopt new ways of working by sharing examples of best practices and showing how positive choices can help reduce energy and carbon emissions, better manage water usage, limit waste and promote recycling.

OUR COMMITMENTS

We commit to supporting professional salons and stylists to help make their businesses more sustainable.



OUR IMPACT

We have issued a Sustainable Salon Digital Playbook that is available to salons. It provides inspiring tips from advice on energy efficiencies in lighting, heating and washing towels, to saving water while using our products.

The professional training delivered by our Wella Company educators helps salon partners utilize our products with efficient usage and disposal to create a positive impact through our products. We use online and in-salon training to help salon partners understand how they can save natural resources in their businesses to be more financially sound and also better environmental stewards.

We also encourage our salons' customers to partner with local initiatives, specialized in salons' realities to prevent waste from going to landfill by sorting and recycling cartons, aluminum tubes, plastic bottles and hair.



Case study

Unboxing for a greener last mile

We ship over 1 million parcels to our salons customers in Europe every year. The last-mile journey to the salons has been evolving with the rise of e-commerce and increased awareness of the environmental footprint. A few years ago, our logistics team started conducting ‘unboxing’ surveys to gather feedback from salons to understand their satisfaction with our delivery services and gather suggestions for improvements in this last mile of our products’ journey.

We received detailed survey responses from over 100 salons across Europe and the message was clear: while our service levels were strong in terms of on-time, completeness, damage-free and convenience, we needed to improve our delivery in terms of the environmental footprint. We visited some specific salons to hear their feedback in greater detail, and to evaluate alternatives to better meet their needs for a more environmentally sound delivery.

The research enabled us to understand the salon unboxing experience: improving our on-time, in-full and damage-free

outcomes while meeting salons’ desire to dispose of parcels with minimal environmental impact. Their requirements were: right-sized parcel, made from sustainably sourced materials, free of plastic void-fill and with minimal GHG emissions.

Over the last few years, both our European distribution centers, directly controlled and third-party operated, have successfully improved around this target unboxing effort. Wella Company is switching to sustainably sourced packing materials, reducing the plastic void-fill, launching additional parcel sizes while also using adjustable parcels to better fit the products. We have also changed the way orders are processed and parcels are packed so that we can ship fewer larger parcels, reducing the carbon emissions per product shipped. Customer survey results affirmed we are doing the right thing: customers are more positive, recognizing the positive environmental impact generated. We continue to make further improvements in Europe and are expanding our last-mile strategy to the Asia-Pacific and Americas regions.

LOOKING AHEAD

We will update and expand our Sustainable Salon Playbook with the latest tips and recommendations, including best practices for using less water during the coloring process.

We will continue to build partnerships that further our efforts to improve upon local recycling efforts with organizations in the key markets where we operate.



PRODUCTS

QUALITY AND SAFETY	7
CLEAN AND GREEN	7
DIVERSE PRODUCT OFFERINGS	7



‘WE KEEP AIMING TO DELIVER PATENTED TECHNOLOGY THAT LIVES UP TO WELLA COMPANY’S LEGACY.’

Peter Coles, Chief Science Officer

WE make sustainable improvements to our Products that lessen our environmental impact, from formulation to packaging.

Our products are the channel through which we enable people to manifest their beauty. We develop and produce all our products with the highest regard for quality and safety while addressing the environmental impact they make. The production and use of our products impact our limited natural resources, so we are committed to addressing eco-ethical considerations throughout the product lifecycle. Each aspect of potential environmental impact, from sourcing ingredients and packaging material, to end of life, is addressed with careful consideration.

Wella Company strives for high-performance, breakthrough innovation and sustainability. Our global Research & Development team employs more than 300 scientists and engineers, product specialists, designers and fragrance experts, who today hold over 900 active

patents and over 12,000 trademarks both on product and packaging technology. Our teams actively seek to ensure a holistic perspective on hair and nails, and to understand consumers’ unmet needs by closely collaborating with a network of over 300 beauty salons across three continents with whom we co-create. The collaboration with renowned professional stylists, hairdressers and nail artists enables us to design and receive feedback on our hair and nail innovation ideas, products and services. Our products are assessed in our Global Test Salons on over 4,000 hair and nail models, to ensure continuous improvement.

In our first years as a standalone company, our Research & Development team focused its expertise to develop our Clean and Green Framework, which enables our products to be high-performing, meeting the global and local needs of consumers while being good for both our customers and the planet.

OUR GLOBAL RESEARCH & DEVELOPMENT

6

Research & Development centers in Europe, Asia and Americas

300+

scientists and engineers

900+

active patents

3

Worldstar Packaging Organization awards

4

Global Test Salons (GTS)

300+

Partnership with salons in our global external hairdresser network

4,000+

hair and nail models



QUALITY AND SAFETY

WE ensure our products are developed with the highest performance and quality standards, with product safety and quality our highest priorities.

Delivering the highest quality and safety across our portfolio is embedded in Wella Company's DNA.

OUR APPROACH

We uphold the state-of-the-art product safety standards for all Wella Company products, following scientifically accepted principles and guidelines, conforming to the expectations of the strictest jurisdictions. Each ingredient within our products is carefully reviewed to ensure that it meets or exceeds the highest safety standard for consumers, salon clients and professionals.

To ensure quality, our manufacturing facilities in Germany and Mexico are certified ISO 22716 for Good Manufacturing Practices for Cosmetic Products, a standard providing guidelines on production, control, storage and shipment of cosmetic products. In Thailand, our facility meets an equivalent certification with the country's Food and Drug Administration (TFDA).

We listen to the voice of the customer through regular in-store customer satisfaction surveys as well as staying in contact with salon professionals to hear firsthand product related feedback.



OUR COMMITMENTS

We aim to produce the highest quality products loved by consumers and professionals that deliver the best-in-class performance on which Wella Company's legacy is built – and exceed it for a new generation of beauty enthusiasts.

OUR IMPACT

Our products are designed with the highest safety and quality standards, starting from product development.

The safety of our products is assessed through deep understanding of each individual ingredient, considering the product type and how it is used by consumers and on salon clients. We perform human clinical studies ensuring favorable skin compatibility of our products.



We provide instructions to professionals and consumers on how to safely apply and use our products as well as signaling safety precautions whenever appropriate. Our active involvement in collaboration with Academia and Industry partners aims at advancing safety science for cosmetics, personal care products and their ingredients.

We actively monitor and investigate any adverse health effects and analyze safety complaints or concerns from our consumers. Based on the evaluation of the feedback from our consumers and professional clients, we are improving our products and safety precautions whenever necessary.

We perform quality controls through the sourcing process to select suppliers and third-party manufacturers, with follow-up audits based on risk assessments. For our qualified partners, we require a certificate of analysis for each raw material, packaging material, semi-finished product and finished product.

Finished products are subject to batch coding for traceability, with samples taken and stored from each production line for investigational use via our Wella Tracker in the event of a consumer concern.

COLOR TECHNOLOGIES

Wella Company is on a mission to develop and produce the best choice of hair color technologies for consumers, professionals and the environment.

Our Research & Development team has pioneered a meaningful replacement to traditional dyeing molecules (PPD/PTD²³). The new dye, named ME+, greatly reduces the risk of developing a hair dye allergy²⁴. A 2022 study²⁵ shows that the use of ME+ in professional hair color products also improves the protection of hair colorist health, many of whom have been impacted by dye contact allergy. Wella Company has broadly commercialized ME+ in its main color lines²⁶.

Wella Company also prioritizes protecting clients' hair health for long-lasting beautiful color. We have been integrating biodegradable Metal Purifier™ technology into our main color lines²⁷ for over a decade. It neutralizes the metal present in hair during coloration and avoids the development of free radicals which can damage hair. The Metal Purifier™ delivers maximum bond protection and hair health, but also unmatched color predictability for any type of hair color service across the globe.

²³ PPD = p-phenylenediamine, PTD = toluene-2,5-diamine.

²⁴ See Appendix for further details.

²⁵ See Appendix for further details.

²⁶ Specifically, Koleston Perfect, Shinefinity, and Clairol Nice and Easy.

²⁷ Used in the following coloring lines: Illumina, Koleston Perfect and Shinefinity. Metal purifier is also used in Care products: Fusion, ColorMotion+, Invigo Color Brilliance.



LOOKING AHEAD

Wella Company is committed to testing and qualifying all manufacturing processes beyond the ISO 22716 requirements. The qualification will consist of detailed checks on equipment, instruments and software to ensure they have been installed correctly, that they operate as intended and that systems perform as expected under simulated real-world conditions.





CLEAN AND GREEN

WE innovate and develop our products with responsible sourcing of ingredients and materials that lessen impact on the planet, while retaining the highest-quality standards.

We adhere to producing beauty products with green ingredients, not tested on animals and packaged in an environmentally friendly way. As we look at our long-range innovation pipeline and the criteria by which we develop our products, we keep this credo in mind: build a future pipeline of products that are high-performing and clean and green.

OUR APPROACH

We create high performance products, which respect and care for the planet and its resources, across their life cycle.

We have created our Clean and Green framework, a holistic approach to sustainable product design that integrates sustainability principles into our innovation process. This science-based framework covers two aspects: 'Clean = Good for Me' and 'Green = Good for the Planet'. We apply it to design and manufacture environmentally responsible, science-driven innovations, which delight consumers and salon stylists.

In our Clean = Good for Me pillar, we seek to be clean beyond compliance requirements and ensure transparency of our products' ingredients. For decades, we have been ensuring that our ingredients and technologies are selected and used safely and efficiently. Understanding that some consumers and stylists are looking for products not containing certain ingredients, such as silicones, sulfates or parabens, we are taking an extra step to source alternatives.

In our Green = Good for the Planet pillar, we focus on reducing our impact on nature by implementing the three Rs (Reduce, Reuse and Recycle) of circular innovation and eco-designed products, and delivering on our responsibility to nature and society.

To mitigate environmental impacts, all new product initiatives at Wella Company are assessed via our internally developed R&D 'OneScore' tool. This assessment tool assigns a simple rating to each product based on our extensive Clean and Green product criteria and estimates the carbon footprint holistically. OneScore drives our decision-making and enables us to ensure that each new product innovation continually improves, reducing its environmental footprint.





PROUD PARTICIPANT IN ECOBEAUTY CONSORTIUM

Aiming to be a key player in Beauty industry efforts to develop sustainable products, in 2022 we joined the EcoBeauty Consortium. This breakthrough initiative of over 70 companies and associations is advocating for the development of a harmonized, science-based Product Environmental Footprint (PEF) and unified scoring system for cosmetic products. As a Consortium member, Wella Company participates in technical working groups and contributes to the improvement of future beauty products, scoring methodology.



WATER CONSUMPTION STUDY

Water consumption for the use of our products is one of the biggest sources of Wella Company environmental impact. In 2022, a Research & Development team conducted a study in over 25 salons in Germany, UK, USA, Brazil and Japan and in our Wella Global Test Salons to assess the amount of water consumed while using our products. The study analyzed average rinsing time, water consumption and temperature across geographies. The results of the study enabled us to measure our products' water footprint, which is integral to our reduction efforts. To act on it, we implemented a new efficient formulation technology utilized in Professional Hair Color Brand Koleston Perfect which significantly reduced the color rinsing time for stylists versus our previous Koleston Perfect. As the Number 1 Salon Color Brand in the World¹, this water saving achievement has been amplified by the brand popularity with Wella stylists. We have leveraged the results of this study in education material for stylists to identify opportunities to minimize water use in the salons.

¹ See [Appendix](#) for further details.



Wella Company R&D center in Darmstadt (Germany)



OUR COMMITMENTS

Non-animal-derived ingredients

We commit to offering products that are completely free of animal-derived ingredients by 2030 in our factories.²⁸

100%

We aim to reach 100% RSPO certified palm oil by 2025 in our factories²⁸

85%

We are targeting 85% biodegradable ingredients by volume by 2030 in our factories²⁸

No testing on animals

We commit not to test our products on animals.

OUR IMPACT

Wella Company takes pride in the high-performing formulations, which have been loved by our salon professionals and consumers for decades. As the Number 1 Salon Color Brand in the World¹, we understand the responsibility of making our formulations not only top-performing, but also environmentally friendly and transparent.

We care deeply about ingredient transparency. Since 2021, we have published a downloadable ‘Ingredient Glossary’ for hair products on our company website, to ensure that everyone is able to identify our ingredients one by one. Since its publication, the ‘Glossary’ is updated on a regular basis, to keep up with our innovations and continuous improvements.

We are committed to animal welfare, and we do not test our products on animals²⁹. As an active member of the International Collaboration of Cosmetics Safety (ICCS)³⁰, we support ICCS in advancing animal-free safety science through research, education and regulatory engagement of the cosmetics industry.

We relentlessly strive to move toward offering products that are free of animal-derived

ingredients³¹, and in 2022, we reached 98.85% by volume of non-animal-derived ingredients in formulas made in our factories.

Palm oil is a key ingredient for hair products. To source it in a responsible way, in 2022 we joined the Roundtable on Sustainable Palm Oil (RSPO) organization. The RSPO has developed a set of environmental and social criteria to advance the production, procurement and use of sustainable palm oil products. Thanks to our transition from suppliers of palm (kernel) oil derivatives to those that are RSPO certified, we have reached 65%³² of our overall target toward 100% RSPO Mass Balance certified palm oil by 2025 in our factories.

Biodegradability is another key priority for us as biodegradable ingredients break down naturally and do not persist in the environment as waste. We are prioritizing biodegradable ingredients in our formulations. In 2022, we reached 80% biodegradable³³ ingredients in our factories by volume.



LOOKING AHEAD

We will expand our formulation commitments and Clean and Green roadmap to cover all ingredients, including those from our third-party manufacturers, and update progress in future reports.

Our Ingredient Glossary will be continually updated and kept freely available on Wella Company’s website.

Audits of our factories for RSPO certification will be conducted in the coming years.

¹ See Appendix for further details.

²⁸ Third-party manufacturers excluded.

²⁹ See Appendix for further details.

³⁰ <https://www.iccs-cosmetics.org/about>

³¹ See Appendix for further details.

³² Figure not yet audited.

³³ See Appendix for further details.



Case study

Elements from Wella Professionals

Our Clean and Green efforts are manifested in our Elements line from Wella Professionals. The gentle and eco-friendly hair care line for healthy-feeling hair and scalp are designed for the well-being of clients' hair and scalp, with sustainability in mind.

Formulas are clean and green and perform as expected. Designed with ingredients that are carefully selected and consciously added, Elements offers a range of products that are gentle to hair and scalp, dermatologically tested, pH compatible and suitable for all hair types. It is an enriched line-up for healthy looking hair and scalp, with three regimen solutions: renewing, calming and purifying.

The formula is up to 99% of natural origin³⁴, powered by clean science delivering all the user requires to restore the true energy, calm balance and fresh purity of their hair. The line is formulated without silicone and sulfates.

To ensure animal welfare, the line is free of animal-derived ingredients or by-products.

Beyond its formulations, Elements upholds its dedication to more responsible packaging: all recyclable³⁵ and made with up to 100% post-consumer recycled plastic³⁶.

Renewing



Aloe Vera*



Vitamin E



Olive Essence



Cotton-based Conditioning Ingredients*

Calming



White Tea Extract*



Pro-Vitamin B5



Vegetable Glycerin

Purifying



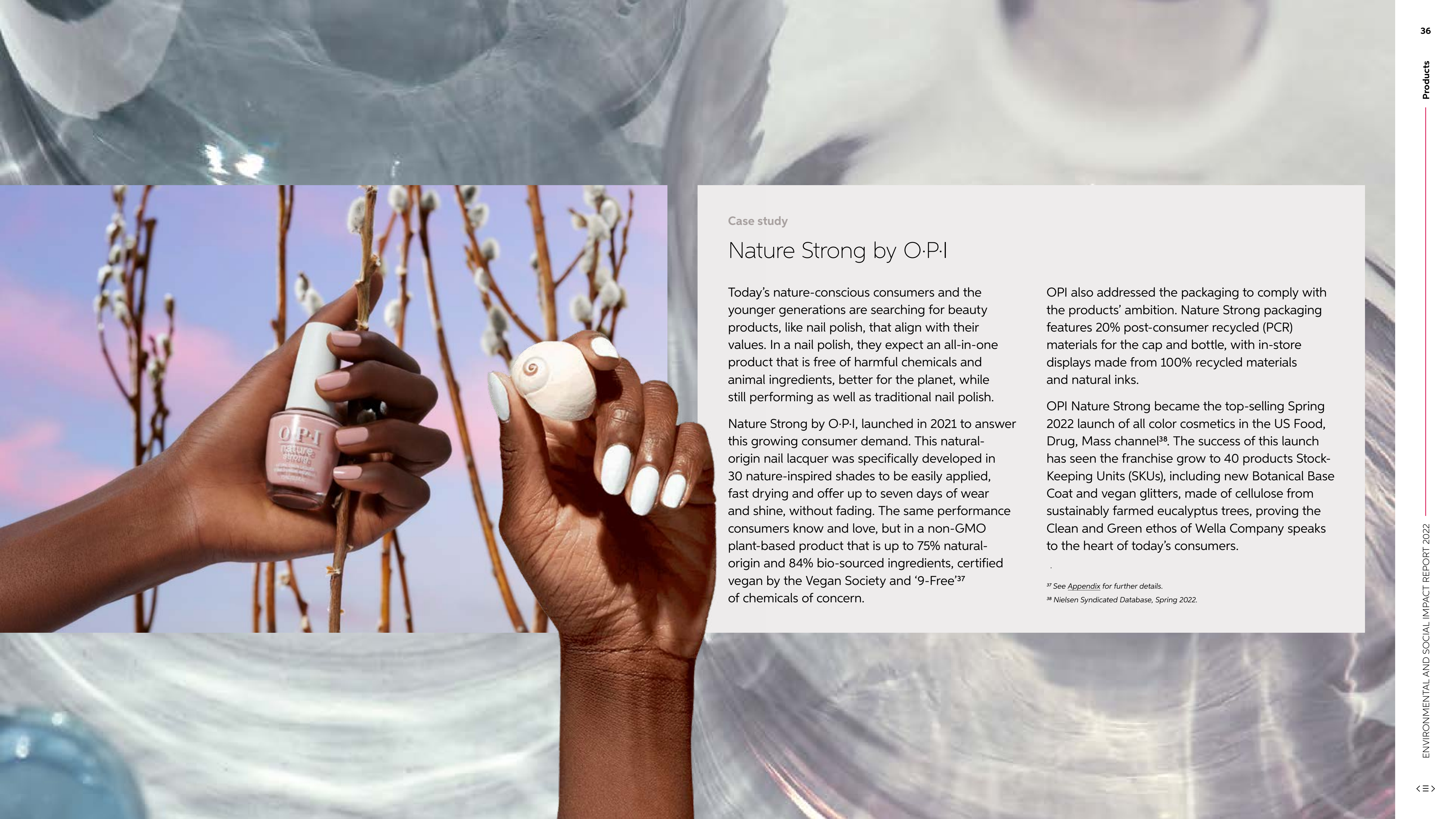
Kaolin Clay

³⁴ From 91% to 99% natural origin formula, depending on product. Includes water, natural ingredients, and ingredients made from natural ingredients. See www.wella.com/natural-formula for details.

³⁵ For Calming Serum remove label before recycling.

³⁶ From 50% to 100% post-consumer recycled plastic bottle or tube, depending on product, excluding jars.

*non-active level



Case study

Nature Strong by O·P·I

Today's nature-conscious consumers and the younger generations are searching for beauty products, like nail polish, that align with their values. In a nail polish, they expect an all-in-one product that is free of harmful chemicals and animal ingredients, better for the planet, while still performing as well as traditional nail polish.

Nature Strong by O·P·I, launched in 2021 to answer this growing consumer demand. This natural-origin nail lacquer was specifically developed in 30 nature-inspired shades to be easily applied, fast drying and offer up to seven days of wear and shine, without fading. The same performance consumers know and love, but in a non-GMO plant-based product that is up to 75% natural-origin and 84% bio-sourced ingredients, certified vegan by the Vegan Society and '9-Free'³⁷ of chemicals of concern.

OPI also addressed the packaging to comply with the products' ambition. Nature Strong packaging features 20% post-consumer recycled (PCR) materials for the cap and bottle, with in-store displays made from 100% recycled materials and natural inks.

OPI Nature Strong became the top-selling Spring 2022 launch of all color cosmetics in the US Food, Drug, Mass channel³⁸. The success of this launch has seen the franchise grow to 40 products Stock-Keeping Units (SKUs), including new Botanical Base Coat and vegan glitters, made of cellulose from sustainably farmed eucalyptus trees, proving the Clean and Green ethos of Wella Company speaks to the heart of today's consumers.

³⁷ See [Appendix](#) for further details.

³⁸ Nielsen Syndicated Database, Spring 2022.

In 2022

77%

We achieved 77% recyclable packaging

OUR COMMITMENTS

100%

We commit to making 100% of our packaging recyclable, reusable or refillable by 2030 (reaching 80% by 2025)

50%

We commit to increasing the proportion of our packaging made from post-consumer recycled (PCR) materials by 50% by 2030 (reaching 30% by 2025)³⁹

100%

We commit to following sustainable design principles linked to the circular economy for 100% of new packaging innovation

100%

We commit to being 100% polyvinyl chloride (PVC) free⁴⁰ in our packaging by 2030

³⁹ Reworded commitment. See Appendix for further details.

⁴⁰ Where technically feasible.

OUR IMPACT

Wella Company has a legacy in packaging innovation which has been recognized within the industry by multiple Worldstar Packaging Organization Awards. Wella Company received its latest in 2022 for sustainable packaging.

Our focus is eco-design so we check the environmental impact of all our packaging⁴¹ right from the start. To ensure we identify the most sustainable packaging options in the design phase, our teams use an industry leading science-based impact assessment tool. In 2022, we recorded over 100 packaging environmental impact⁴² assessments.

In 2022, we achieved 77% of our total packaging being recyclable⁴³, reusable, or refillable⁴⁴. These packaging characteristics are fundamental to our contribution to a circular economy, as they give materials the chance to have a second life. To achieve this result, we focus on using the minimum amount of materials, preferring recyclable packaging materials and mono-material packaging, as it is easier to recycle.

Our ambition is to further leverage recycled packaging material to make our packaging even less energy-intensive and reduce emissions generated

during its production. In 2022, only 5.20% of our portfolio was made with post-consumer recycled (PCR)⁴⁵ material therefore we aim to strongly increase it to minimize the use of virgin materials.

We are working to eliminate polyvinyl chloride (PVC) from our packaging materials. In 2022, only 0.24% of our portfolio contained PVC. We will continue to reduce its use except in situations where a viable substitute is still not available.

POUCH REFILL

Our ELEMENTS pouch refills are a model for how we reimagine our packaging as eco-designed. Made with 25% recycled plastic content, our new packaging features 73% less plastic per milliliter⁴⁶. We have created the easy-to-use Recharge Station, a tool made from 92% recycled plastic that can be used by our salon professionals to facilitate dispensing of product from the pouches.

⁴¹ ⁴² ⁴³ ⁴⁴ ⁴⁵ See Appendix for further details.

⁴⁶ When compared to existing ELEMENTS bottles, tubes and pouches.



ghd PACKAGING

- All packaging of ghd appliances is made from paperboard which is fully recyclable.
- ghd reassessed their packaging portfolio and saved up to 333,500 'throw-away' cartons of packaging.
- By optimizing their packaging portfolio ghd was able to save 163,000 meters of adhesive tape used in their transport packaging.
- ghd has changed to dry clay as a desiccant for packing shipments saving 5,000 kg of silica gel from being sent to landfill each year.





WORLDSTAR
WINNER
2022



WPO
WORLD
PACKAGING
ORGANISATION

Case study

Recycled Aluminum Tubes

Moving towards recycled aluminum content packaging is a choice driven by our willingness to reduce our carbon footprint and create circularity. Through an internal assessment and analysis, we found that virgin aluminum packaging is associated with high quantities of carbon emissions. Recycled aluminum content provides an effective solution, saving 95% of the energy required to make our tubes while significantly lowering the overall carbon footprint.

In the first phase of our transition, we opted to replace the virgin aluminum packaging in our leading Wella Professionals tubes with recycled aluminum. The savings have been estimated at 7,000 tCO₂eq in our in-house environmental impact tool, which we aim to double as we roll out the initiative across the full portfolio. The associated box packaging for the tubes comprises 85% recycled paper content, with the remaining 15% being sourced from FSC-certified suppliers. Moreover, the plastic cap of the tubes is made from 100% recycled plastic.

Recycled aluminum is an investment we see as a necessity in our sustainability journey. This innovation was recognized by the Worldstar Packaging Organization with a sustainability award in 2022.

LOOKING AHEAD

We will continue to build on our knowledge and implementation of sustainable packaging practices. Our partnership with our suppliers is therefore critical and we will further our efforts to partner with suppliers that have a sustainability ethos.

We will minimize packaging material across our portfolio wherever possible and mitigate our environmental impact by limiting production losses, increasing transportation efficiencies, investigating less-energy-intensive packaging solutions and seeking overall reductions in packaging size, weight and virgin material content.

In 2023 we will focus on finalizing our Sustainable Design Principles.



DIVERSE
PRODUCT
OFFERINGS

WE create products that are suitable for every hair type, texture, color or style use.

Our mission is to enable all people to look, feel and be their true selves. And while each person's hair is different, we aim to have a wide variety of products suited to all hair types and textures to ensure diversity throughout our products and services.

OUR APPROACH

Diversity is rooted in our DNA, reflected in our portfolio across the full spectrum of our brands, products and services. Researched and developed by leading experts, our offerings are formulated for the needs of professionals and consumers worldwide. Our products aim to encompass diverse hair needs and provide the highest-performing products for all.

Because proper usage of our products is so important to performance, Wella Company's professional education team is a great partner to our salons and artists worldwide. We take great pride in educating hairdressers on all types of hair, as well as best practices in color, care, styling and service recommendations. To ensure that everyone can feel their true selves when using Wella Company's products, we educate on how to enhance the characteristics of all hair types and textures.

OUR COMMITMENTS

We are committed to offering high-performance products for a diverse and inclusive range of hair types and textures.

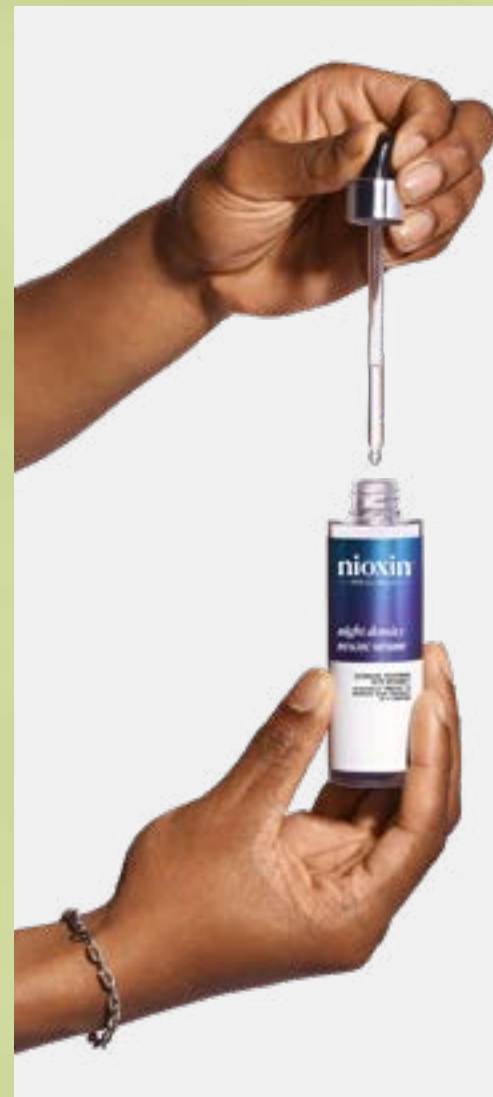
OUR IMPACT

We aim to produce hair products where our formulations benefit all hair types and textures. In our Research & Development centers we have hair and nail laboratories where we focus on making quality products suitable for all. In our Global Test Salons, we test our products across different regions on over 4,000 diverse models with different hair types. We complement our tests with the support of our hairdressers' network that spans different geographical regions, to ensure we address local needs.

We train over 400,000 professionals through various programs yearly. Our 700 educators inspire and educate the next generation of stylists and consumers on every facet of hair styling and use of Wella Company products. Training is done in our own studios or at Wella Company partner salons around the world. Each region has a specific focus depending on the needs of the hair types and consumer preferences.

In 2022, the United States piloted the 'Curl Expert Seminar', a training that gives the opportunity for stylists to gain the confidence and knowledge to offer a variety of services to all clients with different hair types.

Globally, we provide an online consultation program which has been refreshed and updated to be more user-friendly and accessible. This allows our professionals to quickly access the knowledge they need to make the right choices in terms of coloring, care, and styling, while always considering their clients' unique identities.



CARE TECHNOLOGIES

Our Care products proudly embody our mission of enabling everyone to feel their true selves.

Nioxin's advanced scalp science targets hair thinning and loss for proven results that consumers can see and feel. The brand was built on a legacy of clinically proven solutions, focusing on turning scalp science into true innovation.

Nioxin's latest breakthrough innovation, features our patented technology, Nutractive Complex™, a powerful blend of niacinamide, caffeine, lauric acid and Sandalore™, that activates hair follicles and thickens the hair from the root for visibly less hair fall in eight weeks⁴⁷.

BRIOGEO

In 2022, Wella Company acquired Briogeo, a rapidly growing and award-winning haircare brand founded by Nancy Twine.

Briogeo has not only redefined the standards of clean and natural hair care but has also made inclusivity a hallmark. Recognized for its unique formulations, Briogeo offers a comprehensive range of products for all hair types and textures.

Briogeo is one of the most celebrated hair brands, and was awarded an Allure Hall of Fame Award in 2022. Under the leadership of Nancy Twine, and in collaboration with Wella Company Research & Development, the brand is poised for expansion into new distribution channels and geographies and more diverse product offerings.

LOOKING AHEAD

Across our portfolio, Professional and Retail, Care and Color, we will continue to develop innovative products that meet the needs of all types of hair combined with exceptional training and ensuring the highest level of performance is delivered by all our products.



⁴⁷ Double-blind clinical study vs placebo among 120 consumers with hair loss. Sandalore is a trademark of Givaudan.



CLOSING AND 2023 OUTLOOK

This Environmental & Social Impact Report 2022 marks the first formal assessment of our sustainability and social impact actions. The possibility of what we can collectively do to advance environmental and social progress propels us forward. The initial impact we have made across our People, Planet and Products pillars is modest yet material for a company of our tenure. As we reflect on 2022 through the impact already achieved, it is a testament to our global organization's passion for purpose and for building a solid foundation

for growth. We are delivering on our ambition and doing so with thoughtful actions as our business matures. We continue to accelerate profitable growth with environment and social impact as established business directives. And we are already gathering steam.

In the first half of 2023, we have surpassed our People goals in employee engagement now reaching 74%. We have rolled out the We Own Our Way (WOW) broad-based employee participation program so every Wella Company employee now has a vested interest in building our company's future together with an 'Owner's Mindset' We have proudly reached gender pay parity across the organization. We have reached 59% female representation across our global employee population, and we have 58% female representation at the Board of Directors level.

On Planet, we had our carbon 2030 Near-Term Targets and roadmap validated by SBTi.

We have assessed our suppliers across the globe as well as third-party manufacturers to ensure we are partnering

with companies whose ethics mirror our own and who hold high standards for health and well-being.

Our Products' Clean and Green formulation criteria is built into every new product development decision and the transformation of our innovation pipeline has bright possibilities for more all-natural offerings.

We will establish a plan for social impact engagement that mobilizes our global employees and the 91 million beauty enthusiasts we interact with every day. We know we can be a positive catalyst for good, and that the power of our people will lead the way.

We invite you to stay with us on this journey of positive change and to impact your world with meaningful belief – and actions. Together we can and will transform our world for the better.

Regards,

Hilary Crnkovich
Chief Communications
& Sustainability Officer

Arielle Semin
Global Head of ESG



APPENDIX

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ABOUT THIS REPORT: METHODOLOGY

Wella Company's Environmental and Social Impact Report 2022 (hereinafter the Report or document) is the first Report related to environmental and social matters of the company. It communicates the commitments of the company in favor of sustainable development and responsible innovation and the related results achieved.

The information and data in this initial publication pertain to the calendar year 2022 (from January 1st to December 31st). Any exceptions are made explicit within the text. Data reporting is provided on an annual basis.

The present Report is issued by Rainbow Bitco Ltd who is operating all the legal entities of Wella Company, which is the Group's commercial name. This include legal entities listed in the financial statement. The headquarters of Wella Company are located in New York, London and Geneva. Wella Company's majority shareholder is KKR Inc.

Data related to Briogeo, which was acquired in April 2022, is excluded from this first reporting.

To communicate Wella Company's sustainability and social performance in a transparent and comparable manner, the report has been drafted in reference to a selection of the GRI Sustainability Reporting Standards, published by the Global Reporting Initiative (GRI). The 'GRI Content Index' section provides a breakdown of the information reported with reference to the performance indicators defined by the GRI.

For a complete understanding of the document, in the following sections, definitions of the terms used by Wella Company, disclaimers, notes and quantitative tables have been included.

On November 7th, 2023, the Board of Directors of Wella Company approved the Report.

The publication was on November 29th, 2023 and the document is accessible on Wella Company's website www.wellacompany.com. For any information about the Report, please email EnvironmentalSocialImpact@wella.com.

Wella Company is working towards alignment to the new sustainability reporting regulation introduced by the European Union with the adoption of the Corporate Sustainability Reporting Directive (CSRD). The directive incorporates the concept of 'double materiality', which we will undertake it in 2024.

INTRODUCTION

1. *Wella Professionals is the Number 1 Salon Color Brand in the world based on Wella Master Brand USD sales on the 2022 Salon Hair Care Study for the hair coloring products category published by Kline.*
2. *Here's the definition of each material topic as of 2021 materiality assessment.*

Climate Risk & Carbon Emissions	Understanding the risk of climate impacts on Wella Company's direct operations and value chain and implementing approaches to build resilience, which includes understanding how climate variability impacts year-to-year sales across brands & distribution channels. This also covers measuring greenhouse gas (GHG) emissions across Wella Company's operations and material segments of its value chain and implementing reduction approaches in procurement, transportation and distribution.
Water	Measuring and managing Wella Company's water footprint from direct operations and manufacturing in the supply chain. This includes all water use (e.g., potable and non-potable) and wastewater outputs. In addition, consideration of Wella Company assets in water stressed regions, and efforts to reduce use.
Packaging	Packaging inputs and final Business to Business or Directo to Consumers packaging for products across Wella Company's portfolio. This includes use of virgin and recycled inputs, customer pack requirements, and consumer ease of use.
Clean & Green Formulation	Assessing Wella Company's product portfolio to determine opportunities to use the principles of Clean and Green formulation to reduce the number of hazardous substances and chemicals (e.g., carcinogens, volatile organic compounds (VOCs), etc.) and minimize waste outputs in product formulation, manufacture, use and end-of-life disposal. This includes continuous assessment and management of hazardous substances and chemicals used across Wella Company's product portfolio to align with customer, consumer, stylist and regulatory requirements, leading to product reformulation to remove identified chemicals/substances.
Product Quality & Safety	Maintaining the highest quality assurance, quality control (including durability) and product safety standards for Wella Company's product portfolio. This includes at a minimum adhering to regulatory requirements, monitoring sale of counterfeit products and product certification and going beyond regulations to adhere to customer requirements. This also covers providing education and resources for salon workers and consumers to provide best practices on health and safety while using Wella Company products.
Labor & Human Rights	Identification, remediation and elimination of all forms of human and labor rights violations in Wella Company's direct operations and supply chain. This includes all forms of forced and compulsory labor, child labor and human trafficking.
Sustainable Salon Operations	Providing services and training to salons to educate them on sustainable practices and operations. This includes guidance onoperational efficiency, product end of life disposal, last-mile logistics and hazardous chemical management..
Waste	Measuring and managing Wella Company's waste footprint from direct operations and manufacturing in the supply chain. This includes all waste streams (e.g., landfill, recycled and efforts to reduce or divert).
Business Ethics	Adhering to the highest standard of business ethics including competitive behavior, prevention of anti-competitive practices, compliance with regulatory authorities and anti-corruption/anti-bribery in Wella Company's direct operations and supply chain.
Diversity, Equity & Inclusion	A work environment where people differ, including (but not limited to) gender, race, ethnic origin, religion, disability, language, socioeconomic status, age, or sexual orientation, and where there is strategic distribution of resources so that all groups reach comparable outcomes. There is a culture of belonging where every person's voice counts. This also includes ensuring non-discrimination across Wella Company and brand operations.
Diverse & Authentic Product Offerings / Inclusive Beauty	Inclusive product design and advertising that suits a broad customer base, regardless of race-, ethnicity-, age-, or gender-specific physical attributes

The materiality assessment was conducted in June 2021. Afterwards, Wella Company was able to link each material topic to the business strategy. Materiality topics have therefore evolved and some were re-named accordingly:

- 'Clean and Green formulation' combined with 'Packaging'
- 'Water' combined with 'Waste'
- We changed 'Labor & Human Rights' into 'Human & Social Rights'
- We added 'Belonging' to 'Diversity, Equity and Inclusion'
- 'Diverse & Authentic Product Offerings / Inclusive Beauty' became 'Diverse Product Offerings'.

Each material topic is detailed in the appropriate chapter.

PEOPLE

3. See GRI table below for more details.

GRI 2-7: Employees

	MEN	WOMEN	NOT DISCLOSED	TOTAL
EMEA				
Full time	1,694	2,160	0	3,854
Part time	57	337	0	394
Total	1,751	2,497	0	4,248
APAC				
Full time	370	413	0	783
Part time	0	5	0	5
Total	370	418	0	788
North America				
Full time	459	749	2	1,210
Part time	0	3	0	3
Total	459	752	2	1,213
LATAM				
Full time	83	110		193
Part time				0
Total	83	110	0	193
Grand total	2,663	3,777	2	6,442

	MEN	WOMEN	NOT DISCLOSED	TOTAL
EMEA				
Permanent contract	1,720	2,366	0	4,086
Fixed contract	31	131	0	162
TOTAL	1,751	2,497	0	4,248
APAC				
Permanent contract	360	394	0	754
Fixed contract	10	24	0	34
TOTAL	370	418	0	788
North America				
Permanent contract	457	750	2	1,209
Fixed contract	2	2	0	4
TOTAL	459	752	2	1,213
LATAM				
Permanent contract	83	110		193
Fixed contract				0
Total	83	110	0	193
Grand total	2,663	3,777	2	6,442

PEOPLE

4. Calculated based on annual employee survey 'WE Listen' as an average of the results of the following questions:
 - 'My company motivates & inspires me to do my best work'
 - 'My work gives me a feeling of personal accomplishment'
 - 'I would recommend Wella Company to people I know as a great place to work'
5. Negotiations taking place between one or more employers or employers' organizations, on the one hand, and one or more workers' organizations, on the other, for determining working conditions and terms of employment or for regulating relations between employers and workers (GRI Standards 2018). In Wella Company, we include work councils, unions, country unions, employee representatives, regional unions, white union, company union club and country unions.
7. Wella Company calculates the average salary for all employees who identify as female and the average salary for all employees who identify as male. By comparing the two averages, we obtained a 2% of difference in favor of men. The calculation does not take into consideration difference in roles, seniority or years of experience.

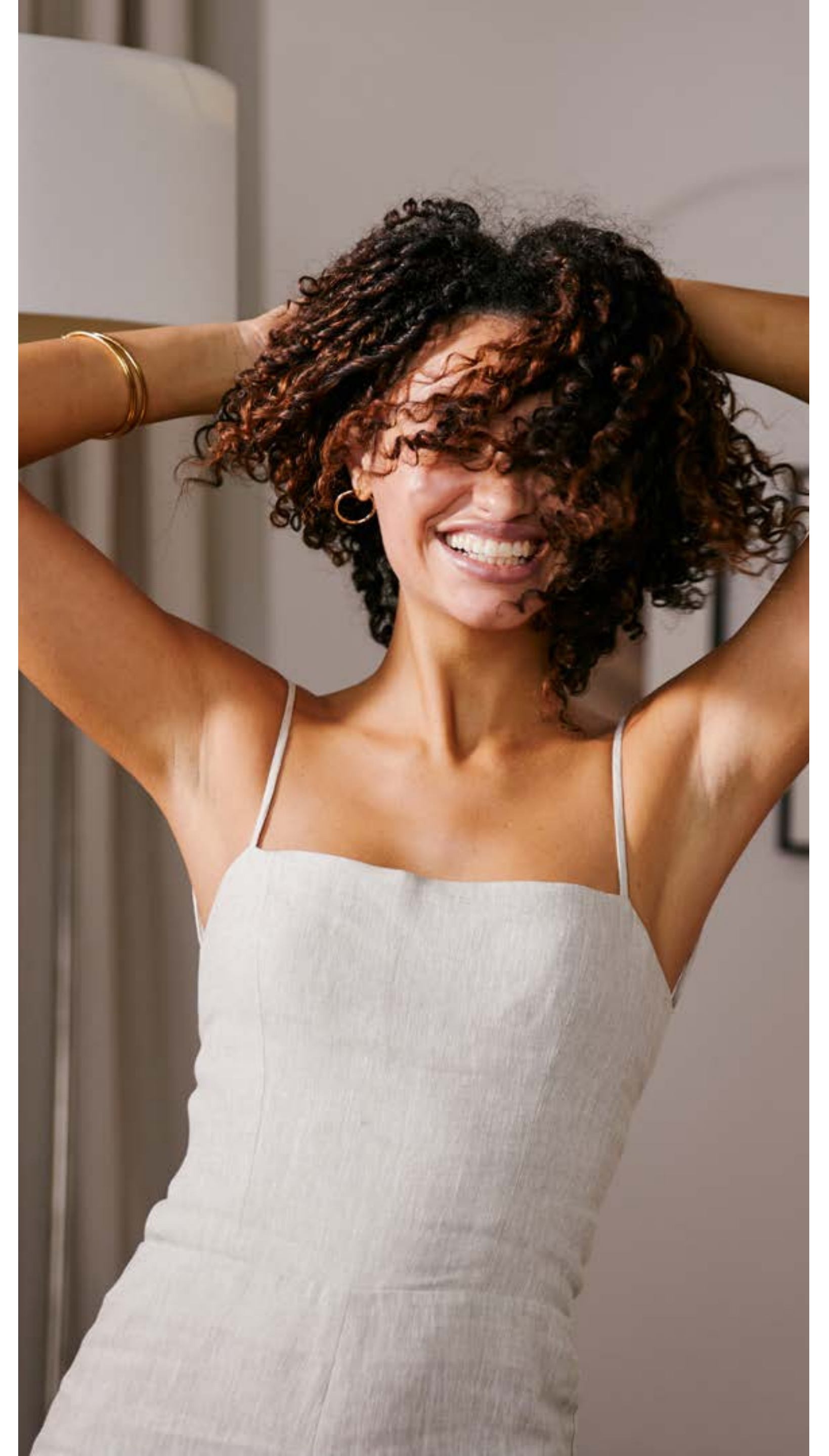
GRI 405-1: Diversity of governance bodies and employees

	MEN	WOMEN	NOT DISCLOSED	TOTAL
Executive Leadership	53.33%	46.67%	0.00%	100.00%
Director & above	54.00%	46.00%	0.00%	100.00%
Managers	40.65%	59.35%	0.00%	100.00%
Individual Contributors	41.39%	59.56%	0.05%	100.00%
Total	41.34%	58.63%	0.03%	100.00%

As for employees, Wella Company includes individuals who are in an employment relationship with the organization according to national law or practice. Persons working for organizations other than the reporting organization (i.e. agency workers, apprentices, contractors, interns, etc...) are excluded from this disclosure.

Figures include ghd employees but exclude Briogeo, acquired in April 2022.

In 2022, Wella Company employed a total of 2,663 men and 3,777 women. Women compose 59% of Wella Company's workforce. The vast majority (97%) of employees have a permanent contract. This figure reflects our commitment to invest in our people, to develop their professional skills and to base the employer-employee relationship on a long-term commitment that promotes a stable work environment.



PLANET

CLIMATE

9. A corporate carbon footprint is the total amount of greenhouse gas (GHG) emissions produced by a company's operations, supply chains, products and services.

10. Carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O) and hydrofluorocarbons (HFCs) are examples of greenhouse gases whose absorption of solar radiation is responsible for the greenhouse effect. Taking into account their differing global warming potential greenhouse gas emissions are usually calculated and reported in carbon dioxide equivalents (CO₂eq). (Source: ECA)

12. Apart from updated emission factors, which particularly impacted Scope 3 Category 12, main methodological refinements in 2022 Carbon Footprint compared to 2019 are the followings:

Scope 3 Category 1:

The category includes raw materials and packaging purchased both from suppliers and Third Party Manufacturers (TPMs). For materials coming from TPMs, Wella Company estimated the carbon footprint through an ad hoc analysis done with the support of external experts. Results of the analysis shows that FY2022 TPMs footprint is strongly higher (around 60%) than CY2019. This difference is explained by the fact that CY2019 footprint relied on a lot of proxies, as it was our very first assessment. Our footprint is refined and more robust in FY2022. In this isolated case data refers to FY2022 and not CY.

Scope 3 Category 4 and 9:

Following SBTi recommendations, for Carbon Footprint CY2022 Wella Company reallocated transportation in Category 4 or 9 (Scope 3) according to who pays for the transportation. Category 4 Scope 3 involves all transportation paid by Wella Company. The figure therefore increased significantly compared to Carbon Footprint 2019. Category 9 Scope 3 involves transportation paid for by third-parties only. As we are lacking info on the small amount of transportation paid for by third parties, in 2022 this category is substantiated by consumer trips.

13. We decided to use 2019 data as a baseline, due to this being pre-COVID-19 and therefore being more representative of our 'normal' activities; and in 2021 we calculated our 2019 baseline following GHG Protocol as shown in the ESG Manifesto). Carbon Footprint 2019 was however adjusted from the ESG Manifesto. Following SBTi recommendations, emissions derived from the use of heated water were taken out from Category 11 Scope 3 (Use of Product Sold) as they are considered by SBTi as indirect emissions. Such refinement decreased the 2019 figure of Category 11 Scope 3 from 359,243 tCO₂eq to 76,229 tCO₂eq. Such update is reflected into the total Carbon Footprint 2019: 714,145t CO₂eq (as disclosed into the ESG Manifesto) to 453,401 CO₂eq.

GRI 305-1: Direct (Scope 1) GHG emissions

GRI 305-2: Energy indirect (Scope 2) GHG emissions

GRI 305-3: Other indirect (Scope 3) GHG emissions

	SBTi CY2019	CY2022	CY2022 %
Scope 1	11,406	7,185	1.55%
Scope 2	10,863	12,728	2.75%
Scope 1 & 2	22,269	19,913	4.31%
Scope 3 Cat 1	224,086	274,651	59.42%
Scope 3 Cat 2	2,561	4,065	0.88%
Scope 3 Cat 3	5,934	4,267	0.92%
Scope 3 Cat 4	2,600	41,772	9.04%
Scope 3 Cat 5	5,661	3,891	0.84%
Scope 3 Cat 6	6,148	1,117	0.24%
Scope 3 Cat 7	7,238	8,970	1.947%
Scope 3 Cat 9	75,031	19,177	4.15%
Scope 3 Cat 11	76,229	73,040	15.80%
Scope 3 Cat 12	25,644	11,372	2.46%
Scope 3	431,132	442,327	95.69%
Total Carbon Footprint	453,401	462,240	100%

To calculate our carbon footprint 2022, we used Ecoinvent 3.9.1 emission factors and USEEIO Database v.1.1. For Scope 3 Category 6 we used DEFRA Conversion Factors 2022. The calculations are based on the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (GHG Protocol) guidelines. Wella Company adopted an operational control approach.

For further details on Scope 1 & 2, we report energy consumption of Wella Company's direct operations (factories, DCs, offices and studios).

GRI 302-1: Energy consumption within the organization

FUEL TYPE	TOTAL
Building energy	120,247.34
Diesel (Generators)	7,363.46
Liquid Petroleum Gas (kWh)	368.29
Natural Gas	112,515.58
Car fleet	77,425.38
Diesel	23,008.46
Hybrid	47,249.79
Petrol	288.76
Unknown	6,711.56
Electric	166.81
Heating and cooling	1,706.11
Electric energy	147,391.22
of which nonrenewable	112,478.19
of which renewable	34,913.03
Total	346,770.05

To convert energy consumption to GJ, DEFRA UK Government GHG Conversion Factors for Company Reporting 2022 was used.

PLANET

WATER

Water withdrawal: sum of all water drawn from surface water, groundwater, seawater or a third party for any use over the course of the reporting period (GRI Standards 2018).

In compliance with local regulations, Wella Company withdraws municipal water (third-party water) and water from our own well (groundwater).

15. Compared to the ESG Manifesto, Wella Company clarified the scope of the commitment: water withdrawn in factories.

16. Decrease of water withdrawn in our factories per unit produced by -5.5%: Figure calculated by dividing the liters of water withdrawn by factories during CY2022 with the total units produced by factories in the same timespan.

GRI 303-3: Water withdrawal

WATER WITHDRAWAL BY SOURCE	TOTAL (m ³)
Surface water	0
Groundwater	163,031
Seawater	0
Produced water	0
Third-party water	62,115
Total	225,146

WASTE

Disposal: any operation which is not recovery, even where the operation has as a secondary consequence the recovery of energy (GRI Standards 2018)

Wella Company's waste is 50/50 divided into directed to disposal and diverted from disposal. Only 17% of waste generated by Wella Company's factories and distribution centers is hazardous. As mentioned, in Mexico law requires to send some type of waste to landfill, for this reason we still have a limited amount of waste overall that is disposed in landfill. All waste is managed offsite.

GRI 306-3: Waste generated

WASTE COMPOSITION	WASTE GENERATED (t)	WASTE DIVERTED FROM DISPOSAL (t)	WASTE DIRECTED TO DISPOSAL (t)
Cardboard	2,102.56	2,102.56	0.00
Electronic Waste	2.62	2.62	0.00
Metals	85.25	85.25	0.00
Mixed/Unspecified	2,779.64	724.75	2,054.89
Organic/food waste	13.53	0.00	13.53
Other recycled	512.43	201.26	311.17
Paper	76.23	76.23	0.00
Plastics	212.64	212.64	0.00
Product disposed*	1,362.23	174.58	1,187.65
Wood	186.79	185.53	1.25
Total	7,333.92	3,765.42	3,568.50

PLANET

WASTE

18. Compared to the ESG Manifesto, Wella Company clarified the scope of commitment : for factories and leased DCs. Wella Company decided to differentiate intensity measure depending on the type of facility where the waste is generated: waste in factories on units produced and waste in distribution centers on units shipped.

20. Compared to the ESG Manifesto, Wella Company clarified the scope of the commitment : factories and leased DCs.

21. Figure calculated by dividing the kg of waste generated by factories during CY2022 with the total units produced by factories in the same timespan.

22. Figure calculated by dividing the kg of waste generated by distribution centers during CY2022 with the total units shipped by distribution centers in the same timespan.

GRI 306-4: Waste diverted from disposal

WASTE COMPOSITION	TOTAL (t)
Hazardous waste	
Preparation for reuse	0
Recycling	187.21
Other recovery operations (i.e., composting)	0
Total	187.21
Non-hazardous waste	
Preparation for reuse	261.96
Recycling	2,868.58
Other recovery operations (i.e., composting)	447.68
Total	3,578.21

GRI 306-5: Waste directed to disposal

WASTE COMPOSITION	TOTAL (t)
Hazardous waste	
Incineration (with energy recovery)	937.02
Incineration (without energy recovery)	108.02
Landfilling	0
Other disposal operations	0
Total	1,045.04
Non-hazardous waste	
Incineration (with energy recovery)	1,532.46
Incineration (without energy recovery)	917.13
Landfilling	72.62
Other disposal operations	0
Total	2,522.21

PRODUCTS

QUALITY AND SAFETY

24. Although the risk of developing new allergies is reduced, there is still a risk of allergic reaction that can be severe. Wella Company is encouraging stylists and consumers to perform an Allergy Alert Test 48 hours before each coloration and to strictly follow safety instructions. If there is an allergic reaction to hair colorants, they should not color.
25. E. M. Gargano et al, "The 2-Methoxymethyl Modification of p-Phenylenediamine Reduces the Sensitization Risk for Hairdressers to Hair Dyes—An Occupational Hand Exposure-Based Risk Assessment", *DERMATITIS*, Vol 33 · No 4 · July/August 2022.

CLEAN & GREEN

29. At Wella Company, we do not perform any testing on animals of our ingredients or products. Wella Company products sold in China are proven safe before they enter the market. We cannot control any additional testing that Chinese authorities may impose on our products when applying for a permit to market.
31. Synthetic, plant or mineral derived ingredients or water and do not use/contain any animal derivatives or animal by-products and are processed solely with or by non-animal substances.
33. We consider as biodegradable an organic substance that is either 'readily biodegradable' or 'inherently biodegradable', fulfilling all test criteria according to the international Organization for Economic Co-operation and Development (OECD) test guideline 301 or 302 or fits into Wella Company's internal classification of 'potentially biodegradable'.

The definition of "potentially biodegradable" is the following:

- Substance measured readily biodegradable in an OECD 301 test without fulfilling all test criteria mentioned in the guideline.
 - Substance failed an OECD 301 or OECD 302 test but indications for biodegradation is given based on expert review.
 - Substance was assessed readily or inherently biodegradability based on read-across from a structurally close analogue, based on grouping, based on (Q)SAR calculation, or based on a weight-of-evidence approach.
37. Formulated without the following ingredients: Formaldehyde, Formaldehyde Resin, Toluene, Xylene, Dibutyl phthalate (DBP), Camphor, Parabens, Ethyl Tosylamidex, Triphenyl Phosphate North America only, refer to OPI COM for additional information.

39. Wella Company decided to re-word the commitment. Versus the commitment disclosed in the ESG Manifesto we decided to highlight efforts put on increasing PCR (instead of reducing virgin materials).
41. Product to be used for the containment, protection, handling, delivery, storage, transport and presentation of goods, from raw materials to processed goods, from the producer to the user or consumer, including processor, assembler or other intermediary (ISO 21067: 2007). We therefore include primary (designed to come into direct contact with the product), secondary (designed to contain one or more primary packaging's together with any protective materials where required) and tertiary packaging (designed to contain one or more packages, or bulk material, for the purposes of transport, handling and/or distribution).
42. Any change to the environment, whether adverse or beneficial, wholly, or partially resulting from an organization's environmental aspects (ISO 14001:2004).

43. Characteristics of a product, packaging or associated component that can be diverted from the waste stream through available processes and programmes and can be collected, processed, and returned to use in the form of raw materials or products (ISO 21067-2:2015).
44. Packaging or packaging component which has been designed to accomplish or proves its ability to accomplish a minimum number of trips or rotations in a system for reuse. Reuse is the operation by which packaging is refilled or used for the same purpose for which it was conceived, with or without the support of auxiliary products present on the market enabling the packaging to be refilled (ISO 18603:2013).
45. Recovered material. Plastics material that has been separated, diverted, or removed from the solid-waste stream in order to be recycled or used to substitute virgin raw materials (ISO 15270:2008). This definition can be extended to other packaging material's e.g., metals glass etc. (ISO 14021:2016).

Biodegradable ingredients	79.9%
Persistent ingredients	10.2%
Data not available*	9.9%

* For example, data related to fragrances, whose formulas commonly not fully disclosed.

GRI CONTENT INDEX

GRI STANDARD	DESCRIPTION	PAGE NUMBER	OMISSIONS/NOTE
GRI 1: FOUNDATION 2021			
Statement of use	<i>Wella Company has reported with reference to the GRI Standards for the period from 01-01-2022 to 31-12-2022.</i>		
GRI 2: GENERAL DISCLOSURE			
GRI 2-1	Organizational details	43	
GRI 2-2	Entities included in the organization's sustainability reporting	43	
GRI 2-3	Reporting period, frequency and contact point	43	
GRI 2-4	Restatements of information	47	Carbon Footprint 2019 was updated after the publication of ESG Manifesto
GRI 2-5	External assurance		Not applicable
GRI 2-6	Activities, value chain and other business relationships	5	Excl. letter b (ii and iii), c e d
GRI 2-7	Employees	45	Excl. letter b.ii
GRI 2-28	Membership associations	6, 23, 33	
GRI 2-29	Approach to stakeholder engagement	7	Excl. letter a.iii
GRI 2-30	Collective bargaining agreements	11	
GRI 3: MATERIAL TOPICS			
GRI 3-1	Process to determine material topics	7	
GRI 3-2	List of material topics	7	

GRI STANDARD	DESCRIPTION	PAGE NUMBER	OMISSIONS/NOTE
GRI 302: ENERGY 2016			
GRI 302-1	Energy consumption within the organization	47	Excl letter f and g
GRI 303: WATER 2018			
GRI 303-3	Water withdrawal	48	Based on the Water Risk Analysis that will take place in the years to come, we will be able to determine water stress areas and type of water withdrawn (fresh water or others) from our factories.
GRI 305: EMISSIONS 2016			
GRI 305-1	Direct (Scope 1) GHG emissions	47	Excl. letter c
GRI 305-2	Energy indirect (Scope 2) GHG emissions	47	Excl. letter a
GRI 305-3	Other indirect (Scope 3) GHG emissions	47	Excl. letter c
GRI 306: WASTE 2018			
GRI 306-3	Waste generated	48	
GRI 306-4	Waste diverted from disposal	49	
GRI 306-5	Waste directed to disposal	49	
GRI 405: DIVERSITY AND INCLUSION 2016			
GRI 405-1	Diversity of governance bodies and employees	14, 46	Only letter a.i, b.i
GRI 405-2	Ratio of basic salary and remuneration of women to men	14	Excl. letter b

