



LUMENE GROUP

GOVERNANCE 2023



Inspired by Nordic People -
Created with Finnish Nature -
Born of Arctic Light

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LUMENE GROUP TODAY

INTERNATIONAL EXPANSION OF THE NORDIC BEAUTY COMPANY

The Finland-headquartered Lumene Group is a leading Nordic expert in holistic beauty. The Group consists of three brands: LUMENE, specialising in skincare, face makeup, and colour cosmetics, CUTRIN, the expert even for the finest hair and scalp health, and Promise, professional haircare sold only in hair salons. In the end of 2023, Lumene Group acquired the Swedish beauty brand IDA WARG Beauty. The transaction was signed in December 2023, and was completed in January 2024.

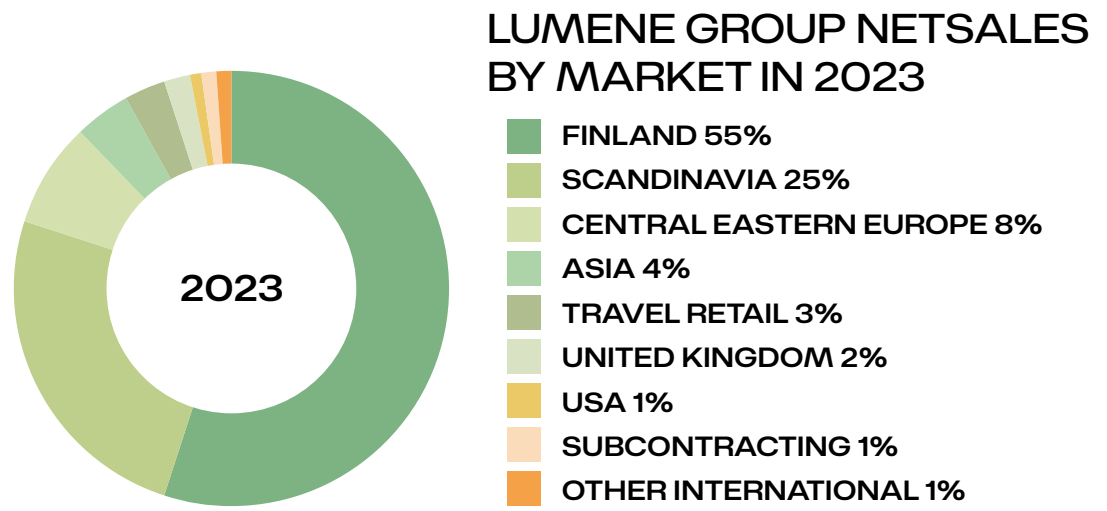
The Lumene Group employs over 330 experts internationally, in the fields of e.g. R&D, marketing, production, sales, and financial management. The Group's headquarters, laboratory, and factory are all located under the same roof in Espoo, Finland. The majority of the Group's products are also manufactured in Espoo.

Centralised operations are particularly beneficial when studying and testing new, more sustainable packaging materials and taking new sidestream-based raw materials into use.

Since September 2021, the majority owner of the Lumene Group has been the Scandinavian-based private equity company, Verdane – a growth partner to ambitious companies that thrive in a sustainable world. The Lumene Group comprises the partner Company, Lumene Holding Oy, and its subsidiaries. The statutory governing bodies of the Lumene Group are the General Meeting of Shareholders, the Board of Directors, the Managing Director (CEO), and the Auditor.

Lumene Group consists of two main business divisions: LUMENE (skincare and colour cosmetics) and CUTRIN (haircare and hair cosmetics). The Company's domicile is in Espoo, Finland, where product development, production and HQ are also located.

This is the separate Corporate Governance Statement which is a part of the Company's annual stakeholder reporting. The Company's stakeholder reporting consists of annual, sustainability, governance and financial reports. The statement is reviewed by the Lumene Group's Board of Directors. This report is publicly available on the Group's website, www.lumenegroup.com alongside the other required statements.



GENERAL MEETING OF SHAREHOLDERS

The General Meeting of Shareholders is the highest decision-making body of the Company. It provides the opportunity for shareholders to participate in the supervision and control of the company. The shareholders must meet at least once annually at a General Meeting convened by the Board of Directors. At such a General Meeting, matters and actions required by the Finnish Companies Act and the Company's Articles of Association, and any other matters submitted to the General Meeting, are to be raised and considered. During the Annual Meeting, shareholders can vote on current issues, such as appointments to the Company's Board of Directors. The Board of Directors nominates the Board Committees. The Company's business requirements, development and strategy are taken into account in the nomination of the Board. The composition of the Board must support the Company's strategy and business operations as well as stakeholder interests.

Our VISION is to be the number one beauty company from the Nordics, recognised as a leader in circular beauty among a wide international consumer group.

Our MISSION is to develop high-performing sustainable beauty products for a better future.

THE BOARD OF DIRECTORS

The Board of Directors of the Company and the CEO have the overall responsibility for the management of the Company's business: The Board of Directors oversees the Company's operations and approves the strategic goals and principles of risk management. The Chairman of the Board is not, nor is any other Board member, a senior executive in the organisation.

The role of the Board of Directors of the Company is to guide the Company with the aim of maximising shareholder value while also taking into account the interests of all stakeholders. The Board of Directors supervises the management of the Company and presents its opinion on the financial statements and on the auditor's reports to the General Meeting.

Additionally, the Board of Directors approves Lumene Group's purpose, values and mission statements, and the processes and policies related to good corporate governance. The Board is also responsible for aligning the Group's sustainability strategy and goals related to sustainable development. Lumene Group's sustainability report is published on the Company website (www.lumenegroup.com).

The Board of Directors must consist of no more than seven (7) members. The General Meeting elects the directors. The Directors must be elected for an ongoing basis. A diverse board is desired in order to include a rich mix of experience, tasks, positions, genders, cultures and nationalities. Diversity is seen as essential to supporting the Company in achieving its strategic goals and for the Board to fulfil its fiduciary responsibilities.

BOARD MEETINGS/ MAIN DUTIES OF THE BOARD

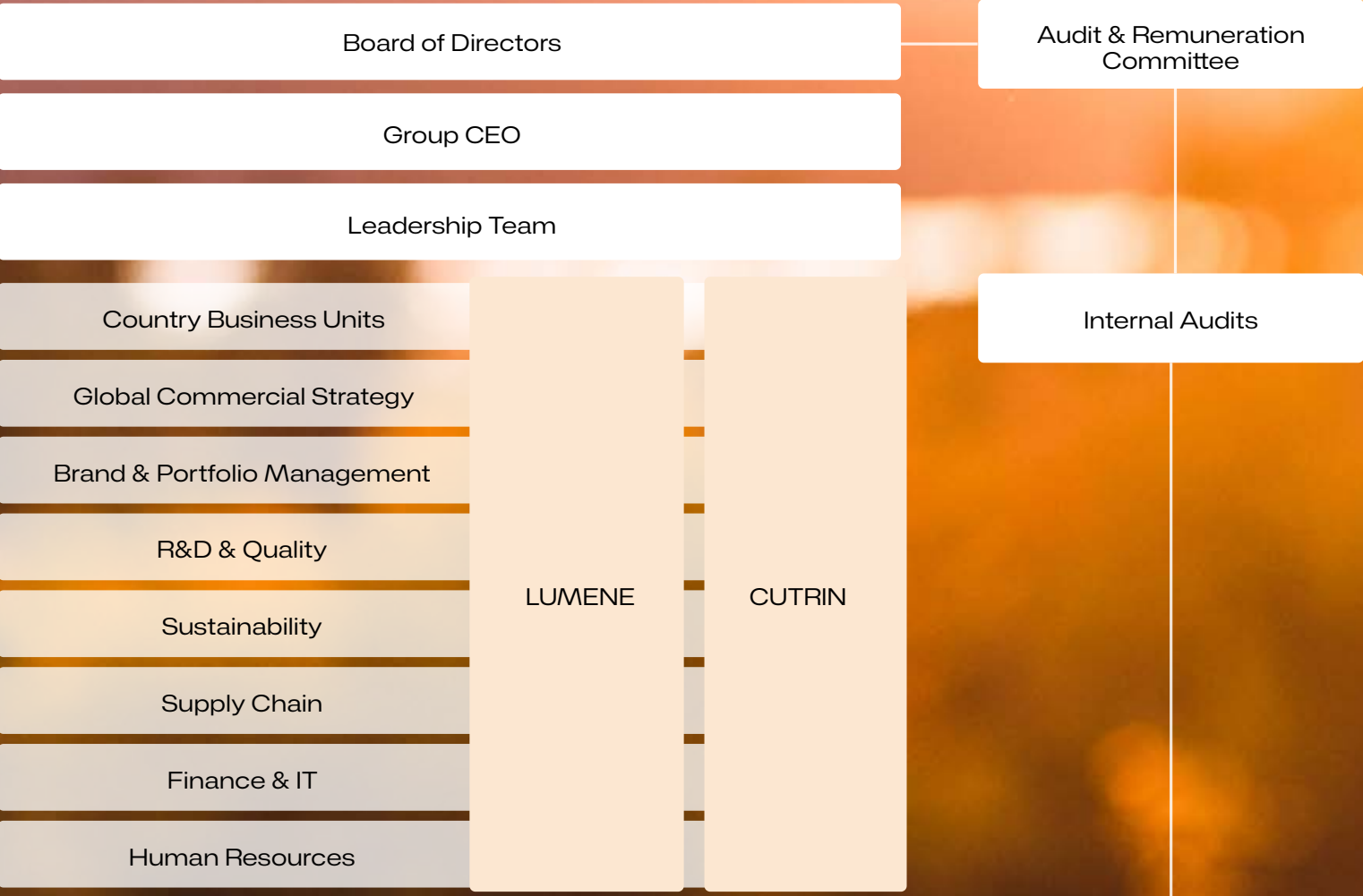
The Board of Directors will hold board meetings at least five times in every calendar year, or as often as the Chairman considers necessary. Prior notice needs to be given no less than ten business days prior to meetings, to all the relevant Directors (unless they agree otherwise). The Directors will be supplied with the agenda and all other relevant papers not less than two business days prior to the date set for any such meeting.

In accordance with the Finnish Companies Act (624/2006), a meeting of the Board of Directors of the Company is quorate if more than half of the Board members participate in the meeting. Disqualified Board members will not be counted for these purposes.

The Chairman can convene a meeting of the Board of Directors of the Company. A Board member and the Managing Director can also convene a meeting of the Board of Directors provided that at least half of the Board members approve.

The Board of Directors convened seven times during 2023. Besides the regular Annual Meeting topics during the financial year, key priorities in 2023 included: Group long-term growth strategy, business planning including the setting of long-term financial targets, corporate governance and risk assessment policies and processes in the Group as well as re-structuring the Group's management.

Governing bodies



Board of Directors



Andreas ROSENLEW

Born 1962
MSc in Economics.
Board professional and advisor.
Independent member of the Board.
Citizenship: Swedish & Finnish.
Chairman of the Board since 2021.



Johan BERG

Born 1961
MSc in Economics
Independent member of the Board.
Citizenship: Finnish.
Member of the Board since 2023.



Tiina ISOHANNI

Born 1958
Licenciate of Philosophy (Chemistry)
Independent member of the Board.
Citizenship: Finnish.
Member of the Board since 2023.



Cecilia NYTORP

Born 1986
MSc in Industrial Engineering and Management
Dependent member of the Board, representing the controlling owner.
Citizenship: Swedish.
Member of the Board since 2023.



Anni TUULOS

Born 1985
MSc in Industrial Engineering and Management.
Investment professional.
Dependent member of the Board, representing the controlling owner.
Citizenship: Finnish.
Member of the Board since 2023.



Morwenna WHITE

Born 1969
MA in French Literary Theory.
Executive and Board professional.
Independent member of the Board.
Citizenship: British.
Member of the Board since 2021.



Albert WIEGMAN

Born 1952
Fellow of the Chartered Institute of Bankers.
Board professional and advisor.
Independent member of the Board.
Citizenship: British.
Chairman of the Board from 2015-2021.
Member of the Board since 2021.

BOARD COMMITTEES

The Board currently has two committees: The Audit Committee and the Remuneration Committee. The committee members are nominated by the Board and have no decision-making power in the Company. The committees’ duties are to assist, advise and recommend actions to the Board related to their own respective areas.

Audit Committee

The Audit Committee consists of three Board members. The Company CFO also participates in the meetings of this committee. The committee gathers at least four (4) times a year before each Board meeting - and additional meetings are held if needed. The main duties of the committee are to aid the Main Board in fulfilling its legal and fiduciary obligations with respect to matters involving the accounting, auditing, financial reporting and internal control functions and risk management procedures of the Group.

The Audit Committee is responsible for ensuring that the Company operates in an ethical environment and complies with laws and regulations. Charged with oversight of financial reporting, risk management and internal controls, the Audit Committee is also responsible for assessing the public accounting firm that serves as the external auditor for the Lumene Group. Audit Committee makes the recommendation of the auditor for the Board of Directors, which again makes the recommendation for the Annual General Meeting. The Audit Committee also oversees the Company’s whistleblowing practice.

Remuneration Committee

The Remuneration Committee consists of three Board members. The HR Director participates in their meetings on request. The committee gathers at least twice a year and additional meetings are held if needed. The main duties of the Remuneration Committee are to prepare and oversee the Company’s remuneration principles and practices. The compensation and other financial benefits of the Group CEO and other senior-level executives are also the responsibility of the Remuneration Committee.

Audit Committee on December 31, 2023 included:

Albert Wiegman (Chairman) | Andreas Rosenlew | Anni Tuulos | Tiina Isohanni

Remuneration Committee on December 31, 2023 included:

Albert Wiegman (Chairman) | Andreas Rosenlew | Anni Tuulos

REMUNERATION POLICIES

Remuneration policies for senior executives are always outlined in the Lumene Group Remuneration Committee. Executive remuneration consists of a fixed salary and both short-term (STI) and long-term (LTI) incentive programmes. STI takes into account both the Company’s financial performance and the individual performance of the Executive. The STI incentives are individual targets, which are always based on the Company’s strategy and are set annually. Individual performance is measured against these and it is subject to approval by the Board of Directors.

BOARD EVALUATION

The Board of Directors’ performance is evaluated yearly. The evaluation is conducted via a Verdane Board Capability Survey to which each Board member and the CEO answers individually. The evaluation gives an overview regarding the functionality and performance of the Board of Directors and provides a reference related to the nominations and elections at the Annual General Meeting.

CEO

The CEO holds responsibility for the day-to-day business of the Company and for the direction of the Group’s Leadership Team. The Leadership Team creates, plans and implements the strategic direction of the Group, secures that the Company reaches its ambitious sustainability targets and respects good corporate governance.

The Group CEO is Adrian Innergård, M.Sc. (Econ.). He joined the Group as CEO in May 2023.

The Board of Directors appointed the CEO and also set the terms and conditions for the CEO's service contract.

LUMENE LEADERSHIP TEAM

The Lumene Leadership Team (LLT) is responsible for leading the respective functions within the Group and for setting the cross functional corporate yearly agenda, the people agenda as well as the transformative agenda for the company. Their goal is to maximise the Group's performance including the achievement of business targets. The LLT meets regularly, at least once a month.

Lumene Leadership Team on December 31, 2023 included:
CEO, Adrian Innergård
VP R&D & Sustainability, Alain Mavon
CFO, Marika Nieminen
HR Director, Kirsi Utti
Supply Chain Director, Anna Huhtala
CMO, Maria Holmlund
CCO, Johan Melin
Managing Director of Cutrin, Samu Hirvas

During the fiscal year of 2023, Maria Holmlund, Johan Melin and Anna Huhtala joined the LLT as new members.

Each member of the Leadership Team is responsible for their respective functions covering a broad set of KPIs and targets aligned with the long range plan of the company for the coming 5 years.

LUMENE Leadership team



**Adrian
INNERGÅRD**

Group CEO
Member of the Leadership Team since 2023.
Born 1980.
M.Sc. Finance & Accounting.
Overall business responsibility for the Group's operations.



**Samu
HIRVAS**

Managing Director Cutrin
Member of the Leadership Team since 2019.
Born 1975.
M.Sc. In Economics.
Responsible for the Cutrin Business Unit.



**Maria
HOLMLUND**

VP, LUMENE Marketing & NPD
Member of the Leadership Team since 2023.
Born 1978.
M.Sc. Economics and Business.
Responsible for Brand and Portfolio Management.



**Anna
HUHTALA**

Supply Chain Director
Member of the Leadership Team since 2023.
Born 1985.
B.Sc. Business Administration.
Responsible for the Supply Chain.



**Alain
MAVON**

VP R&D & Sustainability
Member of the Leadership Team since 2022.
Born 1968.
B.Sc. Biochemistry.
M.Sc. Physico-Chemistry. Ph.D. Skin Science.
Responsible for R&D, quality and sustainability.



**Johan
MELIN**

VP, LUMENE International & CCO
Member of the Leadership Team since 2023.
Born 1982.
M. Sc. Industrial Economics
Responsible for the new international markets.



**Marika
NIEMINEN**

Chief Financial Officer
Member of the Leadership Team since 2021.
Born 1983.
B.Sc in Economics.
Responsible for Finance and IT.



**Kirsi
UTTI**

HR Director
Member of the Leadership Team since 2021.
Born 1979.
M.Sc. Business Administration.
Responsible for Human Resources.

FINANCIAL REPORTING

To ensure reliable financial reporting and compliance with laws and regulations as well as the Company's internal policies, Lumene Group operates in accordance with its internal control and risk management policies.

The Lumene Group complies with its financial reporting in accordance with the Finnish Accounting Act. The Group's accounting principles, controls and policies are in place to ensure that our reporting is reliable and complies with the laws and regulations, and in accordance with the Group's principles.

The Group's financial reporting is audited and supervised at two levels: entity as well as at Group level. The Audit Committee is responsible for overseeing the financial reporting process.

RISK MANAGEMENT

The Lumene Group's risk management is guided by the risk management policy approved by the Board of Directors, which defines the Company's risk management principles, objectives and responsibilities as well as the organisation and monitoring of the risk management process.

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 Group's sustainability targets, high customer loyalty and talent retention, profitability and the continuity of business and shareholder 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.

Lumene Group's strategic targets and action plans are used as a basis for risk identification. Risk analysis is conducted as a self-

assessment by the organisation. In assessing the impacts of a risk, its probability and impact on Group and its operations are considered. Separate risk analyses concerning significant projects may be conducted in accordance with Group's guidelines.

The responsibility for implementing risk management is within the Lumene Group Leadership Team. In addition, each employee must be aware of and manage the risks in their own operating environment. The Lumene Group's Risk Management Officer is responsible for coordinating the risk management process. The Risk Management Officer supports the identification, evaluation, and management of risks that may threaten the achievement of the Group's business targets. The Group's Audit Committee guides risk management and assesses the effectiveness of the Group's risk management in a way that supports the achievements of the Company's strategy. The Leadership Team reports to the Audit Committee and the Board of Directors on risks and risk management measures yearly.

INTERNAL CONTROL

The Lumene Group's internal control policy, practices and processes are based on the Committee of Sponsoring Organisations of the Treadway Commission's internal control framework (COSO Internal Control, 2013).

The internal control system ensures Lumene Group's operating capacities and efficiencies, risk identification and development of appropriate responses to risks. In addition, the internal controls aim to improve the reliability of financial reporting and the compliance of operations, taking into account applicable regulations, legislation and Group's guidelines and policies.

Lumene Group does not have an internal audit organisation but all processes will be audited internally every 36 months by persons selected case by case for this purpose. The responsibilities for internal control fall mainly on the Board of Directors, CEO and LLT and Head of Functions accordingly:

- Board of Directors:**
- Approving internal control policy
 - Overseeing the effectiveness of the internal control framework
 - Approving the principles of risk management and strategic goals

- CEO and LLT:**
- Building and implementing the internal control framework throughout Lumene Group

- Heads of functions:**
- Overseeing the internal control framework in their respective areas of responsibility

EXTERNAL AUDIT

In accordance with the Articles of Association, the General Meeting appoints the auditor of the Company. The Company shall either have one primary auditor and one substitute auditor or one auditor, provided that they are approved by the Chamber of Commerce.

The auditor is expected to be present at Board meetings when issues related to the audit are being discussed. Auditors report at least once a year on their findings.

The General Meeting elected the Authorized Public Accountant firm KPMG Oy Ab as the Company's Auditor. Authorized Public Accountant, Esa Kailiala acts as the signing audit partner.

EXTERNAL ASSURANCIES

In addition to the legal audit requirements our highest priority is to maintain and constantly ensure that the high quality of our products is not compromised. The Lumene Group has been complying with international ISO standards for decades.

The following standards are currently complied with in our Group:

ISO 9001 (Quality management system), since 1996, ISO 14001 (Environmental management), since 1998, ISO 22716 (Good Manufacturing Practices, GMP, for cosmetics) since 2020, SMETA since 2021.

An independent third party, KPMG Oy Ab, has provided limited assurance for Lumene Group's sustainability report for the GRI Topic-specific Disclosures on economic, social and environmental responsibility.

CODE OF CONDUCT

The Lumene Group is committed to conducting its activities in accordance with all applicable laws, regulations, best practices and principles set out in international conventions in particular with regard to ethics and business integrity, labour and social responsibility, and protection of the environment. Therefore, the Lumene Group expects its Partners to act accordingly and be committed to the Partner Code of Conduct and the principles set out in the United Nation's Global Compact and in relevant international conventions such as the United Nations Declaration of Human Rights and the Conventions of International Labour Organisation, as well and to ensure that their own partners also do the same when conducting business with the Lumene Group.

The Lumene Group selects its Partners carefully and engages in collaborative and open communication with them. The Lumene Group also expects Partners to comply with the sustainable operating principles relating to ethical, social, and environmental aspects set out in the Partner Code of Conduct, thereby ensuring responsible procurement, and enabling the Lumene Group to work towards achieving its sustainability objectives.

In 2023, Lumene Group received three reports through the whistleblowing channel. Two of these cases were ordinary consumer feedback regarding our products, while one case was processed following the whistleblowing procedure. All reported cases are presented quarterly to Lumene Group's Audit Committee and the Board of Directors by the Group's CFO.

From our direct procurement suppliers, 100% have committed to the requirements set in our Partner Code of Conduct. For our indirect procurement spend we are in process of requiring all partners to fulfil the Partner Code of Conduct. Currently 45% of our large-scale indirect partners have signed our Code of Conduct and 3% have provided their well-aligned CoC for us to sign. The process will continue in 2024.

Compliance with the requirements is monitored by self-audits. Self-audits are required from 100% of our direct suppliers. 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.

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

OUR 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 relationships 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 are committed to fair competition and avoid conflicts of interest.

We do not give or receive bribes or other improper advantages.

The Lumene Group is committed to conducting its activities in accordance with all applicable laws, regulations, best practices and principles set out in international conventions in particular with regard to ethics and business integrity, labour and social responsibility, and protection of the environment. For us at LUMENE, good corporate governance is not only about following the requirements set by laws but also about being accountable, transparent, fair and responsible in our daily operations.

VALUES

The values that guide our governance and behaviour.

Integrity

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

Sustainability

We care about tomorrow as much as today.

Empowerment

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

Inspiration

We encourage creativity, passion and innovation to deliver beauty that feels natural to our consumers.

CONFLICTS OF INTEREST

No Lumene Group employee or any person directly or indirectly linked to the Company by control is allowed to:


- Make a financial gain, or avoid a financial loss, at the expense of the Company.
- Have an interest in the outcome of a service/transaction provided to/from a customer, which is distinct from the customer’s interest in that outcome.
- Have a financial or other interest to favour the interest of a customer or group of customers over the interest of another stakeholder.
- To carry on the same business as the customer.
- Receive from a person/company other than the employing Company an inducement in relation to a service provided to the customer, in the form of monetary or non-monetary benefits or services.

SUMMARY

Lumene Group’s Board of Directors is ultimately responsible for overseeing the Company’s operations and approving the strategic goals and principles of risk management.

The Board currently has two committees: the Audit and Remuneration Committees. Both committees are composed of individuals who serve on an organisation’s Board. The Audit Committee is responsible for ensuring an organisation operates in an ethical environment and complies with laws and regulations. Charged with oversight of financial reporting, risk management and internal controls, Audit committee is also responsible for suggesting the public accounting firms that serve as organisations’ external auditors. The Remuneration Committee is responsible for preparing and overseeing the Company’s remuneration principles and practices.

The CEO’s primary responsibilities include guiding the Leadership Team in its work to create, plan and implement the strategic direction of the Group, in accordance with the strategy and objectives set by the Board of Directors – ensuring that we reach our sustainability targets and respect good corporate governance. The Lumene Group Leadership Team is responsible for the management of the operational business and efficient implementation of the strategies to maximise the Group’s performance including the achievement of business targets.



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