

SUSTAINABILITY REPORT

LUMENE GROUP
2022

LUMENE
BEAUTY BORN OF ARCTIC LIGHT

CUTRIN
NORDIC EXPRESSIONS

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LUMENE GROUP SUSTAINABILITY AMBITION

Our sustainability approach and actions are holistic and systematic. We are working closely with all our stakeholders across the value chain (suppliers, employees, communities, customers, and consumers) to offer high performing sustainable beauty products for a better future.

Corporate Governance and business ethics



Nordic leader in circular beauty

- High performance, biodegradable formulas with renewable ingredients, focus on Nordic upcycled materials.
- Recyclable packaging & made of recycled or biobased materials.
- Circular value chain.



Climate action

- Calculating the CO₂ emissions (Scope 1, 2, 3).
- Science Based Target initiative plan under review: Reducing CO₂ emissions (Scope 1, 2, 3) by 42% by 2030. Becoming net zero by 2050 within our value chain.
- Support wetland restoration to protect Nordic nature and increase biodiversity.



Social responsibility

- By the end of 2023, B Corp certification to emphasise our holistic approach on sustainability - environmental, economic and social responsibility.
- Fair and inclusive partner and employer.
- Diversity, equity & inclusion (DE&I) strategy implemented across LUMENE Group.

COMPREHENSIVE APPROACH TO SUSTAINABILITY

Sustainability has been a core value for LUMENE Group for decades. Our mission is to offer high performing sustainable beauty products for a better future.

Pioneering circularity for 20 years and counting

We want nature to thrive forever – so our aim is to make beauty products with respect for our planet's limited resources. As a company LUMENE Group has a comprehensive approach towards circular economy. Our goal is to create a sustainable front-runner product portfolio in accordance with circular economy principles. We aim to improve the sustainability of each new product compared to the previous launch by maximising circularity including ingredients, packaging, factory waste, use of upcycled materials and biodegradability.

Climate action by committing to SBTi

The climate change is the world's most pressing issue, and it requires adequate and immediate action from companies. LUMENE Group is in the process of committing to Science Based Target initiative (SBTi) and to reach net-zero emissions by 2050.

As short-term objectives we as LUMENE Group have aligned to commit to be reducing absolute Scope 1, Scope 2 and Scope 3 greenhouse gas emissions 42% by 2030 from a 2021 base year, in line with the Paris Agreement roadmap for tackling climate change with the climate scenario 1.5°C. With actions taken in our premises in Espoo, Finland we significantly reduced our direct emissions (Scope 1 and 2) by 88% since 2018.



In our operations, we continue sustainable development with a focus on circularity and climate action. In addition, we aim to further increase our organisation's diversity by transforming LUMENE Group into a truly international team with versatile capabilities, high digital competence and a broad cultural background.

Johan BERG
CEO, LUMENE Group



As many of our active ingredients are wild-crafted from Nordic nature, LUMENE Group is funding Finnish Association for Nature Conservation (FANC) to restore wetlands in Finland. The wetlands are not only acting a carbon sink, but also re-create relevant living conditions for the local fauna and flora which improves the biodiversity of the wetlands.

Expanding the approach to social responsibility

As a Nordic and Finnish company, we have long traditions in compliance with labour legislation, occupational safety, and health legislation. Employee rights, anti-corruption and equality are an essential part of the social responsibility of LUMENE Group operations.

Employee experience is part of social responsibility at LUMENE Group. In late 2022, we formed a cross-functional DE&I Ambassador group to promote and develop diversity, equity, and inclusion (DE&I) vision and strategy within the company. The group now has a concrete DE&I action plan with focus on increasing awareness through education, strengthening inclusion through psychological safety, and further build DE&I into the LUMENE and CUTRIN product portfolio planning. We believe that an inclusive culture attracts diversity and boosts well-being, innovation, and makes meaningful contributions to our society.

The LUMENE Group is an active corporate citizen contributing to the well-being of society and collaborating beyond company borders. In 2022, LUMENE was ranked number one in social innovation by the Finnish Innovation Index by Hanken School of Economics.

A journey towards B Corp certification

We are aiming to achieve B Corp certification by the end of 2023. B Corp is a global movement for an inclusive, equitable, and regenerative economy and it emphasises our holistic approach to sustainability including environmental, economic, and social responsibility. We are now included in the B Corp review phase.



HIGHLIGHTS 2022

B Corp

impact assessment
submitted

93%

average share of
naturally derived
ingredients in
skincare products



90%

of all plastics used are
made of widely recyclable
plastic types

DE&I

ambassador group
of 17 people



29

Sidestream
ingredients



98%

of LUMENE 's folding
boxes were
FSC® certified*

*FSC-Noo3275

NEW CO₂ TRACKING TOOL

Ownership on
the CO₂ emission
calculation

88%

reduction of
Scopes 1 & 2
emissions from
2018 to 2022



SUSTAINABILITY AWARDS

LUMENE IS THE LEADING BEAUTY
BRAND IN SUSTAINABLE BRAND INDEX
2022 IN FINLAND.

Hanken Finnish Innovation Index 2022:
awarded 1st for Social Innovation Index.

Sustainable Beauty Awards 2022:
Runner-up for compact powder packaging.

The beauty products of tomorrow will have to be circular. I am delighted to see the continuous improvement in both formulations and packaging, while providing proven skin performance. We are building a holistic plan for climate action and DE&I, leading the way within Nordic Beauty industry.

Alain MAVON

VP of R&D and Sustainability



VALUES

The values that guide our governance and behaviour.

Integrity

We are always open, truthful, authentic and respectful of our Nordic values.

Sustainability

We care about tomorrow as much as today.

Empowered

We dare to be bold, have courage and the confidence to be different.

Inspired

We encourage creativity, passion and innovation to deliver true Nordic beauty to our consumers.

MISSION

To develop high-performing sustainable beauty products for a better future.

VISION

To be the number one beauty brand from the Nordics, recognised for the sustainable, Arctic, wildcrafted ingredients among a wide international consumer group.

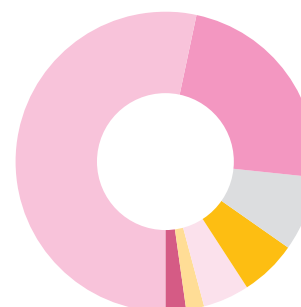
LUMENE GROUP – LUMENE AND CUTRIN

LUMENE Group

LUMENE Group's vision to be the number one beauty brand from the Nordics, recognised for the sustainable Arctic wildcrafted ingredients among a wide international consumer group. We are a pioneer in the circular economy and bringing the power of wild Nordic nature, enabling everyone achieve their own idea of beauty. We want to fulfill the needs of modern consumers and respond to mega trends such as sustainability and ethics that affect our daily operations.

Today, LUMENE Group consists of two companies: LUMENE Oy, specialised in skincare, face makeup and colour cosmetics, and CUTRIN Oy, the expert of Nordic hair and scalp. LUMENE Group is headquartered in Espoo, Finland where most of LUMENE Group's products are developed, designed and manufactured. LUMENE Group employs over 300 talents internationally, in fields of R&D, marketing, supply chain, sales and financial management to name a few.

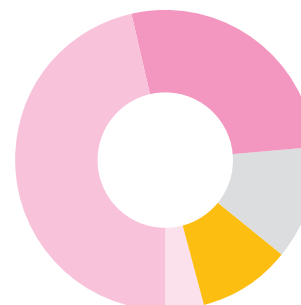
In 2022, we manufactured about 15 million pieces of beauty products. With the strategic choice to develop and manufacture products in Finland (85% of all products), we have control over all details in the products and how they are designed, kind of raw materials are chosen and how production is organised in the most sustainable way.



LUMENE GROUP NETSALES
BY MARKET IN 2022

- FINLAND 52%
- SCANDINAVIA 23%
- OTHER EUROPEAN COUNTRIES 10%
- OTHER COUNTRIES 5%
- RUSSIA 7%*
- NORTH-AMERICA 2%
- BALTIC COUNTRIES 2%

*) The business in Russia has been run down.



LUMENE GROUP SALES BY
BUSINESS SECTORS IN 2022

- SKINCARE 46%
- FACE MAKEUP 27%
- HAIRCARE 12%
- COLOR COSMETICS 10%
- OTHER 4%



+ DISTRIBUTORS
+ TRAVEL RETAIL



OFFICE LOCATIONS: HQ FINLAND ESPOO ALL FUNCTIONS AND FACTORY | STOCKHOLM
SCANDINAVIAN SALES AND MARKETING | LONDON NEW MARKETS AND D2C ECOM | TALLINN
DISTRIBUTOR MARKETS | BOSTON, USA US OPERATIONS

Sustainable value chain

Sustainability is the cornerstone of LUMENE Group's business. A sustainable value chain in the beauty business involves the integration of environmental, social, and economic considerations throughout the product's life cycle - from product development to production until the end-of-life of our products. As a cosmetics industry company, the product quality and safety is ensured throughout the whole value chain.

We enable circular economy together with our value chain, with our business partners and by reaching our global consumers. We have an open and honest communication, enabling consumers to make informed choices. We provide our customers and consumers circular beauty products that meet the needs of modern consumers and are sustainable as well as ethically sourced. By working across the value chain, we see innovation and partnerships as the way forward to building beauty products for a better future.

Manufactured in Finland, sold globally

The majority of the products are developed, designed and manufactured in the Espoo factory. Our raw material and packaging suppliers are mainly European, but some materials are sourced globally. About 15% of final products are outsourced from our European partners.

Majority of the LUMENE Group sales is generated in the home market of Finland, while growth is driven heavily by Scandinavian and Chinese markets. Travel retail is also an important channel after the pandemic. In other international markets, the brand has established itself on the high streets and beauty e-Com by partnering up with key local retailers. The business in Russia has been run down after the Russian invasion to Ukraine.

The LUMENE skincare, face makeup and colour cosmetics represent in total 88% of the sales, while the sales of CUTRIN products represents 12% of the LUMENE Group sales. Majority of revenue is derived from retail and wholesale channels through our business to business interactions. We have a long standing relationship with the majority of our customers. While retail customers represent around 65% of our business, we also have several online customers as well as wholesalers in geographies where we do not have local offices. We value our customers and we have long-standing contractual relationships. In addition we also serve consumers directly through our direct-to-consumer e-commerce channels.

SUSTAINABLE VALUE CHAIN



Research and development

Consumer expectations and trends are taken into account in product development. With eco-design we minimise the environmental impact of our raw materials and packaging.



Sustainable sourcing

During the life cycle of a product, raw material and packaging production generate a large part of a product's environmental impact. By choosing our partners carefully we can minimise that impact. Sourcing ethically and locally, we can support local employment and economic prosperity.



Production

The cornerstones of sustainable business are maintaining competitiveness, reducing our ecological footprint and taking care of employee well-being. The majority of contract manufacturers are audited to make sure same standards are kept as we have in our own factory.



Transport

Logistics and transport play an important role in LUMENE Group's business operations. Transport optimisation and careful selection of partners helps in reducing the environmental impact. Transportation emissions can be reduced especially by avoiding air transport.



End-of-life phase

We want to reduce the environmental impact of our products by promoting circular economy. We aim to develop biodegradable formulas and decrease the amount of materials used in our packs and increase the use of recycled and recyclable materials.



Focus on growing consumers' understanding of sustainability

Beauty and cosmetics play a central role in self-expression and well-being for many consumers. We support growing our consumers' understanding on how sustainability and circular beauty are part of building a better future for all.



Retail and customers

With strong relationship with our retail partners and customers we provide our consumers innovative products. Together with our partners we can reduce waste and energy consumption in the operations, and implement programmes to educate and engage consumers on sustainable practices.

MEGATRENDS

Nature's carrying capacity is crumbling

We live in the middle of an ecological sustainability crisis. The climate is heating up, biodiversity is deteriorating at an alarming rate, there is an overconsumption of natural resources and the amount of waste is increasing. There is an urgent need for ecological reconstruction. Consumers are more conscious and expect companies to act at the forefront. Considered consumption will steer purchases: beyond the question of how recyclable the packaging is or how sustainably sourced the raw materials are – it is about whether a product can justify its existence.

Concept of well-being is expanding

Changes in the operating environment affect people's everyday life. The population is getting older, more diverse and concentrated in growth centres. The uncertainties of working life and livelihood, the ecological sustainability crisis and the pandemic intensify mental health problems. Consumers are placing more emphasis on holistic well-being including the quality of life. Given this change, the role of beauty routines are changing: they offer a moment of relaxation and stress relief, and are also important for self-expression. Increased diversity of ethnicity and age are represented in the concept of beauty.

The foundation of the economy is cracking

As the ecological sustainability crisis progresses, global inequality grows. Wealth is concentrated to a smaller and smaller group, which creates an increasingly urgent need to reform the economy. Responsibility is emphasised in all activities and it has expanded from individual environmental issues to human rights issues, people's well-being and improving the state of nature. The expansion of responsibility reflects a greater need to rethink the role of the economy and what is actually understood by the economy. Increasingly price-conscious consumers are looking for evidence of better value for money.

Building credibility through transparency and science

Societies are put to the test as crises pile up. Trust erodes and the influence of information increases. Building trust requires a constructive social discussion, bursting one's bubble and understanding many points of view. The medicalisation of beauty is leading to more demand for proof behind claims. Value is created through ingredient-led products. Transparency of business and scientific data is important to help consumers identify relevant and correct information. Unlike earlier generations, Gen Z in particular do not see brands as faceless entities, they recognise them as a collection of people and hold them to a higher standard. Open communication, personalisation and certificates build credibility.

The competition for digital power is accelerating

Technology and data are increasingly integrated into people's everyday life, and data is being collected and utilised more and more. The growth of e-commerce is bringing new business opportunities. Beauty is a disruptive category with new rules for engagement and building communities. Offering pleasure, personalization and convenience will be key. Beauty brands should allow more playfulness in their communication and enable more experimentation and DIY. People, especially young people, are looking for quick and direct ways to influence. Micro-activism is becoming more common and more and more people are participating in social influence on social media.

Sources: Sitra, Beauty SEEN, Mintel

LUMENE GROUP SUSTAINABILITY AMBITION AND SUSTAINABLE DEVELOPMENT GOALS

The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet – both now and into the future.

The Sustainable Development Goals (SDGs) are guiding our sustainability work and they help us embed sustainability across all three sustainability pillars.

We have identified ten most relevant SDG goals where we can make the biggest impact through our operations. These goals are guiding our sustainability strategy.

Nordic leader in circular beauty

- High performance, biodegradable formulas with renewable ingredients, focus on Nordic upcycled materials.
- Recyclable packaging & made of recycled or biobased materials.
- Circular value chain



Clean water is the most essential ingredient in our products. Sustainable water management is a top priority for our operations and we promote the sustainable use of water. We support nature conservation by protecting wetlands and their fragile ecosystems.



We boost innovations. We develop them, also with our partners and put them into practice. Our principle is to work in a sustainable and long term manner in everything we do. Our factory is constantly monitored and audited in order to ensure sustainability.



While using natural resources and sidestreams in a sustainable way, we also enhance circular economy. We help our customers in sustainable use of our products and efficient recycling.



We help to conserve oceans and marine environment by reducing micro-plastics and raw materials harmful to aquatic life in our products.

Climate action

- Calculating the CO₂ emissions (Scope 1, 2, 3).
- SBTi plan under review: Reducing CO₂ emission (Scope 1, 2, 3) with 42% by 2030. Becoming net zero by 2050 within our value chain.
- Support wetland restoration to protect Nordic nature and increase biodiversity.



Climate change effects forest ecosystems in Finland as well as the availability of natural raw materials. We will passionately fight against climate change and we want to take concrete actions in doing so. Besides reducing our direct CO₂ emissions, we are also working to minimise our indirect emissions.



Forests and wetlands provide us clean natural raw materials for products and packaging. Sustainable use of wetlands and water resources means for us that natural raw materials will be used efficiently. For example, we utilise sidestreaming as a source of raw materials.



As a responsible corporate citizen we want to drive execution of sustainable development. We believe that together we can achieve more than alone.

Social responsibility

- By the end of 2023, B Corp certification to emphasise our holistic approach on sustainability - environmental, economic and social responsibility.
- Fair and inclusive partner and employer.
- Diversity, equity & inclusion (DE&I) strategy implemented across LUMENE Group.



Our purpose is to sustainably bring the power of wild Nordic nature to help everyone achieve their own idea of beauty. We aim to improve mental and physical health and well-being of our customers and personnel.



We value diversity, equality and inclusion, and do our part to make our community more diverse and inclusive, respecting and promoting human rights and gender equality as core values.



We ensure our profitability and promote economic growth in Finland. We strive to increase our positive contribution to society. For example, we promote Finnish industry and domestic employment.



ETHICS AND COMPLIANCE

Our sustainability work is based on our ambitions related to product circularity, climate action and social accountability, which are processed with corporate governance according to the LUMENE Group business ethics across the organisation and activities.

LUMENE Group is committed to doing business in a responsible and sustainable way, and we expect the same commitment from our business partners. We are not only following the requirements set by laws, but also being accountable, transparent, fair and responsible in our daily operations. By good corporate governance we support business growth and inclusive societies. We want to do our business honestly, engage in charitable and partner co-operation, respect internationally recognised human rights and avoid all forms of animal testing. We act in compliance with laws, regulations, good governance practices and commonly accepted best practices.

We do not accept the violation of any laws or regulations or any unethical business dealings. We are committed to respecting and promoting the internationally recognised human rights throughout our whole value chain. Violation of these rights is not tolerated in any form. We have identified the raw materials posing sourcing challenges, especially from a human rights perspective. We respect the rights and interests of all our employees, partners, investors and other stakeholders we deal with.

Code of conduct sets the requirements

Our code of business principles was defined in 2016 as a part of our corporate governance manual. The LUMENE Group Code of Conduct, which is approved by the company CEO, sets the standard for ethical behaviour for all our employees and for our business partners. The Code of Conduct is supplemented by other policies and guidelines. We train our employees regularly regarding about our Code of Conduct to build awareness and make sure everyone has the knowledge and guidance in making everyday decisions responsibly. The Code of Conduct is available in English and Finnish to all our employees. The whole LUMENE Group Board of Directors is familiarised with the Code of Conduct. The LUMENE Group revised Code of Conduct will be publicly available in our corporate internet site and launched by the end of first half of 2023.

We aim to follow the precautionary principle in all our operations to minimise negative impacts and maximise the positive impacts on our business and the society. Our policies and programs embody our deeply held values and long heritage of responsibility. We aim to continuously improve and strengthen our sourcing practices while remaining sensitive to the local communities in which we operate.

Human rights due diligence is built into our key processes, for instance, in our operating system, in our health and safety management systems, and in supply chain management. The processes are overseen by the LUMENE Group Management Committee. We are following incidents related to human rights issues through grievance system. Our company policies cover topics such as anti-corruption, safety, work ergonomics, work contracts, working hours, grievances, and supplier management. In 2021 LUMENE Group finalised a 4 pillar SMETA audit to further deepen the understanding on labour standards and working conditions and environmental performance in the business and supply chain.

LUMENE Group Supplier Code of Conduct sets the foundation for our supply chain due diligence and sets out what we expect our suppliers to comply with. It covers topics related to business ethics, as well as social and environmental responsibility. Our goal is that all suppliers work with us

have signed our Supplier Code of Conduct. Major suppliers are audited at the supplier's premises. Audits ensure that our suppliers are committed to general requirements, corporate social responsibility, environmental sustainability and good manufacturing practices. We are in process of updating our supply chain due diligence process to identify risks in the supply chain and to make our work in the area more systematic.

Code of conduct leads the way.
Compliance with these business principles is an
essential element building our success.

OUR CODE OF BUSINESS PRINCIPLES:

- We comply with the laws and regulations of the countries in which we operate.
- We respect human rights throughout our whole value chain.
- We promote safe, healthy and equal working conditions.
- We develop, manufacture, market and sell safe and sustainable beauty products and maintain good communication.
 - We establish mutually beneficial relations with our business partners.
 - We fulfil our responsibilities in the societies and communities where we operate.
 - We promote continuous improvements to reduce our environmental impact.
- We do fair competition and avoid conflicts of interest.
 - We do not give or receive bribes or other improper advantages.

Preventing corruption

At LUMENE Group, we have zero tolerance for corruption, and bribes and corrupt practices are not allowed anywhere in our operations, regardless of location. LUMENE Group anti-corruption policy elaborates LUMENE Group's Corporate Governance and Code of Conduct regarding bribery and corruption. We have committed to acting fairly, professionally, and ethically in all our business practices and relationships related to them. We comply with relevant legislation and aim at avoiding any conflicts of interests.

Our ethical instructions oblige the whole LUMENE Group personnel and they are signed in the beginning of employment. We are engaging actively in observing, preventing and blocking bribery and other corruption. LUMENE requires anti-corruption also from its business partners and other third parties who operate for LUMENE Group. Our Code of Conduct training contains an anti-corruption section and provides practical guidance and examples for ethical decision making for all LUMENE Group employees.

Risk management

At LUMENE Group, risk management is a systematic activity, the purpose of which is to guarantee comprehensive and appropriate identification, assessment, management, and monitoring of risks and contingency plans. The aim of risk management is to ensure the successful execution of LUMENE Group's strategy, meeting sustainability targets, high customer loyalty and talent retention, profitability and the continuity of business and stakeholder value in relation to all identifiable risks. This is carried out by monitoring and mitigating related threats and risks and simultaneously identifying and managing opportunities.

Our general risk management includes also the implementation of our sustainability programme, which is an activity for mitigating risks and, on the positive side, benefitting from the opportunities. The sustainability program concentrates on circularity to make products with respect for our planet's limited resources, climate change and social responsibility.

Compliance with laws and regulations

At LUMENE Group we are committed to conduct our business ethically and responsibly in compliance with the laws and regulations as well as in

alignment with our Code of Conduct. Risks related to non-compliance include risk of penalties and compensation claims arising from failure to comply with environmental, product or other applicable legislation. Key mitigating actions are included in our risk management process in order to identify and mitigate the possible sanctions derived from failure to comply. During 2022 LUMENE Group had no significant cases of non-compliance with laws or regulations that resulted in sanction or fines either monetary or non-monetary.

Raising concerns through different channels

We want our employees to feel comfortable with voicing dissenting opinions and concerns at the workplace. There are multiple way to raise concern within the LUMENE Group. The employees are encouraged to share their relevant complaints to management or to the Management Committee. We have a continuous process of hearing the employee representatives who also are connected with unions. The health and safety incident-reporting systems collect valuable data about employee concerns and incidents.

Additionally LUMENE Group's whistleblowing service provides an opportunity to our employees to communicate anonymously and confidentially on suspected wrongdoings or illegal activities affecting people, our organisation, society, or the environment. Our general risk management includes also the implementation of our sustainability programme, which is an activity for mitigating risks and, on the positive side, benefitting from the opportunities. The service is a third-party maintained system and it is available in three languages.

In 2022, the whistleblowing service was launched also to our external stakeholders by providing a separate channel for them to report misconduct on our part. We encourage the external stakeholders primarily to contact a manager at LUMENE Group, but the anonymous whistleblowing tool ensures that we receive feedback even if the person feels that they cannot be open with their concern. In 2022, there were no cases reported via the whistleblowing service. Since the service was taken into use just recently we are still in process of making the whistleblowing channel more known within our internal and external stakeholders. All reported cases are reported quarterly LUMENE Group's Audit Committee and to the Board of Directors.

MANAGING SUSTAINABILITY

LUMENE Group's sustainability and corporate responsibility is managed by corporate management as part of its normal operations.

During 2022, LUMENE Group conducted a corporate governance project where processes, responsibilities, documentations and policies were restructured, completed and clarified. A separate governance statement is also published for the first time for the fiscal year of 2022.

Throughout the governance structure and recently set sustainability organisation we are formalising the roles and responsibilities of sustainability activities. We want to ensure that our sustainability programme is up-to-date and that we are focusing on the right topics, so we need to regularly review our approach. A systematic approach guarantees clear decision-making, target setting and reporting practices.

Sustainability governance model

The Board of Directors and CEO have the overall responsibility to manage the company's sustainability. The Board of Directors is responsible for ensuring the proper organisation of the company's business and approving the strategic goals and principles of risk management including the company sustainable development.

The Board currently has two committees: Audit and Remuneration committee. Both committees are composed of individuals who serve on an organization's board. The Audit Committee is responsible for ensuring an organization operates in an ethical environment and complies with laws and regulations. The Audit Committee is also charged with oversight of financial reporting, risk management and internal controls. The Remuneration Committee is responsible of preparing and overseeing the company's remuneration principles and practices.

Our sustainability work is guided by stakeholder expectations, megatrends and our corporate strategy based on operational experience. In addition we take guidance from:

Code of Conduct | Supplier Code of Conduct | ISO 9001 Quality Management System | ISO 14001 Environmental Management System | cGMP ISO 22716 | Responsible Care® | SMETA

LUMENE Group Board of Directors approves the strategic goals and principles of risk management including the sustainable development targets.

CEO has overall responsibility to lead the Management Committee in its work to create, plan and implement the strategic direction of the group, securing that we reach our ambitious sustainability targets and respect good corporate governance.

Management Committee is responsible for the management of the day-to-day business and efficient implementation of the strategies to maximise the group performance including our ambitious sustainability targets.

Sustainability department is responsible for sustainability strategic planning, development and leading the initiatives. It ensures processes and policies are in place, leads the stakeholder engagement, provides consulting, training and follow-up on targets. It drives and coordinates the reporting and writing of the yearly sustainability report.

Business areas and functions integrate sustainability initiatives and targets with annual planning into their own activities and processes.

All managers and employees: Sustainability is a part of day-to-day operations which is why our personnel have opportunities to influence sustainability.

Charged with oversight of financial reporting, risk management and internal controls, Audit Committees also are responsible for selecting the public accounting firms that serve as their organisations' external auditors.

The CEO holds the responsibility to lead the Management Committee in its work to create, plan and implement the strategic direction of LUMENE Group, securing that we reach our ambitious sustainability targets and respect good corporate governance in the day-to-day business. The LUMENE Group Management Committee is responsible for carrying out the strategy of the company. Management Committee operates under the direction of CEO. The Management Committee is responsible for the management of the daily business and efficient implementation of the strategies to maximise the group performance including our ambitious business targets.

All managers and personnel have the opportunity to influence sustainability issues through collaborative meetings and daily operations. The sustainability matters are embedded into the employees' development goals since they have an important role to play. The sustainability department provides training and ensures that the relevant processes and practices are in place.

Identifying material topics

LUMENE Group's sustainability work is concentrating on the material topics in which the company has the biggest impact. We follow the global megatrends and trends in sustainability field, changes in legislation as well as input from our stakeholders.

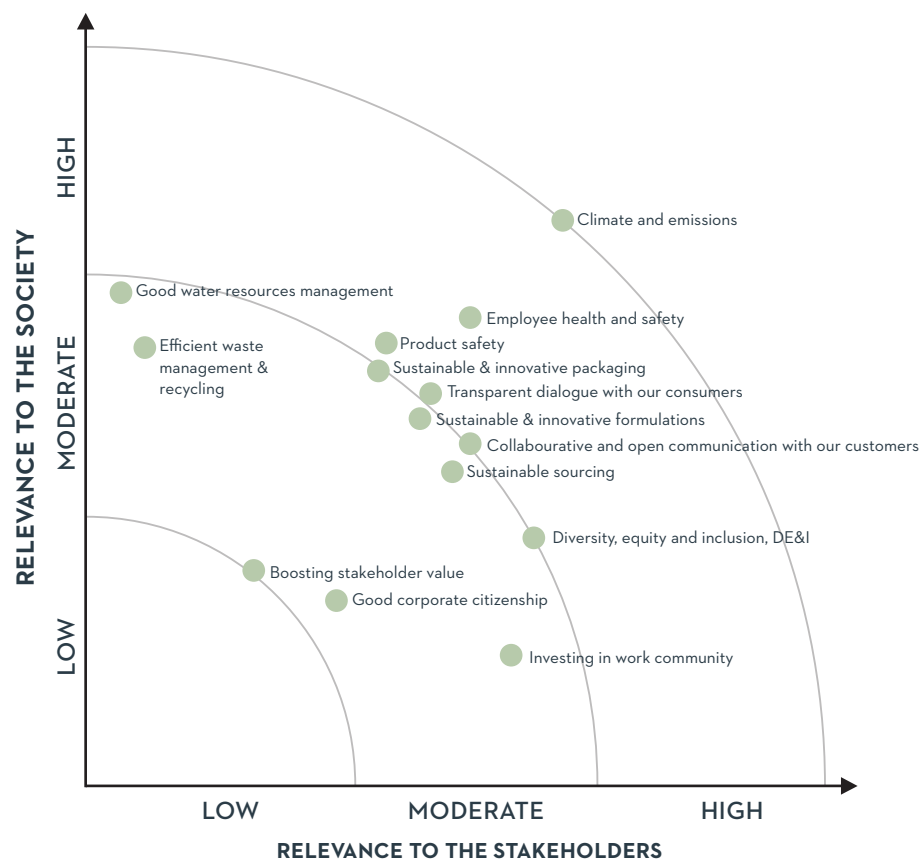
LUMENE Group material topics were defined in 2019 and have not been updated until now. Our material sustainability topics tend to stay the same over the years, with only slight variations. Our sustainability task force, consisting of key individuals in different departments, weigh the importance of the sustainability topics to different stakeholders.

The sustainability task force collects information from several different sources, including corporate reports, hard and soft law, news, customers, and social media. The material topics are mapped in a matrix according to their significance to the society and stakeholders. With new resources dedicated to the sustainability activities within LUMENE Group we are now updating our materiality assessment process to be more regular and structured.

Updates on the material topics

Based on the stakeholder feedback and internal sessions with internal functions there are few updates for 2022 material topics. The materiality assessment is reviewed and approved by LUMENE Group Management Committee. The review and acceptance of material topics are approved in the LUMENE Group risk management process as a sub-process. Throughout the systematic activity in identifying, managing and monitoring of risks, we manage opportunities and threats, which are also related to the identified material topics.

After the review during 2022 we have now identified two new material topics: *Sustainable sourcing* and *Diversity, equity and inclusion, DE&I* on top of the existing 12 material topics. Supply chains continue to expand





globally and we are committed to form ethical supplier relationships with our network of suppliers and partners. We source ingredients and materials to manufacture our products paying attention to potential impacts on people and environment. *Diversity, equity and inclusion, DE&I* has been added to our material topics since representation is an essential part of the business in the beauty industry to contribute to create a more diverse and equal future for all. Beauty products are universal and for everyone. Inclusive cosmetics take into consideration all people and their needs as well as varied capabilities. DE&I are great drivers and opportunities for innovation in the cosmetics industry. At LUMENE Group we want to invest in diverse knowledge and wisdom because it adds value to our community and business.

We have addressed occupational health and safety matters in our previous sustainability reports, but this specific topic was not included as a material topic. We have now updated our map to include *Employee health and safety* as a material topic as well.

Due to overlapping with the material topics *Consistent dialogue with our consumers* and *Transparent and value-based marketing communication* we have combined these into one topic *Transparent dialogue with our consumers*. Both topics were related to the communication with consumers so we have simplified the reporting. Our communication is guided by the cosmetic regulation and self-regulatory framework to help our consumers to make informed choices.

Furthermore, we have reworded the material topic *Carbon neutrality* to be *Climate and emissions*. Simultaneously we have analysed the relevance of this material topic to be higher to our stakeholders than in our previous reporting period since climate change is one of the biggest global challenges. The strategy against climate change is on LUMENE Group level defined as one of the most important topics.

Boosting employment and stakeholder value has been simplified to *Boosting stakeholder value* since the *Boosting employment value* is also included in the *Boosting stakeholder value*.

Circular beauty and the circular business model are some of the main objectives on a group level. In the latest review, it is noted that the Group level objective circularity is not mentioned in the material topics. However, circularity is embedded in the material topics *Sustainable and innovative formulations* and *Sustainable and innovative packaging*.

STAKEHOLDER ENGAGEMENT

Open dialogue with our stakeholders across our value chain is key to achieve our sustainability ambitions. Collaboration with our stakeholders strengthens the relationship and gives us valuable information about the possible risks and opportunities. We have identified seven stakeholder groups, with whom we communicate regularly. Their expectations, wishes and requirements are tracked and monitored through different channels.



PARTNERS

Methods of stakeholder engagement: Regular meetings

Key topics and concerns: Our partners include e.g. advertising agencies, schools, universities, research centres, different associations and unions. They expect us to listen to our customers, treat our employees equally and take care of the environment. LUMENE Group follows several policies to ensure these expectations are met.



CUSTOMERS

Methods of stakeholder engagement: Continuous dialogue, customer meetings, customer surveys and interviews.

Key topics and concerns: Customers around the world expect safe and environmentally friendly product selection. They value promoting trends and bringing innovations to create consumer buzz and support positive market development. The contribution to employment in the value chain is important to this stakeholder group. LUMENE Group's strategy is to avoid countries where democracy and human rights are not valued and respected.



MEDIA

Methods of stakeholder engagement: Continuous and active dialogue with media and influencers through meetings, events and press releases.

Key topics and concerns: Transparent and topical communication is expected by the media. In 2022, a news section was added to LUMENE website for corporate level announcements. A corporate website covering the whole group is being built for an enhanced stakeholder communication.



EMPLOYEES

Methods of stakeholder engagement: Continuous dialogue, employee surveys, internal meetings, discussion forums.

Key topics and concerns: Employee experience, well-being and safety at work. Possibilities for personal development are important. Open financial information and minimising environmental impacts are expected from the employer. LUMENE Group has an action plan to promote employee well-being, training and equality.



CONSUMERS

Methods of stakeholder engagement: Consumer surveys, customer service at point of sales and online, social media, self-evaluation of products.

Key topics and concerns: Consumers expect safe, effective products, responsible marketing, clear product information and supporting sustainable environment. Consumers appreciate being heard and having influence. They expect business to minimise the environmental impact of products and processes. LUMENE Group follows several policies to ensure product safety and a sustainable environment, for example cGMP ISO 22716 and Responsible Care. All marketing materials are supported by adequate and appropriate evidence including package labelling. All consumer feedback is processed.



OWNERS, FUNDERS AND BOARD

Methods of stakeholder engagement: Board meetings and regular reporting.

Key topics and concerns: Owners, funders and the board expect us to deliver sustainable and growing revenues together with financial returns. Maintaining the brand value through effective product development processes is key in differentiating in the market. LUMENE's focus is upon international growth in key product categories through digital channels.



SUPPLIERS

Methods of stakeholder engagement: Regular meetings, supplier audits, reporting.

Key topics and concerns: Suppliers and service providers we use include e.g. raw material suppliers, contract manufacturers, packaging manufacturers and factory maintenance partners. They expect responsible communications, boosting innovations, sustainable procurement and ensuring environmental responsibility. LUMENE's Code of Conduct and Anti-Corruption Policy are the core of responsible operations. LUMENE Groups Supplier Code of Conduct also applies to the whole supply chain. LUMENE is committed to follow the Act on the Contractor's Obligations and Liability on factory partners.

STAKEHOLDER SURVEY

In addition to both structured and ad hoc communication with our stakeholders we also conduct annually a stakeholder survey. In the third annual survey we collected views of our stakeholders in the end of 2022. We received 360 replies from our most important stakeholder groups which was somewhat smaller amount of answers than previous years.

The sustainability topics rated most important by the stakeholders were product safety, minimising materials harmful for the environment and ethical business, anti-corruption and fair competition. These are also the topics which we considered being the most important the year before.

The most well managed areas were product safety, natural ingredients and boosting innovations – which were also considered well managed in previous years. Additionally, LUMENE Group was considered managing well both circular economy and utilisation of sidestreams. From the area of communication responsible marketing communication was highlighted as an area that was managed well. However, this topic was also found in the list of areas of improvement.

The ethical business, anti-corruption and fair competition and sustainable packaging were found as areas which LUMENE Group could manage better according to the stakeholders. The ethical business policies are important in our everyday work and the same requirements are set for our partners and suppliers we work with. LUMENE Group has ambitious sustainability objectives for packaging to continue minimising the environmental impacts of the product packaging.

According to the survey the most popular sources of information were LUMENE Group website and social media channels. Social media has increased in popularity significantly compared to last year. At the same time, communicating sustainability information via website has decreased in popularity. However, the variability was high, and many participants considered all the channels important.

INITIATIVES AND ASSOCIATIONS

We collaborate with several non-governmental organisations, research institutes, industry organisations and associations since we recognise they are important partners for us in developing and broadening understanding of our impacts and future expectations. We believe that collaboration with different entities across the value chain and beyond is needed to get input on societal and sustainability matters. The following list contains a selection of the key associations and institutes that we collaborate with.

Finnish Cosmetic and Hygiene Industry Association
 The Chemical Industry Federation of Finland
 Responsible Care
 The Swedish Cosmetics, Toiletries and Detergents Association (KoHF)
 British Beauty Council
 The Finnish Allergy, Skin and Asthma Federation
 The Arctic Flavours Association
 The Finnish Association for Nature Conservation (FANC)
 Finnish Packaging Recycling RINKI Ltd
 Forest Stewardship Council®, FSC Finland
 The Association for Finnish Work
 Nordic Travel Retail Group
 Helsinki Region Chamber of Commerce
 DNV GL Finnish Quality Association
 Helsinki Vocational College and other vocational schools providing
 education in hairdressing & beauty care
 Oulu University
 VTT Technical Research Centre of Finland Ltd

LUMENE GROUP

ENVIRONMENTAL POLICY

CIRCULAR ECONOMY

LUMENE Group has a fully comprehensive approach towards the circular economy. Our goal is to create a sustainable front- runner product portfolio in accordance with circular economy principles. We aim to improve the sustainability of each new product compared to the previous launch. This way we support our consumers and customers in their quest for a more ethical and sustainable lifestyle.

RESPECT NATURE

Nordic nature is our inspiration as well as source of raw materials. As our brand has always respected nature and has it at the heart of our philosophy, we continue to support Nordic nature preservation.

FORMULATION PHILOSOPHY

The appreciation of the wild Nordic nature and the respect for science guide the formulation of our products with product safety, effectiveness, sensorial properties, and consumer preferences in mind. Our strategy is to formulate as natural products as possible, with ingredients developed from wild Nordic plants pioneering sidestreams of other industries. We avoid ingredients with potential environmental or safety concerns. We care about what we leave out of our formulas as much as what we put in.

SUSTAINABLE PACKAGING

We work in several areas to reduce the environmental impact of our packaging. Our aim is to improve packaging material recyclability and provide recycling information for our consumers. We also work to reduce packaging material volume or replace them with more sustainable options. We are constantly looking for new ecological materials.

CO2 EMISSIONS

We want to reduce Scope 1, 2, 3 CO₂ emissions and be a net zero by 2050. Our SBTi plan is under review currently. We want to reduce our emissions with new technologies, processes and to create products with low emissions. This objective also guides minimising and recycling waste and using resources efficiently.

QUALITY POLICY

ROOTS

We are committed to stay true to our authentic Nordic heritage and Pharma roots by producing high quality products, such as naturally derived skincare, skincare infused makeup and professional haircare products for our consumers.

SYSTEM/STANDARDS

Our top priority is to offer consumers products that meet both their expectations and our quality and safety standards. We have certified ISO 9001 quality management system and ISO 22716 (GMP). GMP is audited yearly by external party (DNV) and compliance is also confirmed by Finnish authority. We are continually improving our processes based on these audits and by enhancing staff competences and awareness.

QUALITY

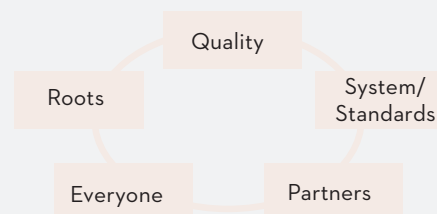
Quality has always been central to everything we do at LUMENE. Quality is more than a good product: Our quality thinking starts from product idea and extends all the way to consumer user experience. Consumer preference evaluation is essential part of our quality process.

PARTNERS

We focus on choosing the right suppliers, who comply with our quality requirements, our LUMENE Group Code of Conduct, and build transparent partnerships with them.

EVERYONE

LUMENE's quality policy translates into a holistic approach that engages all our employees day in, day out, for every product we make. Quality is everyone's responsibility.



ECONOMIC IMPACT

LUMENE Group believes that sustainable business practices are the best way to improve long-term and stable economic performance for all stakeholders. In all decision making we consider the impacts on environmental, social and economic matters. By considering all stakeholders in the LUMENE Group business activities the stakeholder approach creates a new narrative about business that enables the company to make our communities and our lives better through the creation of stakeholder value, rather than simply profit to shareholders. The governance approach as well as the high social responsibility standards affect shareholder wealth as well as increase the attractiveness of our company.

Through the LUMENE Group supply chain and distribution we distribute economic value and support creating jobs globally although LUMENE



Group is defined as a small and medium-sized enterprise. Stable and profitable business contributes also to the economy of Finland. We want to boost employment in Finland and choose local partners and subcontractors whenever possible and reasonable.

Our tax payments and policies

We are committed to obey all applicable tax laws, rules and regulations in all jurisdictions where our business is conducted. We pay taxes in the countries in which the actual business operations take place. In 2022, LUMENE Group paid EUR 13.0 million (13.6 million in 2021) in taxes of which approximately 95% was paid in Finland and the rest in the other countries in which we operate. A total of EUR 3.8 (3.6) million was paid directly by the company (taxes borne) while EUR 9.8 (10.0) million was collected on behalf of governments (taxes collected).

In addition to direct income taxes, we contribute to society in the form of pension and social security contributions, payroll taxes, value added taxes, customs duties as well as excise, real estate and environmental taxes. Payroll-related tax payments and VAT constitute the largest part of our tax footprint.

Our business models and the locations where we operate are based on commercial reasons and taxes are paid according to value creation. Our transfer pricing policy is based on the arm's length principle and we apply transfer prices in our intra-group transactions to reflect where the value is created and thus has the right to tax the profits. We comply with the OECD Transfer Pricing Guidelines as well as local transfer pricing regulations in the countries in which we operate. To ensure transparency in taxation, we are committed to complying with all applicable tax reporting obligations as well as disclosing the necessary information to tax authorities promptly when requested.

LUMENE RETAINED
ECONOMIC VALUE
2022 THOUSAND €

REVENUE
77 246

OPERATING
COSTS
55 719

SALARIES
17 836

TAXES AND
CAPITAL
PROVIDERS
809



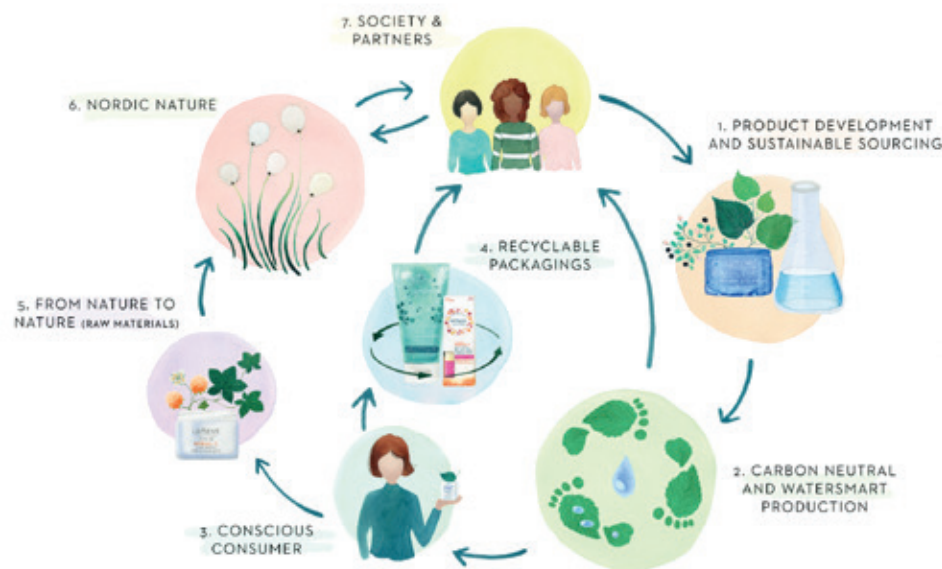
CIRCULAR BEAUTY AS A FOCUS AREA

CIRCULAR BEAUTY AS A FOCUS AREA

LUMENE Group has a comprehensive approach towards circular economy. Our goal is to create a sustainable front-runner product portfolio in accordance with circular economy principles.

Circularity

LUMENE has been pioneering circularity for 20 years. We want nature to thrive forever – so our aim is to make products and packaging with respect for our planet's limited resources. As a company LUMENE Group has a comprehensive approach towards the circular economy. Our goal is to create a sustainable front-runner product portfolio in accordance with circular economy principles. We aim to improve the sustainability of each new product compared to the previous launch by maximising circularity including ingredients, packaging, factory waste, use of upcycled materials and biodegradability.



PROMOTING CIRCULAR BEAUTY – LIFE CYCLE OF A LUMENE PRODUCT

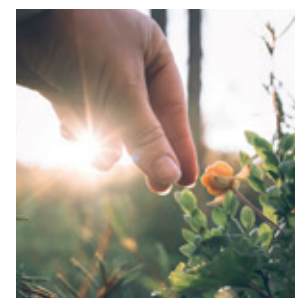
We are proud to have a unique and sustainable relationship with Nordic nature. In order to maintain it, we pay close attention to the entire life cycle of a product. We are specialised in using ingredients developed from Nordic plants in our formulations.

Our iconic Nordic-C [Valo] Glow Boost Essence has been redesigned for a launch in January 2023. Each step of the development has been redefined to ensure a high sustainability profile. Now Nordic-C [Valo] Glow Boost Essence is formulated with 96% naturally-derived ingredients and 70% of the ingredients are upcycled. Clinically tested and truly an authentic concentrate of Finnish nature, Nordic-C [Valo] Glow Boost Essence delivers an improved radiance up to 81% after one month's use.

Nordic nature as a source of raw materials

Nordic nature is at the heart of our operations. We respect it and are inspired by it. In fact, one of our main sustainability goals is to increase the amount of Nordic raw materials used in our products. Many of our ingredients are developed from Nordic plants and our focus is on using wildcrafted plants and berries. Thus, nature is allowed to regenerate, and not become depleted.

However, as we continue to transform pure ingredients into high-quality products, we have to ensure that the northern natural environment stays thriving. For example, many of our raw materials come from peatlands. That is why we work together with the Finnish Association for Nature Conservation in its efforts to preserve peatlands.



1. Picking berries from Finnish nature.



2. Extraction of berry food sidestreams of various upcycled ingredients.



3. Product development and manufacturing at LUMENE, Espoo.



4. Sustainably safe high-performing skincare, crafted with Finnish wilderness.

Circular beauty in action: upcycled ingredients

We have used cloudberry seed oil in our products for 20 years and have also patented this innovation together with our north Finnish partner Aromtech. Food industry by-product, a press cake of cloudberry seeds and peels, is used as raw material for cloudberry seed oil production. After the seed oil is extracted from the cake using environmentally friendly technology that does not contain solvents. After seed oil extraction, there are still valuable skincare active ingredients left in the material, which can be recovered by glycerine extraction. In the end, what is left of the berries is used in animal feed.

Raw materials

In addition to cloudberry seed extract, Nordic-C [Valo] Glow Boost Essence contains also other nature-derived raw materials from Finland, such as cloudberry water and Arctic spring water. Cloudberry water is a side stream from berry juice spray drying process in the Finnish food industry.

Sustainable production

Like most of our products, this product range is manufactured in LUMENE's factory in Kauklahti, Espoo, Finland. The tap water used in this product is purified with recently updated machinery designed to optimise water use. We use renewable water-power and district heating, which is renewable as well.

Product use and consumer engagement

Once the product is ready for commercial use, we continue the dialogue with consumers, hear the feedback

and integrate it into our processes as much as possible. Nordic-C [Valo] Glow Boost Essence is vegan and contains 96% naturally derived ingredients, which are important qualities to our customers. We do not engage in animal testing. To make recycling easy for consumers, our packaging includes material symbols. This product is included in the recycling guide on our website that covers our entire product portfolio.

Recyclable packs

Although the product runs out after it has been used, it is not the end of its life cycle. The glass bottle is made with recycled glass and it is recyclable after use. The dropper and the pump has been optimised for recycling. Carton is made of FSC® certified cardboard made in Imatra, Finland, using Nordic wood raw material. To make a smaller environmental impact, we no longer use plastic wrap around our boxes.

Society and partners

This is our time to give back. We greatly value our subcontractors and partners, who help us turn one person's waste into another person's treasure. One of our sustainability goals is to use more sidestreams as raw material sources. To attain the goal of circular economy and closed circuit, we invite our consumers, partners, and the community to take part in our sustainability journey. In the future, LUMENE strengthens its position as the Nordic pioneer in circular economy within the beauty industry. We continue to support sustainable development practices and aim to reduce carbon dioxide emissions at our factory.





FORMULATIONS AND INGREDIENTS

LUMENE's beauty philosophy is rooted deeply in Finnish culture and values. It has a close relationship with pure and diverse Nordic nature. The well-being of the environment is extremely important to us since our product development depends heavily on natural origin.

CUTRIN is the original Nordic hair specialist dedicated formulate and cater for the specific Nordic hair needs: scalp friendly, gentle, light formulations with finest balance of weightless nourishment, hold and protection. The versatile salon brand combines the latest technologies with the active ingredients from Nordic nature and is tested even on the finest hair and most sensitive scalp.

LUMENE's strategy is to develop as natural products as possible, with Nordic ingredients developed from wild Nordic plants. We care about what we leave out of our formulas as much as what we put in. Because of the essential role of technical products in CUTRIN assortment, naturality of formulas and performance has to be in balance. LUMENE and CUTRIN aim to improve the sustainability of each new product compared to the previous launch.

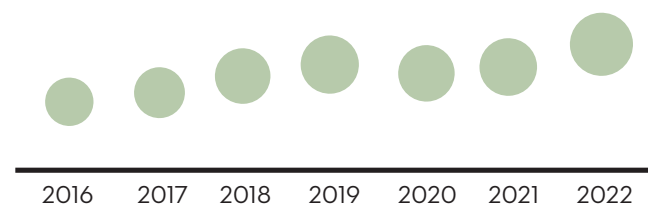
Both LUMENE and CUTRIN are specialised in utilising ingredients derived from wild berries and other Nordic plants in cosmetic formulations. Nordic plants have unique properties due to the harsh conditions and unique Nordic cycle of light, which boosts the production of antioxidants in the berries and plants. Packed with antioxidants, vitamins, omega fatty acids, minerals and phytosterols their natural strength is unmatched. The positive effects of Nordic plants have been a well-known fact for centuries but only during the past few decades this traditional knowledge has been scientifically evaluated – and proven right in many cases.

Ingredients developed from hand picked Nordic berries, such as cloudberry, bilberry and cranberry, contain extraordinary and highly potent antioxidants. Berries combined with caring ingredients from other Nordic plants e.g. pine, spruce, birch, heather, oat and meadowsweet are essential part of our formulas for visibly luminous, hydrated and nourished skin and hair. We continuously aim to increase both the volume and diversity of local Nordic ingredients in our formulations.

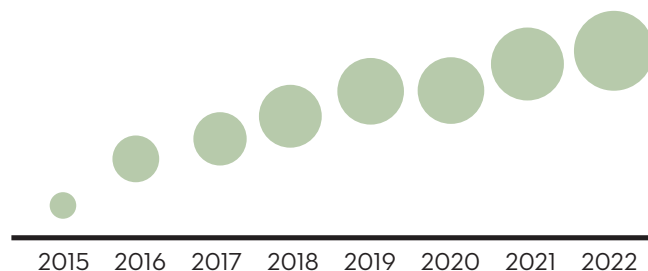
In 2022, 45 different Nordic ingredients were used in LUMENE and CUTRIN products. In 2022 we added oat milk, camelina oil and nettle extract into our raw material portfolio as new Nordic ingredients. We also always have few new Nordic ingredients in the R&D phase.

Many of the Nordic ingredients have been developed from sidestreams of food and forest industry – also known as upcycling. About half of our Nordic ingredients are based on Nordic sidestreaming. We are cosmetic pioneers in the circular economy and have used ingredients developed from industry sidestreams for about twenty years already. As an example, we obtain cloudberry oil from the press cake leftover in berry juice production. It brings a significant sustainability advantage: berries do not have to be picked just to supply the cosmetics company. By using sidestreams, we also promote local partnerships and reduce waste.

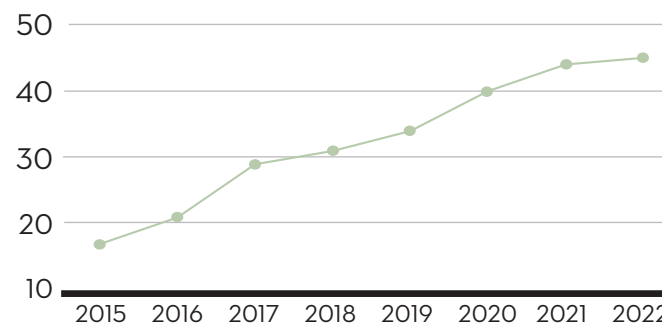
RELATIVE SHARE OF UPCYCLED INGREDIENTS IN OUR PRODUCT FORMULATIONS



RELATIVE SHARE OF NORDIC INGREDIENTS IN OUR PRODUCT FORMULATIONS



NUMBER OF DIFFERENT NORDIC RAW MATERIALS USED



Prioritising natural origin

In addition to Nordic ingredients, the LUMENE and CUTRIN quality is based on other carefully selected ingredients. We aim to formulate our products as natural as possible. However, we do not compromise effectiveness, safety or sensory properties of our products. Our target is to reach on average 95% naturally derived skincare assortment by 2025. In the end of 2022 the figure was 93% which is higher than in previous years (2020: 90%, 2021: 92 %). In makeup category our aim is always to increase naturalness of new launches compared to existing products. CUTRIN wash & care formulations are 90% naturally derived on average. Naturality of the entire CUTRIN assortment will be evaluated. Renewability and biodegradability of ingredients are also important aspects in the circular economy. Our aim is to evaluate majority of our raw material portfolio according to this criteria in 2023 and set up relevant targets.

Palm oil and its derivatives are natural origin ingredients commonly used by the cosmetic industry. We do not use palm oil as such, but we use palm kernel oil derivatives in certain emulsifiers and emollients. Palm kernel oil is very difficult entirely to be totally replaced because of its special composition. Our suppliers of palm kernel oil derivatives are members of RSPO (Roundtable on Sustainable Palm Oil), an organisation dedicated to preserve biodiversity and increase the volume of sustainably produced palm oil. By the end of 2022 we have replaced more than 90% (volume) of our palm oil containing raw materials with Mass Balance certified quality, including SLES and various emulsifiers and emollients.

We have formulated out solid microplastic particles from LUMENE skincare products and all CUTRIN products. This was done proactively, prior to regulatory restrictions. We have microplastic particles in few outsourced small makeup items and our next goal is to find alternative solutions also for those products. In addition, our aim is to replace man-made thickeners – making formulations richer, more stable and sensorial – with natural alternatives. Naturally derived water-soluble thickeners

like xanthan gum, carrageenan, cellulose based thickeners and mineral thickeners like silica, are examples of natural origin thickeners used in our formulations.

Hazard assessment of cyclic silicones has been subject to ongoing activities during recent years. LUMENE skin care products and CUTRIN products are formulated without cyclic silicones even though they are used in some of the facial makeup formulations. Our R&D is continuously investigating solutions to replace cyclic silicones by naturally derived alternatives while retaining the same sensorial properties. In 2022 LUMENE launched Invisible Illumination Beauty Serum without cyclic silicones.



Protecting skin against harmful rays of sun is essential which is why sunscreens are one important element in sun protection. However, most synthetic UV filters are the subject of debate when it comes to their environmental impacts. We aim to reduce the usage of synthetic UV filters which are potential endocrine disruptors. We have launched several products with mineral UV filters, zinc oxide and titanium dioxide. Unfortunately, it is challenging to achieve similar skin feel with mineral filters and consumers still prefer products with chemical filters.

Mica is a naturally-occurring mineral used in pigmented products. It mainly originates from socially and economically challenged regions. Our suppliers are committed to Code of Conduct which promotes human rights and principles of Responsible Mica Initiative.

In LUMENE and CUTRIN fragrances we have a blend of vegan, natural, nature-identical and synthetic ingredients. Essential oils are used to add depth and to reflect the authenticity of the wild Nordic nature. Carefully selected safe 'man made' ingredients including nature-identical materials enhance and balance the sensory experience. When using synthetic ingredients, the number of allergens in the fragrance can be controlled.

To ensure consumer safety, the latest scientific research of ingredients is carefully followed and LUMENE and CUTRIN have proactively removed potentially hazardous ingredients, for example butylphenyl methylpropional. Both LUMENE and CUTRIN are also offering several unperfumed products, which are developed in co-operation with the Finnish Allergy, Skin and Asthma Federation and more unscented will be launched in nearest future.

All our skincare products have been vegan since 2018. We have also formulated animal derived ingredients out from most of our makeup products. Beeswax is the only animal-derived ingredient and only used in some of our mascaras. CUTRIN wash and care formulations are fully vegan. Classic curl perm lotions are reformulated to be vegan in 2023/2024. Oxidative hair colors still contain beeswax and some styling waxes contain lanolin and

lanolin derivatives. Due to the exceptional properties of these ingredients, they are a challenge CUTRIN is working on to solve.

We carefully follow the development of the cosmetic legislation and scientific research. We listen to our consumer feedback and monitor discussions in global media. We take preventive and corrective actions in case of a possible safety or environment issue.

Many of the Nordic ingredients have been developed from sidestreams of food and forest industry – also known as upcycling.



CASE:

PARTNERS SUPPORTING US ON OUR JOURNEY: OULU UNIVERSITY

University of Oulu is the main university in Northern Finland with 13800 students and over 3700 employees. The university has five focus areas in research, two of them being sustainable materials and systems, and changing climate and Northern environment. Unit of Measurement Technology (MITY) belongs to Kajaani University Consortium and is focused on applied research and collaboration with companies from various fields. Our research projects are clustered to two large themes, Cleantech and Health & well-being. In both topics, natural resources have a central role. MITY participates in research projects also including innovative local SMEs. In the projects, MITY develops new products and product ideas utilising berries, other wild plants, or sidestreams of berry and forest industry.

Long relationship - with valuable ingredients

With LUMENE, our collaboration started more than 15 years ago. The co-operation deepened in 2009, when MITY planned and started a project related to the utilisation of lingonberry sidestream material from the berry industry. At the project we developed an innovative method for extracting phenolic fractions from the lingonberry peel material. LUMENE became interested in a certain fraction and that interest led to the use of the ingredient in its products, currently still in LUMENE Nordic Bloom [LUMO] range, and the method and cosmetic use has been

patented. Even today, MITY carries out special analytics for the batches of lingonberry extract that are used in LUMENE products, ensuring extract's high-quality. MITY and LUMENE have a close collaboration that has been continuous, productive and effective from the beginning.

Collabouration continues

The European Green Deal aims for Europe to become the world's first climate-neutral continent by 2050, and the goal is to have more sustainable usage and processing of raw-materials. In the future, MITY will plan new projects for utilisation of natural raw materials in food and cosmetic applications, and we look forward on continuing our co-operation with LUMENE.



**Pekka
KILPELÄINEN**

Research manager,
University of Oulu,
Measurement technology unit,
Kajaani



**Jarkko
RÄTTY**

Research manager,
University of Oulu,
Measurement technology unit,
Kajaani





PRODUCT SAFETY

Consumer safety is the main principle in the developing, manufacturing and marketing our products.

EU Cosmetics Regulation, the most comprehensive regulation in cosmetics industry today, requires cosmetic products to be safe for human health when applied under normal conditions of use. Safety of all LUMENE Group products is confirmed by a qualified safety assessor. As the EU cosmetic regulation requires, we do not carry out or commission animal testing on raw materials, ingredients or LUMENE makeup and skincare products or CUTRIN hair cosmetics at any point in the product development or manufacturing process.

Cosmetic product safety is based on the safety of the ingredients it contains. Exposure, characteristics, stability, microbiological quality and toxicological profile of each ingredient are evaluated to ensure that they do not pose any risk to consumers.

In addition to evaluating the different ingredients separately, the safety of the final product is also assessed. Our testing procedures are based on long experience in cosmetic development. Product stability and compatibility of the formulation with the packaging is evaluated to ensure that the product is safe and pleasant to use during its entire lifespan. Microbiological quality is evaluated, and preservation efficacy is confirmed with microbiological challenge testing. Each product is dermatologically tested to ensure that the formulation is kind to the skin.

Special care is taken when preparing the product labelling. It contains all relevant information on proper and safe use of the product, list of the ingredients, durability as well as batch numbering for traceability. After the development phase, products are manufactured according to ISO 22716.

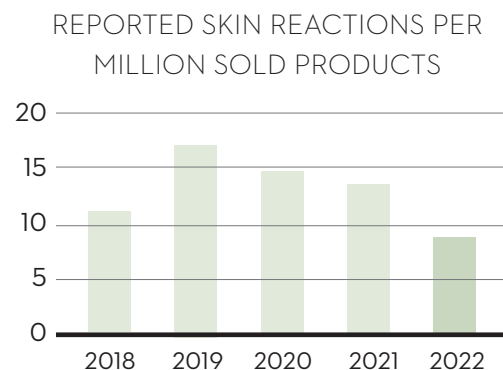
(Cosmetics, Good Manufacturing Practices, also known as cGMP) which is a globally recognised standard for cosmetic product safety. It gives guidelines for the production, control, storage and shipment of cosmetic products.

Once the product has been launched into the market, performance is monitored to further confirm its safety. In case of claims our expert team evaluates causality and severity. Every case gets reported. We also analyse trends and special care is taken if some product or product group shows an increase in claims.

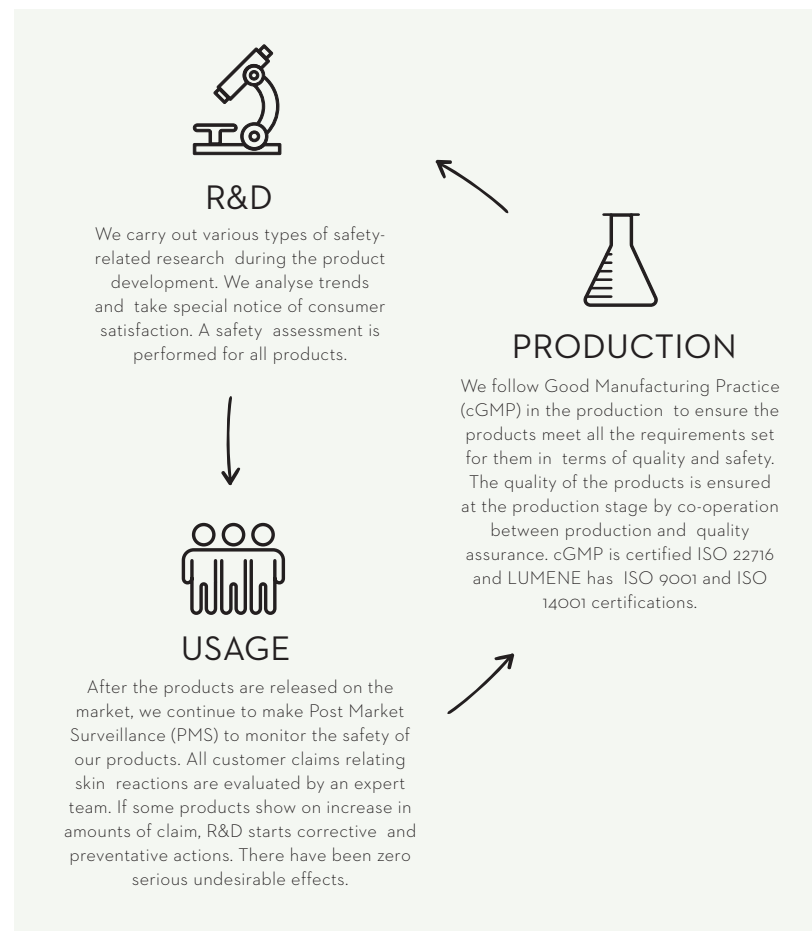
In each case R&D starts corrective and preventive actions. During this reporting period reported skin reactions have been rare. Serious undesirable effects were not identified at all. There have been 9 reported skin reactions per million sold LUMENE and CUTRIN products. It is not possible to avoid absolutely all skin reactions; however the causality assessment is strictly individual and relates to individual consumer effects.

We follow the latest studies and research regarding the safety and environmental effects of cosmetic ingredients and packaging materials. In case new discoveries are made in our scope of materials we will reassess the use and aim to replace the materials.

There has been no non-compliance with regulations nor voluntary codes concerning the health and safety impacts within the reporting period. Moreover, there have been no incidents of non-compliance concerning product and service information and labelling.



"Reported skin reactions are rare. On average, there have been 13 reported skin reactions per million sold products during 2018-2022. Serious undesirable effects were not identified at all."





WE AVOID ALL FORMS OF ANIMAL TESTING

Although animal testing of cosmetic products has been banned in the EU for several years already, it still seems to be a topic which is causing a lot of discussion. Therefore, we felt it is important to address this matter further.

In the EU, animal testing of final cosmetic products has been banned since 2004. Animal testing of cosmetic ingredients was banned in 2009, except for repeated-dose toxicity, reproductive toxicity, and toxicokinetics which were allowed until 2013. After that, testing of finished cosmetic products and cosmetic ingredients on animals has been prohibited in the EU. Cosmetic products sold on the EU market are not tested on animals, regardless of wherever the products are manufactured and whether “not tested on animals” is claimed on the product labelling or not. In fact, claiming “not tested on animals” can be considered misleading as it suggests that other products placed on the EU market would be tested on animals, which is not true.

Despite of the above, many consumers still look for “not tested on animals” claim or logo on labelling to ensure that the product is not tested on animals. We also often get inquiries why LUMENE or CUTRIN are not included in the lists of organisations that promote animal testing ban. We value the effort of these organisations, but we rely on the EU legislation that sets the policy for businesses, and as a Finnish company, we comply with the legislation. We do not carry out or commission animal testing on raw materials, ingredients or final products at any point in product development or manufacturing process. In Finland the legislation regulating the cosmetics industry is enforced by the Finnish Safety and Chemicals Agency (Tukes). This also includes monitoring that no animal tests are carried out.

Outside the EU, animal testing is still required by authorities in many countries. However, LUMENE and CUTRIN apply the same animal testing ban principle for all products beyond the European borders. Fortunately there has been positive development in this area lately.

In China, for example, we have previously deliberately chosen to limit our distribution through cross-border trading to avoid animal testing. In 2021 Chinese cosmetic regulatory were renewed and animal testing is no longer required for all imported cosmetics. This allowed also LUMENE to begin the product registration process in China.

PACKAGING

5 RS FOR RESPONSIBLE PACKAGING DEVELOPMENT

- 1 Reduce**
Reduce the use of excess materials
- 2 Reusable**
Refill solutions, Reusable parts
- 3 Recyclable**
Recyclable structures, Recyclable materials
- 4 Recycled**
Use post consumer recycled materials (PCR)
- 5 Renewable**
Biobased materials

PACKAGING SUSTAINABILITY TARGETS FOR 2025

- 
1 Use less materials
 20% of less plastic in LUMENE packaging by 2025 (compared to year 2018).

 2022 RESULTS **-19%**
- 
2 Recyclable packaging
 Maximise the recyclability of all packaging.
 Make strategical skincare packaging 100% recyclable by 2025.

90%
- 
3 Plastic packaging
 80% of plastic packaging is made of recycled plastic or renewable raw materials (bio-based, biodegradable material) by 2025.

17%
- 
4 Folding boxes
 Only FSC® certified carton board by 2025.

98%
- 
5 Shippers
 FSC® material in shippers.

77%



PACKAGING

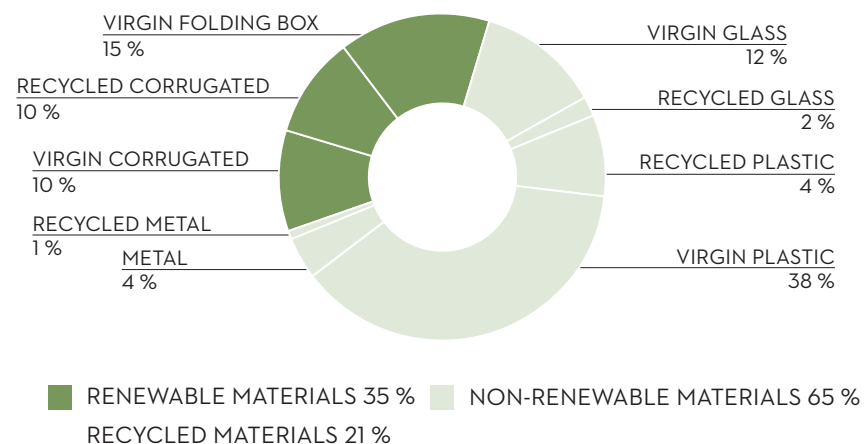
We want to deliver high-performance products and respect nature through circularity based innovation. Circularity is emphasised in our packaging choices. Minimising the environmental impact and ensuring product safety are the high priorities when choosing packaging for our products. We want to minimise the use of excess packaging material, maximise packaging recyclability, and utilise the use of recycled materials in all areas possible. The LUMENE Group packaging development has a guidance of five Rs: reduce, reuse, recyclable, recycled, and renewable.

Reduce

Reducing the amount of packaging materials is an efficient way to have a smaller carbon footprint for packaging. We aim to use 20% less of plastic packaging in our products by 2025 compared to 2018. In the end of 2020, we launched a 45% lighter skincare jar which is one of LUMENE's most used packaging components. This saves 40 tons of plastic, as annually we use around a million pcs of the jar. The new jar is also made of recyclable materials.

In 2021, we launched a powder compact which is reusable, recyclable and made of renewed materials. In 2022, we continued providing reusable packaging to our sustainability-minded consumers by launching the Nordic Hydra range's moisturisers with a refill option for all five moisturisers of the range. Our refills are made with 72% less material than the regular LUMENE jars.

MATERIAL USAGE 2022 (%)



Reusable

Refill packaging solutions will become more prevalent in the future and we want to be active in this area. However, product safety for refills need to be particularly carefully assessed, especially with water containing products.

In order to understand how LUMENE consumers take into use refill solutions and the extra effort they require, we will collect market data from our new refill product ranges.

Recyclable

Making our packaging recyclable is very important for us. We invest a lot of time and effort to guarantee the recyclability of our packaging. The objective is to have strategical skincare packaging 100% recyclable by 2025.

Carton packaging is relatively easy to recycle in all market areas. The recycling principles for plastics can vary depending on different markets. When possible, we aim to choose plastics which are widely recyclable, i.e. PET, PP and PE plastics. Currently, for LUMENE, 90% of all plastic materials are these widely recyclable plastics. For CUTRIN, 97% of plastics are these widely recyclable plastic types.

We have replaced a significant amount of previously non-recyclable materials with recyclable materials, as all of our powders, bronzers, blushes and lip glosses are now updated to recyclable packaging. For some materials, like rubber, there is no recyclable option available yet. To maximise recyclability, we aim to have plastic components made from a single material (monomaterial), or to have different plastic types that are removable from each other before recycling.

To maximise recyclability, we have also removed many different decorations such as metallization and metal collars, which prevent recycling. In 2022, the Nordic Hydra Oat Milk Oil Cleanser was launched in a PET bottle with a monomaterial pump that is 100% recyclable, made of PE plastic. Conventionally pumps are made of multiple materials (also including metals and glass), making them difficult to recycle. After a close cooperation with a pump manufacturer and as a result of several testing rounds, we launched the product successfully.

We provide a product specific recycling guide for all of our product packaging on our eCom site. In Finland, LUMENE and CUTRIN implement producer responsibility through national Finnish Recycling Association RINKI Oy. The companies pay fees to RINKI, which then organizes recycling for carton, paper, glass, metal, and plastic locally in Finland.

Recycled

We are reducing our carbon footprint by increasing the use of recycled and renewable materials. Using recycled materials, which can also be recycled after its life cycle as cosmetic packaging, is an important part of circular economy. In 2022, the amount of recycled materials was 21 % of all material usage as presented in the graph in the top left corner.

By 2025, we aim that 80% of our plastic packaging is made of recycled plastic or plastic made from renewable raw materials, instead of using raw material made from crude oil. We have been using recycled materials in our tubes and bottles since 2019. In 2022 we used 16% of recycled plastics for LUMENE packaging and 25% for CUTRIN product packaging. We aim

that all our product launches include recycled plastics. We also constantly update our existing packaging assortment with recycled plastics.

We have high purity standards for the materials we use in our packaging to guarantee our product safety. However, the availability of such pure recycled plastic materials is challenging. Especially finding mechanically recycled PP plastic for closures which are suitable for cosmetics, is difficult.

During 2022 we also introduced chemically recycled plastics in our product packaging, which has the purity level of virgin plastics. This is a novel technology where waste plastic is broken down to its fundamental components and manufactured into new high-performance, pure plastics. In chemical recycling the purity of plastic is as good as in virgin plastics.

During 2021 we started using recycled glass in our 30ml serum bottles as one of the first brands in Europe. Our 15ml and 30ml glass bottles have been updated during 2022 to contain recycled glass. Currently the amount of recycled glass in a bottle is about 25%, as our packaging manufacturer's process only allows this amount. Glass manufacturing requires a lot of energy, so by using recycled glass we save energy and raw material resources.

In 2022, we switched to using recycled aluminium tubes in CUTRIN professional hair colours. Overall 7% of all metals used were made of recycled metal for CUTRIN product packaging. Our aim is to find a similar solution for products packed in metal cans to increase the amount of recycled metals.

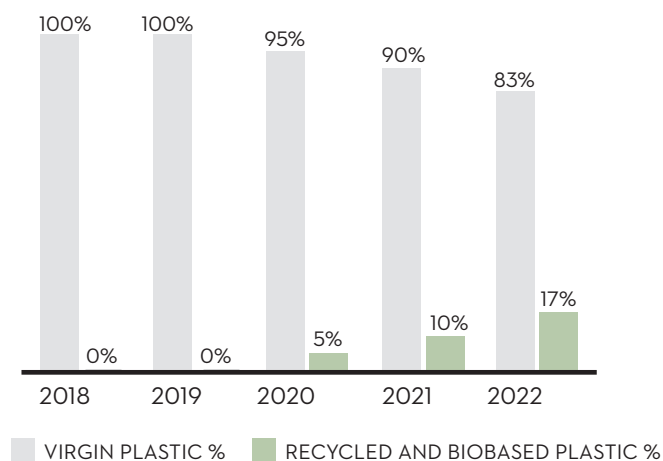
Renewable

Studying biobased primary packaging, which are made of renewable raw materials, is in our scope. Biobased materials can be used as alternatives for materials made from fossil-based raw materials. However, we want to concentrate on biobased materials which are not competing with

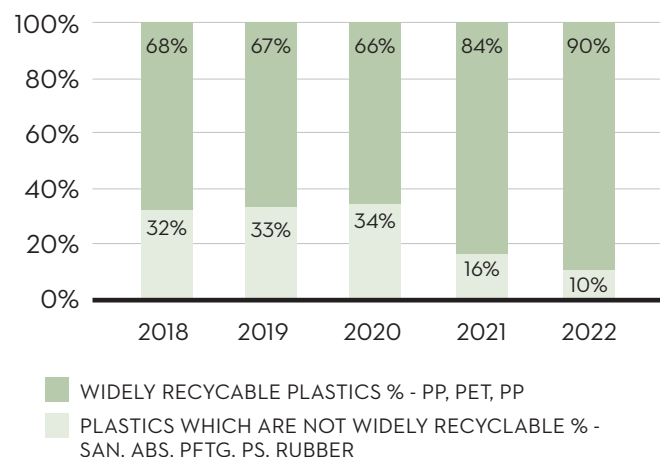


Currently, for LUMENE, 90% of all plastic materials are widely recyclable plastics. For CUTRIN, 97% of plastics are widely recyclable.

RECYCLED AND BIOBASED PLASTIC (%)



RECYCLABILITY OF PLASTICS (%)



food production. We are committed to life-cycle thinking and as with our cosmetics ingredients, we aim to use side-stream biobased materials for our packaging as well. Additionally, the life cycle analysis should be evaluated for new materials so the environmental impacts can be detected.

In 2022, 34 % of all materials used by LUMENE Group were made from renewable sources. We aim to use FSC® certified folding boxes and shippers to support responsible forest management. In 2022, 98% of LUMENE Group's folding boxes were FSC® certified. The change to FSC® certified shippers started in the end of 2021 and we landed to 77 % of FSC® certified grade in our shippers in the end of the year 2022.

In 2022 we continued developing more biobased packaging to water-free products, as we launched powder refills which are packed in fiber-based packaging. In addition, in 2022 we developed a renewable fiber-based packaging for our blushes, replacing the previously non-renewable traditional plastic compacts. We launched a pilot project with Sulapac Ltd presenting our best-selling moisturisers in biobased and biodegradable Sulapac jars. There is more about this launch in the following page.

Future development

Committed to circular economy, we are constantly looking for new ecological materials. We keep investigating the suitability of various innovative materials and technologies for cosmetic packaging on a long-term basis with our partners. With a focus more to reducing CO₂ emissions of our products, we are also evaluating the emissions related to the packaging materials and manufacturing. The common objective of improving the environmental impact of packaging bring people and professionals around the globe together to innovate new solutions for cosmetics packaging among other industries. As a company we are leading the way and showing how to provide more sustainable cosmetic products with packaging solutions that result in reduced environmental impact.

CASE:

INNOVATIVE INSIDE OUT - BESTSELLING LUMENE MOISTURISERS IN A BIOBASED SULAPAC JAR

By 2025 80% of all LUMENE packaging will be made from recycled plastic or biobased materials. As a step on our journey towards achieving this ambitious goal, we have partnered with Sulapac Ltd - a Finnish startup producing sustainable packaging material alternative to traditional plastics.

Long-term development co-operation

Our long partnership with Sulapac resulted in a product launch in 2022 when we introduced our first limited edition products to use a Sulapac jar. LUMENE is among the first beauty brands in the world to use Sulapac jar to pack skincare formulations containing water. We launched our bestselling Nordic-C [Valo] Glow Reveal Moisturiser and Nordic Hydra [Lähde] Intense Hydration 24h Moisturiser in Sulapac jar in limited distribution in Finland. Both the jar and the creams are biobased and made with renewable and upcycled, naturally derived materials.

Pilot project

Consumers are becoming increasingly more aware of the environmental impacts of their consumption. They are expecting beauty brands to provide new, more sustainable solutions that help them reduce the carbon footprint of their beauty routines. As a pioneer in sustainability, the research and development of new packaging solutions that can shape the future of the cosmetics packaging is a priority for LUMENE. The partnership with Sulapac has gained a lot of positive feedback from both consumers and our trade partner, which encourages us to keep innovating in this area. Through this successful pilot project we have been able to explore the use of biobased and biodegradable materials in our cosmetics packaging.



We are proud to collaborate with LUMENE who understands the value of sustainable partnerships and innovation. We share the passion to create solutions that protect the environment while meeting the highest quality requirements and exceeding the customer expectations.

**Suvi
HAIMI**

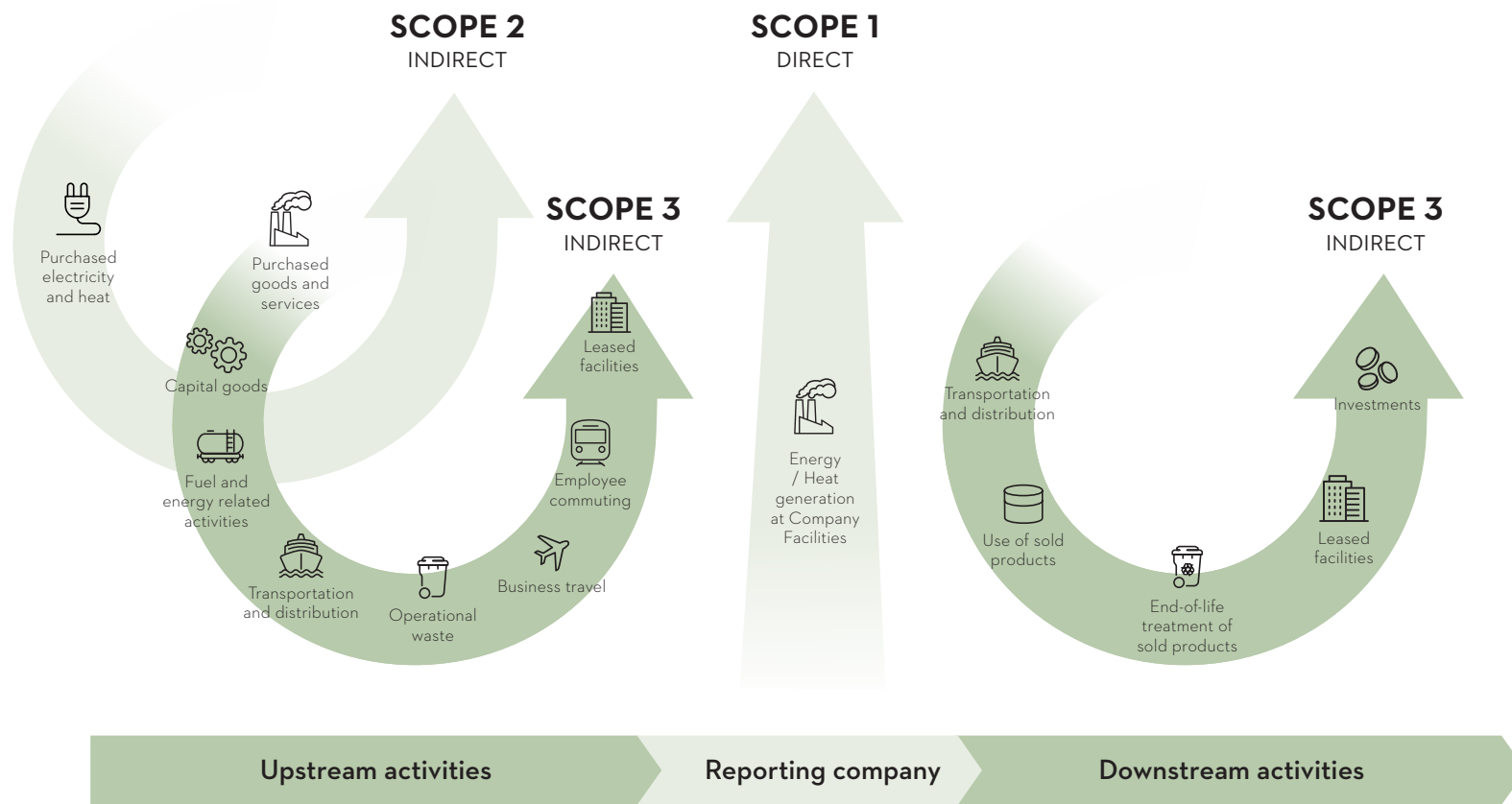
CEO and Co-Founder of Sulapac Ltd



CLIMATE OBJECTIVES

CLIMATE OBJECTIVES

We want to have ambitious climate targets since the climate change is the world's most pressing issue in the world and it requires immediate action from companies. We are in the process of setting the Science Based Targets for LUMENE Group to reduce absolute Scope 1, 2 and 3 greenhouse gas (GHG) emissions 42% by 2030 from a 2021 base year.



Energy consumption in Scopes 1 and 2

In 2022 LUMENE Group Scope 1 emissions were 25 tCO₂e and Scope 2 emissions were 186 tCO₂e which are 2,1% of the total emissions of the company. We are proud for the low emission for the Scopes 1 and 2 which are achieved through the consistent work during the last few years to reduce our direct emissions. In 2021 we decided to move to a biobased fuel in production and with very small emission factor. Another recent change is to use renewable district heat for heating the premises including the factory. Additionally, we continue to use renewable Finnish hydro power for our premises in Espoo.

We have been able to improve our energy intensity during the past five years, from 2017 to 2022 the reduction in energy intensity is -23% when considering Scope 1 and 2. Some of the most significant energy saving initiatives have been reduction in the facilities sqm in 2019-2020 and updating lighting to LED at the factory and in our offices. Further updates to LED lighting have been planned for 2023.

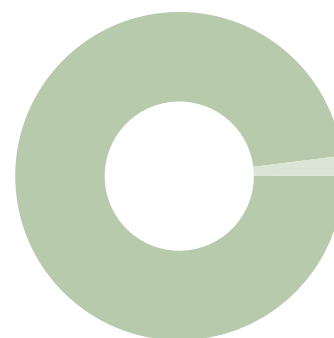
Upstream and downstream Scope 3 emissions

Our Scope 3 emissions in 2022 is 9 999 tCO₂e and it represents 97,9% of total emissions of LUMENE Group. Typically, the share of Scope 1 & 2 and Scope 3 is 20:80, but due to effective reduction work for Scopes 1 and 2, our emissions are mainly derived from Scope 3.

Scope 3 includes calculations from cradle to grave in our value chain including ingredients and packaging materials, as well as transport of inbound materials and outbound products and purchased services. We have also included employees commuting, business travelling, IT equipment, capital goods, leased assets and end-of-life waste treatment of packaging into our Scope 3 calculation. However, ingredient end-of-life emissions and product use phase are not included.

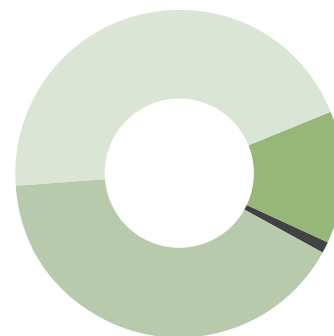
When Scope 3 is discussed, LUMENE Group is as much an influencer as an actor. Many sources of the Scope 3 emission are behind a complicated network. Our role in this network is to set common emission reduction

targets, to moderate discussion and steer decision making together with our partners. We participate in different pilot projects with the aim to lower emissions by bringing the networks together for closer and more fast paced collaboration. We have already worked for several years to improve the footprint of our components and now we have emission data per raw material and packaging material based on which we can focus our efforts to the most critical elements.



LUMENE GROUP EMISSION
IN 2022: 10 209 tCO₂e

- SCOPE 1: 25 tCO₂e 0,2%
- SCOPE 2: 186 tCO₂e 1,8%
- SCOPE 3: 9 999 tCO₂e 97,9%



ENERGY SHARES 2022

- RENEWABLE ELECTRICITY 45%
- RENEWABLE HEAT 41%
- RENEWABLE OIL 13%
- FOSSIL OIL 1%

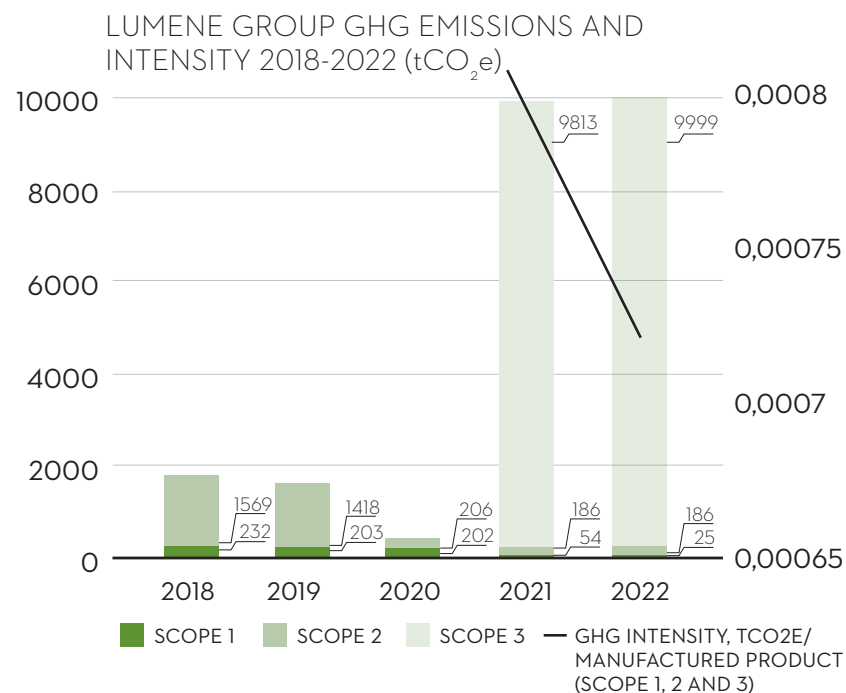
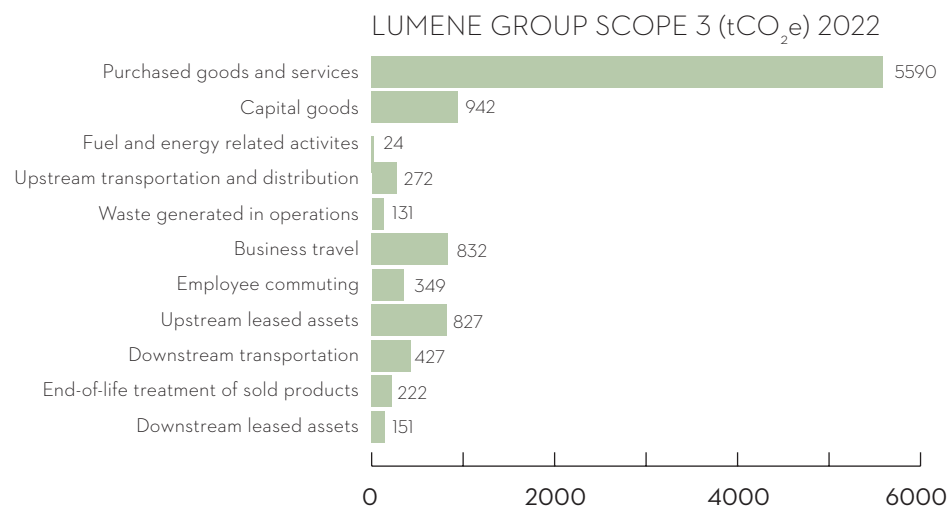
Towards net zero company

Every year we strive to develop our emission calculation accuracy. In 2022 we introduced a new third-party provided tool for the emission calculation which creates a strong ownership for different organisations within LUMENE Group. We can still improve the emission factor accuracy and for Scope 3 we can move for services from spend-based calculation to product-based. On the other hand, for cosmetics ingredients, packaging and transportation we have already product-based calculation.

We have not yet achieved absolute reductions in our value chain GHG emissions compared to the baseline in 2021. In 2022 our absolute Scope 3 emissions increased by 2% in 2022 compared to the 2021 baseline. The emission increase is linked to growth in our sales as well as services that we have purchased. However, the emission intensity for Scopes 1, 2 and 3 (tCO₂e/ produced pcs) has reduced by 12%.

With increasing knowledge about the emissions and emissions factors behind the figures we can better focus with our value chain and engage our suppliers, service providers and customers to reduce the emissions with us. With more precise planning we can choose transportation methods with lower emissions.

By setting short-term and long-term reduction targets in line with the Paris Agreement roadmap with the climate scenario 1.5°C, we will give a strong message to our business partners to work with us for absolute emission reduction. The plan to reduce absolute Scope 1, 2 and 3 emissions for 2030 with 42% and to become net zero company by 2050 is an ambitious plan which our circular business model support as well. By using side-stream materials which would be waste otherwise we reduce emissions.



CARBON FOOTPRINT CALCULATION OF LUMENE NORDIC-C [VALO] GLOW BOOST ESSENCE

In 2022, we calculated product-level carbon footprint for some of our products with an external partner. The aim of the study was to identify the environmental hotspots in terms of greenhouse gas emissions in the products' value chain and help us to focus our sustainability work on those areas. The products were chosen both from skincare and makeup category and they were packed in different packaging formats. This product selection gave us a good overview of the majority of our product assortment. However, as the assessment focused on the analysis of impacts it did not aim to compare different products directly.

The assessment covers the life cycle stages from cradle to grave, excluding the use phase which was outside of our review. The life cycle stages considered were raw materials for both ingredients and packaging, transportation of raw materials, production, distribution of the final products to retailers and the disposal of product packaging. Both direct and indirect greenhouse gas (GHG) emissions are covered by the calculation. The assessment follows the international standard 'The Greenhouse Gas Protocol: A Product Life Cycle Accounting and Reporting Standard' ('GHG Protocol').

One of the assessed products was our best-selling serum LUMENE Nordic-C [Valo] Glow Boost Essence which is packed in a glass dropper bottle made with recycled glass. Based on the study, packaging represents majority of the emissions (66%), even though a significant reduction was achieved by changing bottle material from virgin glass to recycled glass and pipette collar material from virgin plastic to recycled plastic. Inclusion of recycled materials in the new packaging provides emission reduction on product level.

The second biggest contributor to the product's carbon footprint are the formulation raw materials (15%). Glow Boost Essence was reformulated during 2022 with increased share of upcycled ingredients. We want to promote circular economy and continuously increase the usage of ingredients developed from side-streams. This way we can contribute to waste reduction and reduction of the need for virgin materials. This study shows that in addition, upcycled ingredients also have the potential to reduce carbon footprint of a cosmetic product.



LUMENE NORDIC-C [VALO]
GLOW BOOST ESSENCE PRODUCT
CARBON FOOTPRINT (%)

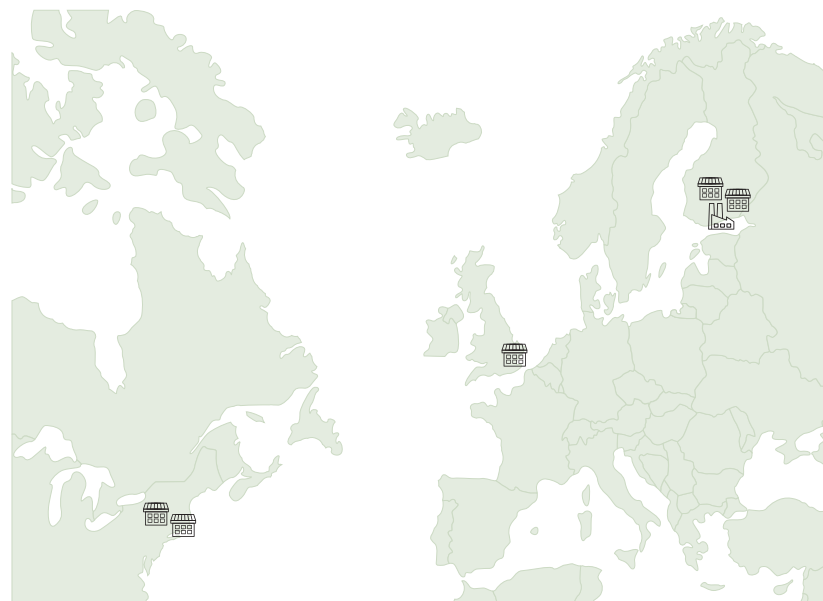
- RAW MATERIALS 10%
- RAW MATERIALS TRANSPORTATION 5%
- PACKAGING MATERIALS 53%
- PACKAGING TRANSPORTATION 13%
- DISTRIBUTION 9%
- PRODUCTION 4%
- DISPOSAL 6%

SUSTAINABLE SUPPLY CHAIN

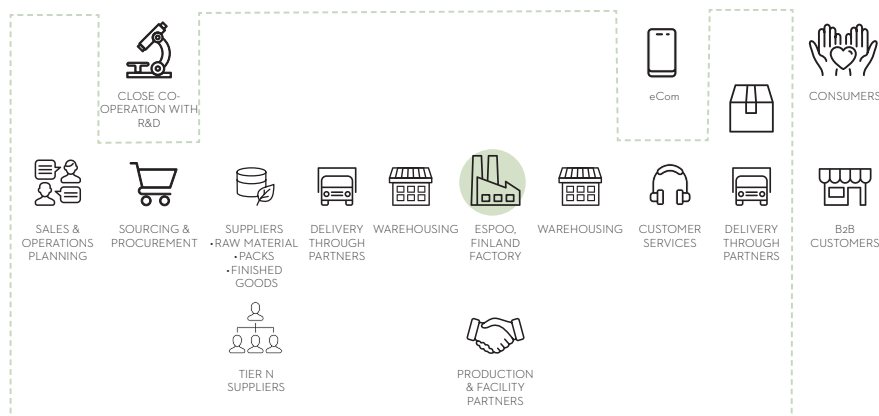
When we describe our supply chain, we often focus on the factory in Finland. It is of great value to us, as it is a strategic choice to have control over manufacturing of our products. Taking care of our product development ourselves in combination with in-house production, gives us a great advantage in steering and controlling the sustainability of our supply chain. We can directly make decisions concerning the type of energy used in production, on recycling management and material choices. Decision-making is fast and straightforward.

When working with partners, i.e. material and service providers, there is an ever increasing need for transparency. This transparency means follow-up and close co-operation and mutual reporting within the partnerships. Our suppliers are mainly European, but some materials are sourced globally. For chemical raw materials we cooperate with global suppliers, as well as Nordic and start-up companies. Packaging componentry is mainly European with focus on medium-sized family-owned businesses. Our supplier relations are long-term, in the range of 10-20 years of co-operation and even longer. Naturally new suppliers are taken on as well, after set processes and approvals. We are working with roughly 100 first tier suppliers, and for raw materials we have around 150 second tier raw material manufacturers. When subcontracting production finished goods, we have around ten partnerships in Europe.

Sustainability angles can be found everywhere in the supply chain, everyone can contribute. Good demand planning minimises waste, and flexible new product development scheduling as well. Already when we are developing products we investigate the end-of-life of the product, as we cooperate with our suppliers to understand in detail the composition of raw materials and componentry, to minimise the environmental impacts. Such exchange of knowledge requires deep supplier relations. We strive to find more and more recycling opportunities, even though sometimes the waste streams may seem small. We can affect the carbon footprint of our factory by the choices we make on energy. These choices were made early on and have now been supplemented with modern renewable forms of energy. This has been done as soon as options were available.



FACTORY IN ESPOO: 85% of group products produced in our factory
 FINLAND: Main warehouse for finished goods and components
 D2C warehouse, Supplying globally excluding UK&USA
 USA: B2B warehouse, D2C warehouse
 UK: B2B & D2C warehouse





WASTE MANAGEMENT AND RECYCLING

We invest in efficient waste management and recycling. Close co-operation with partners and employee training are our priorities in efficient waste management. 100% of our waste is recovered as material or energy.

We seek to constantly reduce the amount of waste generated. Good sorting of waste plays a key role in efficient waste management. Recycling and waste management training is provided for new employees and the entire production team at least once a year.

We cooperate closely with our partners on waste management. The waste generated in our production is further processed for re-use. All the waste generated is recycled or obtained as energy. Our aim is to increase

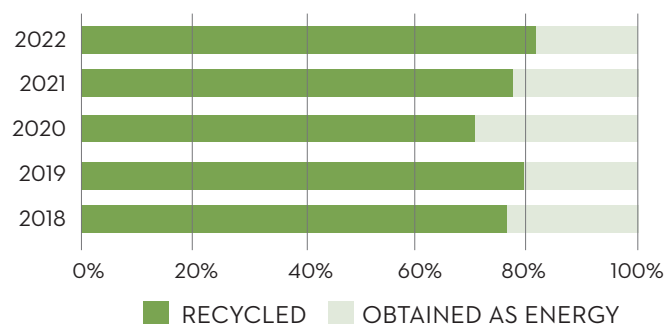
the amount of recycled waste, and we seek new projects to improve recycling. In 2019, we started to recycle plastic packaging. The total amount of waste was 283 tons in 2022.

In 2022, our largest waste fraction was cardboard. Waste management is outsourced to specialised and legally authorized waste handling companies. Waste containers are emptied on a regular basis. For recyclable waste, every fraction has their own handling cycle. For example, we sort several qualities of plastic for further handling in their own recycling processes. Our partners provide annually data on the waste generated. We have not had any significant spills in our own facilities in the past six years.

Collecting release liners for re-use

95% of our products have labels on them. Labels provide legally required information such as instructions for use. These labels are delivered to us with plastic or paper release liners. Half of the label material is waste. Release liners have been collected and delivered to energy waste as a part of our production process. Since 2020, the release liners have been collected and delivered to material recycling. Plastic release liners are recycled as insulation elements and paper versions as tissue paper. This co-operation is a good example of the extensive network with which we can deliver a greater contribution as opposed to trying to manage alone.

LUMENE'S WASTE RECOVERY



WATER RESOURCES

We utilise clean Finnish water in our products and production. That is why managing water resources is a top priority for us.

Water is the most important single ingredient in skincare products, and it features in almost all of our formulas. We use fresh Finnish tap water, which is further purified at the factory by reverse osmosis. The origin of the tap water in the capital area in Finland is lake Päijänne in central Finland. Tap water in Espoo is surface water and also third-party water governed by the municipal water supplier. Currently in Finland the water availability is excellent.

Our total tap water consumption was 30 000 m³ in 2022 where all water is fresh water. This amount is higher than normal annual consumption (20 000 – 25 000 m³), caused by an equipment failure that has been since repaired.

Approximately 65% of the water consumed is used to wash the production equipment. Unnecessary water use is prevented by good washing instructions. However, the use of water cannot be over-optimised, as production hygiene and cleanliness are particularly important to ensure product safety.

The reverse osmosis (RO) system is validated to ensure that the water used in our products meets specifications and high quality standards. We used 750 m³ of RO water in 2022.

In addition, we use pure Arctic spring water sourced from Finnish Lapland. This is ground water. In 2022 we used 64 m³ of spring water.

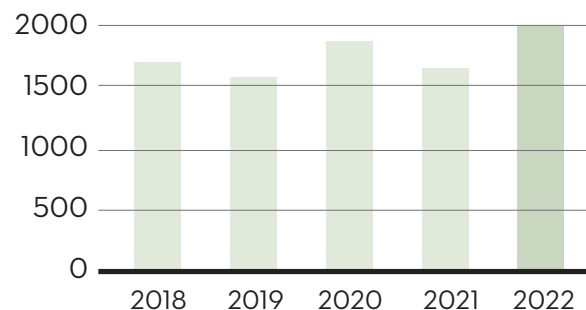
Good management of waste water

We monitor annually the amount of waste water generated. All our waste water is discharged to the facility's sewage system which is connected to the municipal sewage system leading to the municipal waste water treatment plant. We strive to reduce the amount of solids in waste water. Solids in waste water are metered quarterly, sampling and analysing is conducted by an external laboratory.

The factory area has closable sewers that can be shut to prevent unsuitable substances from entering the municipal treatment plant. We have procedures and equipment in place in case of leaks, and we practice these situations regularly. In 2022, there were approximately 140 mg solids in one liter of wastewater. This is 11 % less than in 2017. Limits for solids in wastewater are defined by the municipal water supply and waste management service provider. Reduction targets in use of fresh water are set by LUMENE as a company, as a voluntary reduction target. Requirements on waste water monitoring were loosened from 2022 onwards, due to good wastewater quality over the previous years.

Reduction targets for the use of fresh water are set by LUMENE as a company, as a voluntary reduction target. For the supply chain, the aim is to have reporting of water use also from our most significant suppliers.

WATER CONSUMPTION, m³
PER MILLION PRODUCTS



LUMENE WATERSMART PROGRAMME

In 2010, LUMENE launched the LUMENE WaterSmart program with the aim to reduce water consumption. Through the program, LUMENE encouraged both consumers and cosmetics companies to develop a more sustainable attitude towards water targeted to diminish water footprint.

DONATING TO CHARITABLE CAUSES

WETLAND RESTORATION

LUMENE Group supports wetland restoration in collaborations with the Finnish Association for Nature Conservation (Suomen Luonnonsuojeluliitto) in two separate wetland areas in Southern Finland: Rusalansuo and Savansuo wetlands in eastern and southern Finland.

Both wetlands were seriously damaged by forestry ditching several decades ago. The original wetland species have mainly disappeared and now the dried peat layer of the wetlands is disappearing in the decaying process. In addition to helping the climate, the wetland biodiversity is also revitalised by the restoration.

The natural wetlands are the biggest and most important permanent carbon storages in Finland. The restoration areas in Savansuo and Rusalansuo are all together 40 hectares. By restoring the wetlands, one slows down climate change by increasing permanent carbon storages in soil and by preventing releasing carbon to atmosphere to warm the climate. The carbon is stored in peat protected by wetland water.

Olli Turunen planting Sphagnum mosses to disturbed wetland surfaces.
Photo: Hanne Kosonen

The wetlands have been ditched and drained in the past to achieve dry soil for e.g. farming. Ditching of the wetlands prevents the carbon from being stored. As a result, the wetland dries and peat decomposes. On the contrary, a natural wetland with peat absorbs more carbon every year. Finnish scientists have studied that ditched peatland releases into the atmosphere 1.5 tonnes of carbon per hectare per year. The restoration of peatland holds this carbon in peat and resumes the absorption of CO₂ from the air. After restoration, the ditched wetlands cease to release carbon from the peat deposits and start storing carbon – a process that may go on for hundreds of years.

With support from LUMENE Group, 40 hectares of wetland have been restored and the capacity to absorb CO₂ from the atmosphere has been improved. With LUMENE's restoration efforts, 60 tonnes of carbon are stored in the soil permanently every year. It is a big investment into the future. More accurate calculations can be expected within the next ten years.

Work in practice

Climate change makes the restoration work challenging. Most of it is actually just filling the ditches with peat. It is mainly done by excavators during the winter when the ice on the wetland is strong enough to carry heavy machinery. Some winters have been too warm, so with no icy conditions the planned restoration work was conducted only partially.

In addition to the mechanical restoration, the Finnish Association for Nature Conservation (FANC) has organised also manual restoration and felling of trees to make originally treeless wetlands open again. The field team of FANC is testing new restoration techniques by transplanting Sphagnum mosses to the most damaged parts of wetlands where there is no moss or other vegetation.

Planting of moss has two purposes: bacteria in the moss consumes the methane released from the restored bog and it also speeds up the recovery of bog vegetation. Methane is a more potent greenhouse gas and storing it in the moss helps fight climate change. The new method of planting moss to the wetlands is showing promising results in North America. There is no practical experience of this type of restoration in Finland for the time being.



Aerial photo in 1953: Savansuo was open and watery before being ditched, and according to the locals it was a good bird swamp. The restoration is aiming to return the area to this state.



False color image in 2020: 50 years after the ditching, Savansuo has dried up, stunted pines grow in swamp and a large part of the swamp species has disappeared. The trees have grown due to drainage and are now been cut to restore the area back to its original state.

However, FANC is testing this method to speed up the recovery of bog vegetation in the area.

Additionally, in Savansuo there is a special focus on making the water of wetlands clean. Natural or restored wetlands effectively filter nutrients of flowing water. Filled ditches with natural dams prevent organic mud flowing to nearby Savanjärvi lake. The aim in the long run would be to make the lake clear again.

Effects of wetland restoration to biodiversity

In addition to helping the climate, the wetland biodiversity is also revitalised by the restoration. Photo documentation and GPS tracking show improvement in vegetation and biodiversity in the restored areas. It is too early to draw conclusions on the benefits of restoration, but there are promising signs of new wetland species occurrences.

After one to two years, cloudberry typically starts to blossom in high densities and many wetland birds find their own habitat again. Year after year there are more and more new wetland species returning to the restored mire area. In summer 2022 there were a few signs of the positive impact to biodiversity as a result of the restoration conducted in 2021 in Savansuo, in Miehikkälä, southern Finland. The most visible sign of viability of wetland species communities after restoration was the large-scale cloudberry blossoming and fantastic berry production. As it is too early to draw conclusions, it should be noted that the year 2022 was a favourable year for cloudberries in southern Finland.

The signals of the recovery of the wetland plants like Sphagnum moss were detected especially in the areas where the filling of ditches was most complete and the trees grown after ditching were felled. This indicates favourable conditions for cloudberry and other wetland species for the near future.

Rusalansuo in Pieksämäki, eastern Finland, was restored only six months before the first monitoring visit in summer 2022. The recovery of Sphagnum moss colonies had already started, especially in the areas near the filled

ditches and the areas where the trees were felled. One wetland bird, *Tringa glareola*, was nesting in a pond area resulting from the restoration.

Both sites still need some additional measures of restoration. The most important of which is felling of most of the trees to restore the characteristics of open wetland and prevailing landscape before ditching. This, at the same time, provides small diameter sized wood for local energy production replacing imported wood and peat as fuel.



Tuuli Hakulinen from Finnish Association for Nature Conservation and Risto Sulkava reviewing the restored Rusalansuo wetland. The picture shows a ditch filled with an excavator and a dam structure.



SOCIAL RESPONSIBILITY

SOCIAL RESPONSIBILITY

We want to be considered as a fair and inclusive partner and employer wherever we operate. We have now reached the review process on our pathway to achieve the B Corp certification. LUMENE Group's holistic approach to sustainability will help build a more inclusive, equitable, and regenerative economy as we aim to join the global movement of corporations that use business as a force for good. Throughout the process we are measuring our social and environmental impacts and aiming to continuous improvement in these sustainability areas.

We ensure that our activities do not directly or indirectly violate human rights or laws in any of the countries we operate in. We follow LUMENE Group Code of Conduct in our everyday work and we require the same from all the partners and suppliers we work with. We see ethical business conduct as responsible leadership and something that is relevant for all our employees and in every business transaction we are involved.

We at LUMENE Group are always open, truthful, authentic and respectful of our Nordic values. We encourage creativity, passion and innovation with everything we do and we dare to be bold, have courage and the confidence to be different. These values are the core of our culture and by leading according to them we aim to make our business landscape more inspirational, responsible and sustainable.

We promote a speak-up culture and encourage everyone to raise their concerns related to our policies or laws and regulations. We have a web-based whistleblowing system, which allows for anonymous reporting of concerns and is open to employees and external stakeholders if they want to report concerns or suspected misconducts.

Our Corporate Social Responsibility policy (CSR) outlines our efforts to give back to the society as it gives to us. LUMENE Group is dedicated to protecting human rights and offering safe and equal workplace to every employee in our value chain. We are committed to our work ethics, people policies and diversity, equity, & inclusion (DE&I).

LUMENE GROUP'S CORPORATE SOCIAL RESPONSIBILITY POLICY'S FOCUS AREAS:

- We follow our Code of Conduct and require the same from our business partners.
- We develop our people, growing competencies and skills to face the future.
- We create a great employee experience: measuring quarterly Employee Net Promoter Score (eNPS).
- Diversity, equity, & inclusion (DE&I): Ambassadors have set a strategy and development program.
- We want to be seen as a preferred employer within our sector. Measuring the score in Universum study and number of applicants for open positions.
- We have committees in place to support social responsibility and overall workplace well-being activities.



LUMENE GROUP DE&I WORK

LUMENE thrives from diversity – inside and out. Investing in diverse knowledge adds value to our community and business. We recognise that to truly serve the communities in which we live and work, our workforce and products must reflect and represent this global diversity. Therefore, we are actively working towards this to become the most inclusive and diverse Nordic beauty company.

DE&I Ambassadors

In 2022, we conducted an audit as well as internal and external stakeholder surveys on diversity, equity and inclusion (DE&I). Later in the year LUMENE Group established an action-oriented group of internal DE&I ambassadors. The role of these 17 individuals is to make sure DE&I is on the daily agenda in all functions across the organisation. Ambassadors help develop, monitor and report back on the progress the organisation is taking in making our workplace inclusive.

The group of ambassadors defined a DE&I vision and a strategy with a concrete action plan which are also approved and supported by the LUMENE Group Management Committee. The group of ambassadors will create and implement initiatives that promote diversity such as training programs and projects to increase awareness. The ambassadors will be the channel for the employees to raise important topics in the area of DE&I to be better heard in the company. They will also monitor and evaluate the effectiveness of these initiatives and provide recommendations for continuous improvement. After the ground work in 2022, this journey of learning, personal growth and engaging in continuous dialogue with our community will continue.



LUMENE Group recognizes that DE&I is a continuous journey and a collective action. We are fully empowered to advance equity and strengthen our culture of diversity and inclusion.

We strive to become the most diverse and inclusive Nordic beauty company. By investing in diverse knowledge we add value to our community and business.

Culture of trust and respect

LUMENE Group dedicated to offer a safe workplace with equality to every employee within our company and in our value chain. We want to create a work environment where everyone is treated fairly, with dignity, and without discrimination or harassment. We promote equality through development and career planning so that all genders and different age groups are treated equally in different employee groups.

Psychological safety is the key to high-performing teams. As part of the DE&I work, we aim to develop company culture through psychological safety where it is safe to take interpersonal risks, and believe that one is not punished, humiliated or rejected for making mistakes or voicing questions, ideas, and concerns. By promoting a culture of a psychologically safe workplace we improve innovation, collaboration, and overall job satisfaction for employees. Managers and leaders play a critical role in creating a culture of trust and respect by setting clear expectations, actively listening to employees, and leading by example so the education of all our managers is crucial.

Inclusive portfolio and marketing

Beauty products are universal and for everyone. DE&I are great drivers and opportunities for innovation in the cosmetics industry.

We continue building DE&I into the fabric of the development process of a new product, including representation into strategic project development from the get-go. To make positive change and progress, we invite our consumers to become an active part of our decision-making to ensure their voice is heard throughout new concept and product development. We are also committed to have wider and more diverse representation of spokespeople for the brand.

This is our way to ensure that products reflect our consumers' needs and make meaningful contributions to our society.

OUR PEOPLE

LUMENE Group is focused on ensuring that we are a great workplace for diverse talents who can grow together with the company and experience their work as meaningful. LUMENE Group has professionals with varied experiences and backgrounds working together under the same roof and also around the world. Our personnel is a highly valued part of our social responsibility. We believe that an inclusive culture attracts diversity and boosts well-being, innovation, and productivity.

Deepening the awareness of employee experience

The theme of HR operations in 2022 has been focused on employee experience as part of social responsibility at LUMENE Group. Our goal has been to build a deeper awareness of employee experience and have the communality as a core of it. The goal has been reached by standardising improved HR practices, creating more inspiring and flexible ways of working, and especially increasing inclusiveness and participation – to define one unified LUMENE Group team. Also the needs of partially disabled employees and employees who want to work part-time have been taken into account in our work communities.

Transparency and courage are at the heart of our values and we nurture inclusivity as an intrinsic part of our work culture. We encourage employees to bring forward their ideas and concerns openly by offering anonymous ways for speaking up, e.g. an anonymous idea survey on the intranet and engagement surveys. The HR team is in continuous interaction with employees and available to offer personal advice. We also highlight the importance of taking smart risks which we hope to boost innovation and idea-sharing. Without risk taking we cannot evolve.

Whistleblowing is the ultimate mechanism for raising concerns, when you do not feel comfortable speaking with anyone in the organisation. The whistleblowing channel was implemented early 2022 and it's available for internal and external stakeholders. We did not receive any reports. It is an important tool for fostering high ethical standards and maintaining customer and public confidence in us. The team handling these cases at LUMENE Group consist of people from different part of the organisation so that we can ensure that no one that might be involved with or connected to the wrongdoing are part of the investigation.

We carry out Employee Net Promoter Score (eNPS) survey quarterly to knowledge the development of employee experience. The survey provides us an index that varies between -100 and 100. The index is internationally comparable. The average of the surveys in 2022 is 37.

The DE&I program presented in the previous page is additional to the LUMENE Group's detailed Work Community Development Plan which gives instructions on our resourcing and recruitments, working conditions and principles against discrimination and harassment. The action plan of the DE&I ambassadors guarantees that the topics are kept updated and that there's channel to get feedback throughout the organisation.

Communality at the core of the employee experience

After the pandemic it has been even more important and valuable to get together and spend some joyful time with colleagues. Work community and communality are mentioned multiple times in our internal surveys as reasons that engage personnel.

Interactive communication among employees, employer, and their representatives can take place using varied internal communication channels – both in person and remotely – with emphasis on bilingualism (Finnish and English). This year we launched easily approachable coffee meeting with HR and common office breakfast to have once in a month. At HR coffee we can meet our colleagues, and HR is in immediate interaction with personnel for topical information and questions. Versatile business projects, e.g in product development and boosting employer

marketing, have naturally increased inclusiveness by bringing employees from different departments together. Company's intranet was updated, especially the site regarding of employment matters was renewed to serve employees' needs better. In order to provide also lighter content from working environment, our internal and bilingual magazine is here to stay.

To further increase the high significance of personal well-being and team dynamics, we aimed to find more innovative ways to support supervisors' role in the interaction and guidance of individuals and teams. HR has implemented more intensive and interactive supervisor guidance and coaching. Guidance and coaching are found to be most efficient when provided both in person and groups. Also ways to have more peer support have been increased.

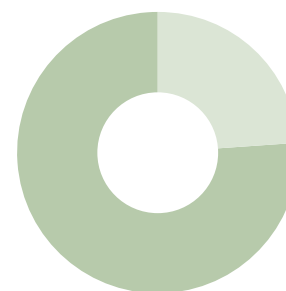
One LUMENE Group team – on a journey towards more inclusive employee experience.

The Entertainment committee was launched in 2022 to organize communal, fun and relaxed events to brighten up the working days for the whole company. Thanks to the committee, we celebrated many festivals, like Valentine's Day, Easter, and May Day together, and without forgetting to mention big self-arranged get-togethers in summer and Christmas. We also utilised the snowy winter and the benefits of spending time outdoors enjoying sport activities all together in Nuuksio National Park.

One LUMENE team encompasses also outsourced personnel. In December 2022 we had in total 38 part and full-time agency workers. Seven of the agency workers were working as beauty advisors or merchandisers and the rest in production, the staff restaurant and cleaning, facility maintenance and managing services. The numbers are reported in headcounts and includes workers that have worked at least one shift in December 2022.

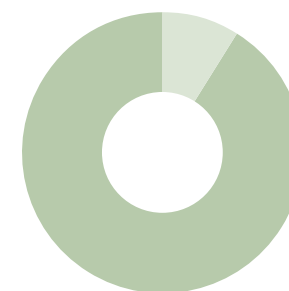
Common principles easily available

Code of Conduct applies as business principles at LUMENE Group to personnel, company's vision, mission, and values in the core. The Code provide guidelines on how to act the best possible way individually and as



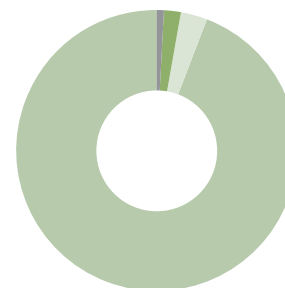
EMPLOYEES BY WORKING TIME

FULL-TIME 76%
PART-TIME 24%



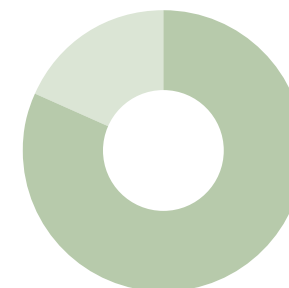
EMPLOYEES BY EMPLOYMENT TYPE

TEMPORARY EMPLOYMENT 9%
PERMANENT EMPLOYEES 91%



EMPLOYEES BY COUNTRY*

FINLAND 310 (94%)
UK 9 (3%)
SWEDEN 8 (2%)
USA 2 (1%)
ESTONIA 1 (0%)



EMPLOYEES BY GENDER*

FEMALE 270 (82%)
MALE 60 (18%)

*Number of personnel is reported in headcount. Data is collected from the HR system and reporting time is 31st of December 2022.

a team member. The Code of Conduct includes Corporate Governance and is supported by anti-corruption policy. The anti-corruption policy elaborates the Code regarding bribery and corruption. All employees in employment relationship with LUMENE Oy or CUTRIN Oy have signed the policy.

It is vital that the whole personnel have knowledge of the Code of Conduct and anti-corruption policy. This is supported by having the Code and policy easily available and providing training of them. In last few years HR department has provided Code of Conduct training to some of our teams. In year 2023, we will have up-to-date training of the Code of Conduct to the whole personnel including also anti-corruption training. Employees' knowledge and awareness of anti-corruption was ensured in 2022 by easy access to the policy and requiring every new employee to read and sign the policy.

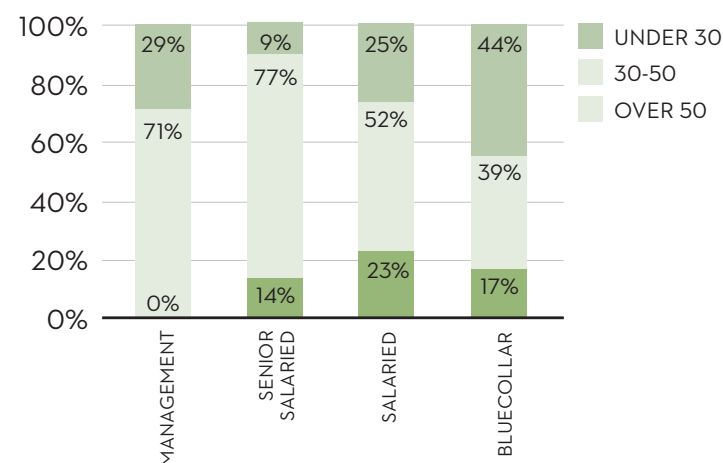
Engaging employees

In addition to investing in employee experience through standardising internal practices and providing more inclusive and inspiring work environment, we have focused on fair compensation, rewarding, and benefits. Our objective is to have compensation entity that engages, inspires and supports DE&I focus.

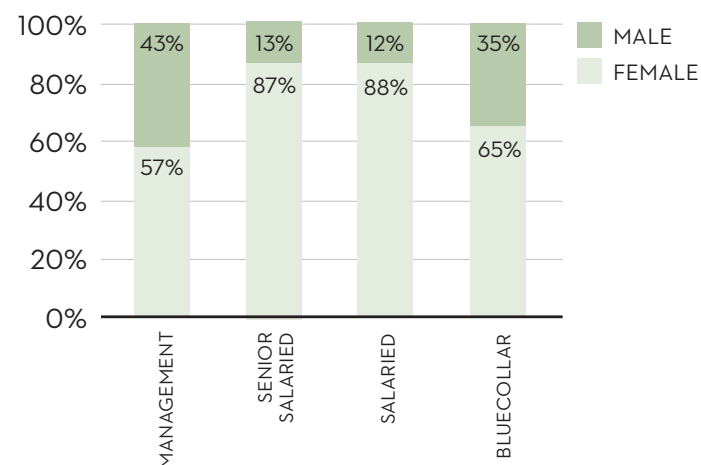
LUMENE Group remuneration committee with members from the board and from the management. The aim of the committee is to guide, evaluate and oversee policies and processes related to salary planning, merit process and benefits. The HR team is responsible for executing fair remuneration politics. When planning changes to the current policies, staff representative bodies are always included.

In 2022, the ratio of the annual total compensation (basic salary, benefits and bonuses) of the highest-paid individual to the median of all other employees is 10,9. The highest paid individual didn't get an increase in the year 2022. Median of increases is 1,6%. Men/women ratio of total remuneration is 1,13 among blue collars, 1,20 among white collars, 1,11 among senior salaried and 1,34 among directors.

EMPLOYEE GROUP & AGE



EMPLOYEE GROUP & GENDER



In 2022 we started a process which aims to make remuneration even more transparent and equitable, taking also into consideration Equal Pay and Pay Transparency Directive which is being prepared to be implemented in the EU countries soon.

We renewed the situational rewarding system into more standardised model and, thus, were able to provide our supervisors easy but effective rewarding system. Now our supervisors have a rewarding tool for showing their appreciation to a team or an individual and to go beyond expressing gratitude in a verbal form.

Our range of benefits extends from supporting well-being and ability to work to increasing inspiration and courage. Many new benefits were launched in 2022, e.g. The Auntie well-being service, paid carer's leave, hybrid work model, and free time insurance to mention few. In Finland, we also piloted Hot desking as a way of working to find more ways to increase inclusion. These launched benefits have increased employees' possibilities to improve the balance and well-being both at work and in free time.

Attracting future talents

While investing in our employee experience we have also focused on attracting future talents. DE&I in focus, we aimed to have new channels to reach the talents and make our communication more transparent. These goals also supported our achievement of standardization in HR practices. In February, we participated in the Contact Forum recruitment fair, which is the largest career event for university students in Finland. In recruitments we paid attention to application communication and the whole recruitment process. As part of DE&I project we also added a recruitment statement to our job advertisements to highlight our aspiration to get applications from diverse talents.

We encourage our personnel to take time to develop themselves by finding new aspects on their work that way. In 2022 our personnel have had trainings in total of 3189 hours, and in average 10 hours per person. The personnel had both internal and external trainings in subjects such as leadership, policies, safety, and production.

3189 h

training hours
in total

10 h

training hours
per person

94%

LUMENE Group employees are covered by collective bargaining agreements. For the other employees, i.e. management group employees and employees residing outside Finland, the working conditions and terms are based on local legislation and market salary.

Our diversity clause

“Diversity and inclusion are an important part of all our work at LUMENE Group. We want to invest in diverse knowledge and wisdom because it adds value to our community and business. We thrive from diversity and welcome applicants of all genders, ages, ethnicities, abilities, beliefs, orientations and backgrounds.”

HEALTHY AND SAFE WORKPLACE

Health and safety is an important element of our sustainability agenda at LUMENE Group. Occupational safety involves the continuous monitoring and development of the work environment. The goal is to support the employees' ability to work, to support physical, mental and social well-being and to eliminate hazardous working conditions.

At LUMENE Group the goals of workplace occupational safety activities are handled jointly by the employer and the employees in Occupational Health and Safety (OHS) Committee. The OHS Committee includes employees as well as employer representatives to mitigate the risk of reprisals workers might be concerned about regarding their reporting. In the Committee there is also representation from leadership and health and safety professionals. Our qualified OHS officer is responsible for the health and safety management system, risk assessments and continuous improvement in the company.

Activities are focused on improving work time safety, to activate safety observations and decrease absence level. The employee participation and consultation ensures successful implementation of our OHS management. The OHS Committee has a minimum requirement for meeting four times a year, however, meetings have been organised more frequently in the past few years. The committee reviews the latest safety audits and goes

through reports on injuries, near misses and any noticeable corrective actions or similar in relation to injury or ill health. LUMENE Group OHS management system covers all employees including subcontracted workforce and the systems are annually audited as part of ISO management system audit.

Risk-based approach

A safe working environment is set up by investigating and recognising health and safety hazards, and possible risks in work. Work risk analysis and safety observations give important information about issues not seen before or activities needed to improve work. Employees are encouraged to report work related hazards, risks and improvements to their manager or report directly to the OHS management system. The Committee also has an oversight of risks and support the improvement plans with budget and governance.

All observations, incidents and accidents are investigated and informed by the OHS Committee. There are processes, including the Corrective and Preventive Actions (CAPA) process, for documentation and thorough investigation. All incidents are documented using an OHS management system, and additionally there is a cloud-based risk management system for risk assessments in the production.

We also recognise our responsibility for the health and safety of our partners. The OHS management system covers all activities, all employees, external workforce, as well as contractors and visitors on sites. We work

The participation of all employees in occupational health and safety topics is crucial for promoting a safe and healthy workplace culture, complying with regulations, and reducing costs associated with accidents and injuries.

closely together with our partners to follow up on OHS of our agency workers and are developing further the reporting from other frequent subcontractors.

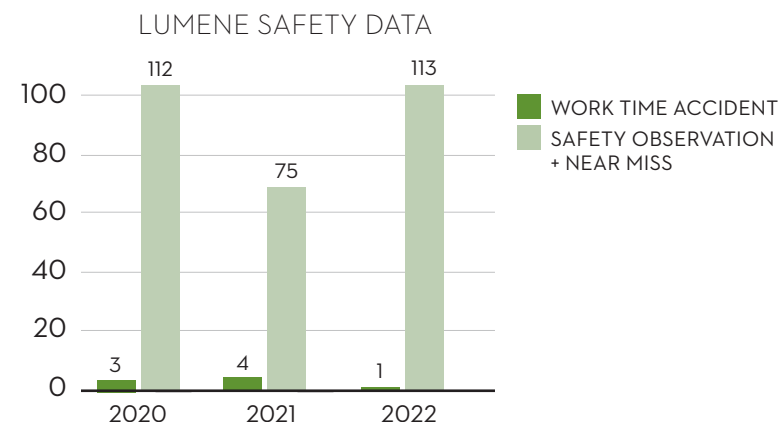
Occupational health care

Occupational health care is arranged with an external service provider for all our employees. We have a wide availability of services supporting work ability, from medical care and work physiotherapy to mental coaching and support. Services are easy to access, and available also in LUMENE Group factory premises. Regular meetings between the HR department and the service provide ensure the quality of services. Medical benefit is available for UK employees and in other countries public healthcare is provided. The main service partner of outsourced resources in Finland offers its employees both statutory and voluntary healthcare and nursing services.

One of the latest benefits, Auntie service, is an easy-access, early phase mental well-being service that is available to the whole personnel in all countries. A variety of on-site and hybrid events relating to overall well-being have been arranged in close co-operation with our health service providers. In addition, personnel is invited to utilise service providers' multiple channels to explore independently themes of well-being and work-life balance.

Training

Organisational training is crucial in having safe and healthy work environment and work practices. The introduction program and continuous training is recognised as one of the focus areas to increase safety, both mental and physical. Information shared and gained from new employees is important for the whole working environment. New employees are as asset for recognising opportunities to improve work methods and practices and to gain knowledge and develop new practices.



In 2022 there was an improvement in our Lost Time Injury Frequency Rate (LTIFR), the year ending with one singular case. The reported safety observation and near miss incidents increased for 2022 due to active participation of the employees for improving OHS matters at LUMENE Group. The total number of Lost Time Injuries (LTI) in 2022 was 2.

LUMENE GROUP SOURCING POLICY

Ensuring sustainable sourcing activities is an integral part of LUMENE Group's corporate governance. LUMENE Group Sourcing Policy describes the principles according to which we operate. We are in process of updating our supply chain due diligence process.

Sourcing Policy supports LUMENE Group's strategy

The LUMENE Group Sourcing Policy defines guidelines for the ways of working in the group and in our value chain.

Our Sourcing Policy supports LUMENE Group's mission and strategy to offer high performance Nordic beauty for a better future. It enables us to create value to our company and stakeholders with innovative and high quality goods and services purchased ethically and responsibly with optimised cost and in timely manner.

This policy is applied to all of LUMENE Group and it is applicable to all suppliers including sub-contractors, agents and subsidiaries. A supplier is identified as any individual or company that supplies LUMENE Group with goods or services.

Suppliers are a vital part of LUMENE Group's value chain. We are committed to form ethical and mutually beneficial supplier relationships

with our network of suppliers and partners. We aim to continuously improve our procurement and sourcing activities.

LUMENE Group Supplier Code of Conduct

We require our suppliers to commit to the LUMENE Group Supplier Code of Conduct which is prepared in accordance with the principles of the United Nations Global Compact.

Our suppliers are required to commit to ethical conduct, in full compliance with all applicable national laws, regulations and international treaties, and respect for human rights according to internationally recognised standards. All forms of corruption, bribery, money laundering, and unlawful restrictive trade practices are strictly prohibited.

The Supplier Code of Conduct takes into account a variety of topics such as labour and human rights, prevention of child labour, prevention of forced labour and human trafficking and freedom of association.

We recognise environmental and health and safety aspects by requiring our suppliers and partners to commit to the standards set out in LUMENE Group Supplier Code of Conduct and we encourage them to proactively work towards reducing all negative environmental impacts and ensuring safe, clean and healthy working conditions.

Our aim is to increase the variety and volumes of local Arctic and Nordic ingredients which contributes to employment as well. The remaining ingredients are mainly sourced in Europe.

In 2022 37 % of spend on goods and services were procured locally in Finland. The main location being our Headquarters and Factory in Espoo, Finland.

All our major suppliers are committed to the LUMENE Group Supplier Code of Conduct and it is also a requirement for any new supplier.

Supplier selection and value chain transparency

We believe that supplier co-operation is the key to positive change. We engage in collaborative and open communication with our suppliers. We aim to source locally in the Nordics and in Europe with our first tier suppliers but at the same time we recognise that our value chain is global. We recognise different operating environments in different procurement categories. In direct procurement we identify components, ingredients and finished goods and in indirect procurement a variety of goods and services.

Supplier selection is the basis for risk management in the value chain. LUMENE Group supplier selection follows a specified process and we only operate with companies that are legally compliant and have a good reputation. We minimise sourcing from risk countries (according to BSCI Countries' Risk Classification).

By choosing the optimal partners, we aim to minimise financial, reputational, operational and environmental risks in the value chain.

For major suppliers LUMENE Group Supplier Self-Assessment Questionnaire is a requirement. We monitor supplier performance regularly with score cards and audits. Audits can be performed by a third party or by LUMENE Group. New suppliers' financial status will be checked and an evaluation of the supplier is conducted before approval as LUMENE Group supplier is possible.

LUMENE Group expects transparency in its upstream supply chain as well as in other areas of the value chain. Direct suppliers of LUMENE Group are required to ensure the legal and ethical compliance of their suppliers.

Sustainable sourcing

LUMENE Group supports all 17 Sustainable Development Goals (SDGs) provided by the United Nations in its sustainability work. Sustainability is the cornerstone of LUMENE Group's business, covering concrete actions from product concept design and raw material manufacturing to retaining consumer satisfaction while being a good corporate citizen. As a cosmetics industry company it is particularly essential to ensure product quality and safety throughout the whole value chain – from product development to production and use.

We prefer naturally derived and biodegradable ingredients when possible. We prefer local partners and Nordic ingredients when possible.

We prefer ingredients upcycled from sidestreams. We aim to reduce animal-derived ingredient, ecotoxic ingredients and ingredients that may cause deforestation. We don't accept animal testing.

Minimising the environmental impact and ensuring product safety are the main priorities when choosing packaging for our products. We want to minimise the use of excess packaging material, maximise packaging recyclability, and to utilise the use of recycled and renewable materials in all areas possible. We are constantly looking for new ecological materials. LUMENE follows a guideline of 5R: reduce, reuse, recycle, replace and renew, in packaging development.

LUMENE Group is committed to following the Finnish Law on the Contractor's Obligations and Liability when partnering with service providers.

Continuous Improvement

We expect our suppliers to set goals and continuously improve their sustainability performance. We recognise that the requirements for sustainable business evolve rapidly and set goals and plans need to be re-evaluated continuously. However, we understand that reaching best practise takes time and co-operation is the key to success.

Suspicion of human trafficking linked to berry companies

In Autumn 2022, Finnish authorities found indications of human trafficking among individual berry companies, which have since been subject to investigation. Since LUMENE Group is using berry-derived ingredients in the products, we take this matter very seriously.

Employee rights and equality are an essential part of the social responsibility of LUMENE Group operations. Our partner criteria are strict, our subcontractors are committed to our ethical guidelines through our Supplier Code of Conduct. LUMENE Oy has completed a 4-pillar SMETA audit in August 2021. In the audit we particularly delved into social responsibility and ethical topics in the supply chain and no non-conformities were reported.

We monitor and continue working with the complex theme of human rights due diligence.

We strive to strengthen the collaboration with our suppliers, especially in the areas determined to have high risk of human rights exploitation. In the end of 2022, we started the process of upgrading supply chain due diligence where we re-identified key risks and created systematic monitoring for all three pillars of sustainability.

SUPPORTING THE SURROUNDING SOCIETY

A functioning society is an important competitive factor for companies operating in the Nordics. LUMENE Group is an active corporate citizen contributing to the well-being of the surrounding society and collaborating beyond company borders. In 2022, LUMENE was ranked number one in social innovation according to the Finnish Innovation Index, by Hanken School of Economics.

After the Russian attack to Ukraine in February 2022, LUMENE Group took immediate action to support the children and families of Ukraine and donated €100.000 through UNICEF. Since then, the company has kept providing hygiene and cosmetics products to Ukrainian families through various NGO organisations both in Finland and on-site.

In 2022, the focal points of charity activities have been the mental well-being of the youth as well as supporting the biodiversity of the Finnish nature. Some of the long-term non-governmental organisation (NGO) partners include Girl's House of Espoo, Tukikummit, and Helsinki Pride. The co-operation with Helsinki Pride supports Pride movement goals and measures, the purpose of which is to eliminate inequalities inherent in

culture, language and the structures, values and norms of society. The years-long co-operation with the Finnish Association for Nature Conservation (FANC) still continues. More information available in the Climate action section.

In 2022, the group initiated a collaboration with Kotimaanapu (Charity Finland) and has donated 54 used laptops to support the remote studies of young people in Finland.

Among the last big charity actions of the year was the donation of 1.000 advent calendars to hospital nurses in Espoo, Finland. This was our way to show appreciation and recognise the work of nurses during the past challenging years.



CONSUMER ENGAGEMENT AND MARKETING COMMUNICATION

We want to have a product portfolio that responds to the consumer needs. To make a positive change and progress, we aim to maintain an open and continuous dialogue with our consumers.

Consumer insights

The consumer voice is heard throughout our new product development process as we invite our consumers to take part in concept creation and new product development projects to ensure their voice is heard throughout new concept and product development. This is our way to ensure that products reflect their needs.

Sustainable Brand Index™, the European independent sustainability survey that aims to increase awareness on sustainable business and its meaning for the brand, was launched in Finland in 2013. For the third consecutive year, the Nordic beauty brand LUMENE sustained the position as the Most Sustainable Beauty Brand in the minds of consumers in Finland. We have been able to communicate the actions we have taken to sustainable business in the consumer communication channels. The 2022 survey included 214 brands from 26 industries, for all industries LUMENE's ranking was 27th. The survey is based on the ten principles of the UN Global Compact.

CUTRIN continuously conducts customer and consumer insights and studies through multiple platforms at different stages of brand and product development. In 2022, CUTRIN launched co-operation with Leanlab to ensure the customer's voice is better heard in the brand development. In addition CUTRIN co-operates with selected hairdressers in the market who help testing especially the professional technical products in the development phase to ensure the quality and functionality meets the needs of the market; consumer feedback on consumer goods is acquired as a standard part of the product development process. In addition, CUTRIN closely follows available market data and various global trend reports to better meet the needs of today's consumers.

TRANSPARENT DIALOGUE WITH OUR CONSUMERS

- We acknowledge consumer questions and enquiries within 24 hours.
- We continue taking consumers onboard to new concept and product creation by continuing to offer feedback opportunities throughout the process. Consumer surveys have been conducted for new strategic product launches.
- We are honest and open in discussing the steps taken in the area of diversity, equity and inclusion improvement, and acknowledge the progress to be made.
- Our total position in Sustainable Brand Index TM ranking
 - In Finland 1st in the beauty industry, 27th for all companies.
 - In Sweden 6th in the beauty industry, 209th for all companies.



Responsible communication

At LUMENE Group, our communication is guided by strict cosmetic regulation and self-regulatory frameworks which protect consumers against misleading marketing and enable informed decision-making. Our internal claim clearance process ensures that our product claims are compliant with these requirements. Complying to minimum requirements is business as usual. We always make sure that promises made are relevant and not stating a general fact, but a truthful benefit of the product. Our statements and claims are carefully considered for honest and truthful communication, using clear and easy-to-understand language. In product marketing, we only mention ingredients that improve the performance or sustainability aspect of the product, and product claims are always supported by adequate and verifiable evidence. Depending on the effect claimed, efficacy studies are performed to prove the product efficacy. Efficacy testing is done in co-operation with external laboratories specialised in cosmetic efficacy testing. Consumer testing panels are also used to ensure positive consumer perception.

LUMENE's marketing communication is aligned with our brand values: sustainable innovation, authenticity and our primal relationship with Nordic nature that enables us to understand how to harness its wisdom. As consumers' understanding of sustainability grows, we want to consistently offer high-performing, Nordic beauty products for a better future. With open and honest marketing communication, our goal is to enable consumers to make informed choices.

CUTRIN stands for honest professional haircare and continues to strengthen its position as the true Nordic hair specialist with its upgraded brand proposition. CUTRIN's marketing communication is based on its core values: authenticity, honesty, transparency and reliability – attributes that are familiar from and true to Nordic design and characteristics. The communication aims to inspire both consumers and hairdressers and offers solutions for Nordic hair, scalp and styling needs. Our aim is to build sustainability aspect into all brand communications and position ourselves as the honest and reliable salon brand and partner.



CLEAR, TWO-WAY COMMUNICATION



TRANSPARENCY



CONTINUOUS INTERACTION



OUR LOVE FOR THE NORDIC REGION

LUMENE's brand purpose is to develop high-performing sustainable beauty products for a better future.

CUTRIN is specialised in professional haircare ranges tailored for Nordic hair needs, empowered by natural ingredients from the north.

CUSTOMERS AND LOCAL MARKET ACTIVITIES

Our customers are our partners who sell our products to consumers around the world. We share common ambitions to circular business models and objectives to become net zero companies. With close co-operation with our customers we can achieve great results in the area of circularity and carbon emission reduction.

We bring our sustainability strategy into concrete actions in all our country operations by setting clear targets and action plans together with our teams. As a manufacturer and brand-owner of consumer goods products we are a strong partner in the value chain. Working closely with our customers we can offer sustainable, socially responsible and economically viable beauty products. We need to be aware of and understand our customers' expectations regarding topics such as transparency, ethics and climate action. We work with our customers complying with ethical business conduct. We are in process of having an official Code of Conduct agreement with our major customers. Currently, one third of our global customers have Code of Conduct agreement in place covering also anti-corruption policies.

On a local market level, in Finland, we track our customers' satisfaction and levels of engagement every year. We also give them feedback regarding our partnership. One question is related to their sustainability

Minimising our environmental impact in the point of sales.





COLLABOURATIVE AND OPEN COMMUNICATION WITH OUR CUSTOMERS

- We track our customers' satisfaction and levels of engagement every 2-3 years in Finland.
- Our customer service representatives are regularly trained on products and relevant category information.
- We continue to be the preferred partner for key trade customers in Finland.

actions. LUMENE was again selected as the preferred partner for key trade customers in Finland within cosmetics and hygiene suppliers. We have trained teams that are able to have open and honest dialogue with our customers regarding market, brand, products and our sustainability actions that we very concretely take to our point of sales actions as well.

Sustainable materials and optimizing material usage in local markets

In the point of sales the sustainable solutions are concrete. We have cut the amount of printed materials as well as shifted to use only sustainable and FSC® certified cardboard material for all fibre-based marketing materials. New digital opportunities, e.g. permanent digital screens, help us to reduce production of non-permanent materials for point of sales.

During these past years we have also replaced some semipermanent on-shelf plastic materials such as info card holders and product highlighters with renewable and certified cardboard materials. We moved from plastic tester holders to wooden ones as well as from plastic semipermanent skincare displays to permanent wooden trays at the department stores. Our brand bags are either fully recyclable certified paper or produced from 100% recycled materials when made of fabric.

When it comes to media communication, sustainability is one of the key themes both in paid and earned media. Year by year we are aiming to reduce the amount of single use sachets in magazines. In Finland, in one of our main markets, during the past three years we have been able to cut the amount sachets by 34% and we are constantly exploring options to find more sustainable material for the sampling to be able to continue to utilise product sampling in the future as well.

In Scandinavia, the marketing strategy focuses fully on digital marketing. This has been the case for several years now. This means that we only focus on advertising in digital channels e.g. Instagram, Tiktok, Youtube etc. and we don't need to print any physical materials which leads to smaller material usage.



ABOUT THE REPORT

REPORTING PRINCIPLES

This LUMENE Group Sustainability Report 2022 has been prepared in accordance with Global Reporting Initiative (GRI) Standards, Core Option.

This LUMENE Group Sustainability Report 2022 has been prepared in accordance with Global Reporting Initiative (GRI) Standards, Core Option. The LUMENE Group refers in the report to LUMENE Holding Oy (ID 2377938-7) and its subsidiaries LUMENE Oy (2377940-8), CUTRIN Oy (2443709-8) and LUMENE Eastern Holdings Oy (1925219-5) in Finland, and North America LLC in the USA.

The report contains information on LUMENE Group's sustainability performance in the period of January 1 to December 31, 2022. Some indicators also include historical data. The previous Sustainability Report 2021 was published in June 2022 and we plan to publish corporate responsibility information annually.

Sustainability report and financial statements are published annually by calendar year. In 2022 we publish also LUMENE Group Governance 2022 which is linked to the Sustainability Report.

We have restructured the report for 2022 and there are few new elements in this report, and on other hand, some additional elements have been removed.

- In 2022, we did major updates following areas:
- GRI 102 General Disclosures
- GRI 301: Materials
- GRI 302: Energy 2016
- GRI 303 Water and Effluents 2018
- GRI 306: Waste 2020
- GRI 403 Occupational Health and Safety 2018
- The following standards are new compared to year 2021:

- GRI 401 Employment 2016
- GRI 405 Diversity and Equal Opportunity 2016

In 2021, we started calculating and monitoring the climate impact of our own operations and in the whole value chain. In 2022 we have included missing areas of emissions to our footprint and we consider having now accurate information for our emissions. We also recalculated the Scopes 1 and 2 for year 2021 since we have now more accurate data about the emission factors. The new values for 2021 for Scope 1 is 54 tCO₂e (reported previously 1 tCO₂e) and for Scope 2 it is 186 tCO₂e (reported previously 228 tCO₂e). This is the only restatement we have for the 2021 report.

Data collection and measurement

In this report, metric tonnes are used as the mass unit. The data for material usage is obtained from the SAP system and an additional R&D tool specific for cosmetics has been used for cosmetics formulations and ingredients. For packaging the material data is based on sold products and for ingredients the data is based on manufactured units.

The employee-related data is derived from the statistics collected by human resources. The data presented covers our permanent and temporary employees and is expressed as total number of active employees at year end. Health and safety as well as environmental data (incl. waste, GHG emissions, energy use and water consumption) are reported for our factory and warehouses. The environmental efficiency indicators for energy, greenhouse gas (GHG) emissions and water consumption are based on manufactured units.

Financial information originates from the financial reporting processes.

Data on climate impact calculations

For greenhouse gas emissions, the data collection, management and handling, as well as the calculations and methodology (Scopes 1, 2 and 3) we follow the Greenhouse Gas Protocol, and the GHG emission data is calculated with an external partner. Emissions are calculated by multiplying the consumption or active data value with an emission factor. The emission factors were chosen from databases like Ecoinvent, Ademe, Defra and through our service provider's library in which the factors are modelled based on scientific studies or international governing bodies.

Scope 1 – Direct emissions: Direct greenhouse emissions that occur from sources that are controlled or owned by the organisation (e.g., emissions associated with fuel combustion in boilers, furnaces, vehicles). We do not use any gas and the company does not own any vehicles of our own. We did not have any refrigerant leaks. The oil we use is from a renewable source and the emission calculation is based on emission factor from our energy provider's certificate.

Scope 2 – Indirect emissions: Indirect emissions comprise those from a secondary source, such as the electricity and heat energy, but are linked to our own operations. The emission factor for our hydro power is the electricity combustion in Finland. For heat energy we have used our energy provider's certificate.

Scope 3 – Value chain emissions:

Category 1 – Purchased goods and services: These emissions correspond to the purchased cosmetics ingredients and packaging materials and services for marketing, insurance, maintenance etc. For the raw materials the emissions are calculated as sum of quantities of goods purchased (t) multiplied with the emission factor of the substance (tCO₂e/t). For services we are still using mostly spend-based method where we use average emissions per monetary value of goods.

Category 2 – Capital goods: This category covers emissions for machinery & equipment including our investments to our production and IT supply. We use average spend-based method for production machinery and physical factors for IT machinery.

Category 3 – Fuel and energy-related activities (not included in Scopes 1 or 2): These are emissions which relate to transmission and distribution losses from the energy supply. These are not included in our Scope 1 emissions, therefore are included in Scope 3. These location-based emissions for our electricity, oil and heat usage are calculated according to the electricity combustion in Finland and factors provided by energy providers.

Category 4 – Upstream transportation and distribution: These are the emissions related to our inbound logistics. Emission factors are based on distance, weights of goods transported and transportation method. The sources for emission factors are the databases but also service providers' specific factors based on scientific studies.

Category 5 – Waste generated in operations: Waste generated in our

factory and headquarters. The data categorised by the processing being recycled, incinerated, composted, construction waste, hazardous waste.

Category 6 – Business travel: Emissions corresponding to business travel of our employees. Flights and travelling with car are based on the kilometres travelled and other categories (taxis, trains, hotel nights) are based on spend. Data is collected from business travel management system.

Category 7 – Employee commuting: These emissions cover the employee commuting from and to our offices and factory. These emissions are calculated through a survey that our employees answer.

Category 8 – Upstream leased assets: These emissions are related to our factory and headquarter rent and to sales offices we have in different markets. The emissions are calculated in a spend-based method. Additionally, we have included leased coffee machines and printers in the headquarters.

Category 9 – Downstream transport and distribution: Outbound logistics emissions related to transporting goods to our customers. Emission factors are based on distance, weights of goods transported and transportation method.

Category 10 – Processing of sold products: Not applicable for our products.

Category 11 – Use of products: The use phase is not covered in our emission calculation. This could be energy related to use of washing products like shampoos and facial cleansing products.

Category 12 – End-of-life treatment of sold products: For this category we have calculated the end-of-life treatment of our product packaging. The calculation is done based on market shares and considering different end-of-life methods depending on the materials: recycling, incineration, landfill. Since we aim using cosmetics ingredients which are naturally derived, we are not considering the end-of-life of the formulations. Since the packaging end-of-life emissions are only a small amount of our emissions we assume that the emissions for the end-of-life for cosmetics ingredients are minor.

Category 13 – Downstream leased assets: Not applicable for our business model.

Category 14 – Franchises: Not applicable for our business model.

Category 15 – Investments: Not applicable for our business model.

We have biogenic emissions related to renewable oil usage. This has been kept separate since, the emissions do not constitute a major share of the total emissions.

Reporting boundaries

LUMENE Group has both direct and indirect impacts on the material topics identified. Our materiality analysis was updated for 2022 reporting. The material topics and reporting boundaries are visible in the adjacent table.

Assurance

The information in this report has not been assured externally. The data has been collected according to LUMENE Group quality policy. We have ISO 9001 Quality Management System which is annually audited by an external party (DNV). The sustainability report and its data is approved and signed by the LUMENE Management Committee. Additionally, the report and its data is approved by the LUMENE Group Board of Directors.

Theme	Material topic	GRI Standard	Boundaries	Policies and principles
NORDIC LEADER IN CIRCULAR BEAUTY	Sustainable and innovative formulations	GRI 301: Materials	LUMENE Group	Formulation strategy, IPR-strategy, Quality policy, Environmental policy, Supplier Code of Conduct
	Sustainable and innovative packaging	GRI 301: Materials	LUMENE Group	Packaging strategy, Quality policy, Environmental policy
	Product safety	416: Customer Health and Safety 2016	Consumers	EU Cosmetics Regulation, ISO 22716 cGMP, PMS, ISO 9001, ISO 14001
CLIMATE ACTION, CO2 EMISSIONS & BIODIVERSITY	Climate and emissions	302: Energy 2016 305: Emissions 2016	LUMENE Group	Environmental policy, circular economy roadmap
	Efficient waste management and recycling	306: Waste 2020	LUMENE Group factory and headquarters	Act on waste processing, Environmental policy, waste handling instructions, recycling policy and training
	Good water resources management	303: Water and Effluents 2018	LUMENE Group factory and headquarters	Environmental policy, WaterSmart program, validated washing instructions, industrial waste water agreement
SOCIAL RESPONSIBILITY	Sustainable sourcing	204: Procurement Practices 2016 408: Child Labour 2016	Suppliers	Supplier strategy, sourcing policy, Code of Conduct, Formulation strategy Packaging strategy
	Health and safety	403: Occupational Health and Safety 2018	LUMENE Group	OHS strategy, OHS action plan
	Diversity, equity and inclusion (DE&I)	405: Diversity and Equal Opportunity 2016	LUMENE Group	Personnel strategy, equality and non-discrimination plan
	Investing in work community	404: Training and education 2016	LUMENE Group	Personnel strategy, equality and non-discrimination plan
	Transparent dialogue with our consumers	417: Marketing and Labeling 2016	Consumers	Strategy, communication principles, circular economy roadmap, annual calendar for campaigns and launches
	Collaborative and open communication with our customers	205: Anti-corruption 2016	Customers	Strategy, Code of Conduct, communication principles, annual calendar for campaigns and launches
CORPORATE GOVERNANCE, BUSINESS ETHICS	Good corporate citizenship	General disclosures	LUMENE Group	Corporate Governance, Code of Conduct, Supplier Code of Conduct
	Boosting stakeholder value	201: Economic Performance 2016	LUMENE Group	Strategy, 3-year business plan, budget, forecast

DATA IN TABLES

LUMENE'S TAX FOOTPRINT

	2018	2019	2020	2021	2022
TAXES BORNE					
Corporate income taxes	110	221	195	371	340
Property taxes	98	70	0	0	0
Employment taxes	3.268	3.042	2.544	3193	3637
Total	3.476	3.333	2.739	3565	3977
TAXES COLLECTED					
VAT	5.120	5.171	5.080	4874	4291
Payroll taxes	4.796	4.265	3.981	5116	4587
Withholding tax	16	32	24	24	129
Total	9.932	9.468	9.085	10.014	12.984

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

	2018	2019	2020	2021	2022
ECONOMIC VALUE GENERATED (EUR)					
Revenues	70.217.018	74.670.187	68.137.758	74.395.473	78.987.208
ECONOMIC VALUE DISTRIBUTED (EUR)					
Operating costs	50.424.468	51.760.640	47.474.111	49.688.548	44.719.458
Employee wages and benefits	18.632.589	17.116.867	16.023.853	18.641.228	17.835.899
Payments to providers of capital	3.537.414	3.337.637	3.329.422	3.371.979	469.867
Payments to government	113.311	221.935	195.514	371.356	339.629
ECONOMIC VALUE RETAINED (EUR)	-2.490.763	2.233.108	1.116.858	2.322.362	2.880.896

WASTE BY FRACTIONS (TN)

	BURNABLE WASTE	PAPER	CARDBOARD	WOOD	GLASS	ORGANIC FOOD WASTE	CONFIDENTIAL MATERIALS	PLASTIC	METAL	WEEE	DISPOSALS (RECYCLED)	HAZARDOUS WASTE (BURNABLE)	TOTAL
2018	72	11	55	21	1	8	1	4	6	1	95	34	309
2019	101	12	69	42	1	8	12	19	75	2,5	105	25	472
2020	75	8	47	29	5	10	3	5	406	2,5	60	10	660
2021	55	10	62	39	8	15	1	8	5	0,7	32	9	245
2022	54	8	62	32	4	24	1	6	5	0,8	82	13	292

WASTE GENERATED

	TONNES	RECYCLED (%)	OBTAINED AS ENERGY (%)	HAZARDOUS (obtained as energy) (%)
2018	310	66	23	11
2019	472	73	22	5
2020	660	87	11	2
2021	245	74	22	4
2022	292	77	19	4

WATER USE DISTRIBUTION

	m³ SPRING WATER / M PCS PRODUCED	m³ TAP WATER, THIRD PARTY FRESH WATER / M PCS PRODUCED	m³ RO-WATER, PRODUCED WATER / M PCS PRODUCED
2018	4	1703	64
2019	4	1593	55
2020	4	1865	55
2021	5	1669	56
2022	4	1998	49

ENERGY CONSUMPTION

	2018	2019	2020	2021	2022	CHANGE 2018-2022 (%)	RENEWABLE SOURCE (%)
Electricity, MWh	4.000	3.900	2.800	2.500	2.500	-37	100 (hydro)
District heating, MWh	5.200	4.700	2.500	2.700	2.800	-46	100 (biofuel, waste heat)
Light fuel oil, MWh	950	750	870	790	900	-5	92 (waste and residues)
Total, MWh	10.200	9.400	6.200	6.000	6.200	-39	99
Total, GJ	36.500	34.700	22.200	21.600	22.300	-39	99

TOTAL WATER USE

	m³	m³ PER MILLION PRODUCTS
2018	21.000	1.700
2019	23.000	1.600
2020	23.000	1.900
2021	23.000	1.700
2022	30.000	2.000

SOLID IN WASTE WATER

	mg/l
2018	270
2019	160
2020	120
2021	125
2022	141

GHG EMISSIONS BY SCOPE (tCO₂e)

	2018	2019	2020	2021	2022	CHANGE 2018-2022	CHANGE 2021-2022
Scope 1	232	203	206	53,68	24,88	-89 %	-54 %
Scope 2	1569	1418	202	185,94	185,79	-88%	-01,9%
Total, own operations (Scope 1- 2)	1801	1621	408	239,62	210,67	-88%	-12%
GHG intensity, tCO ₂ e/manufactured product (Scope 1 and 2)	0,000129	0,000134	0,000028	0,000020	0,000015	-88%	-23%
Scope 3	-	-	-	9813	9998,73	-	2%
GHG intensity, tCO ₂ e/manufactured product (Scope 3)	-	-	-	0,0008	0,0007	-	-11%
LUMENE Group, total (Scope 1, 2 and 3)	-	-	-	1005,62	10209,4	-	2%
GHG intensity, tCO ₂ e/manufactured product (Scope 1, 2 and 3)	-	-	-	0,0008	0,0007	-	-11%

Data for 2018-2020 available only for Scope 1 and 2. 2021 data adjusted based on more detailed information about emission factors.

	2018	2019	2020	2021	2022
Biogenic emissions (tCO ₂ e)	-	-	-	147,84	195,05

GHG EMISSIONS SCOPE 3 (tCO₂e)

	2021	2022	CHANGE 2021-2022
Purchased goods and services	5589,50	7481,24	34%
Capital goods	941,57	141,78	-85%
Fuel and energy related activities	70,46	76,87	9%
Upstream transportation and distribution	272,35	140,41	-48%
Waste generated in operations	130,69	154,81	18%
Business travel	832,28	344,05	-59%
Employee commuting	349,19	338,60	-3%
Upstream leased assets	826,82	326,93	-60%
Downstream transportation and distribution	427,47	822,64	92%
Processing sold products	0,00	0,00	-
Use of sold products	not relevant	not relevant	not relevant
End-of-life treatment of sold products	222,00	171,40	not relevant
Downstream leased assets	150,67	0,00	-100%
Franchises	not relevant	not relevant	not relevant
Investments	not relevant	not relevant	not relevant
LUMENE Group, total Scope 3	9813,00	9998,73	2%

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Location

Location

Omission

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LUMENE
BEAUTY BORN OF ARCTIC LIGHT

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CUTRIN
NORDIC EXPRESSIONS