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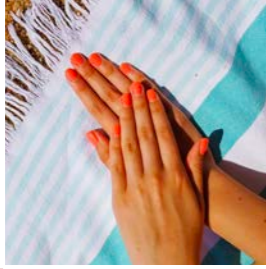
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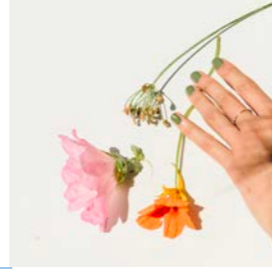
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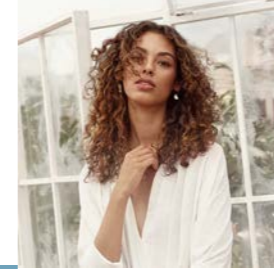
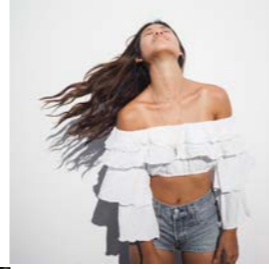
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# WELLA COMPANY ESG MANIFESTO

November 2022

A MESSAGE FROM

# Annie Young-Scrivner

Chief Executive Officer, Wella Company

As a conscientious, purpose-driven company, we are committed to affecting positive change through our business actions. Since we became a stand-alone company in December 2020, we embarked on our sustainability and social impact journey to embed ESG into our ethos. In our first two years, we have followed science-based methods and practices, benchmarked and measured our baselines and developed actionable plans and targets.

This ESG Manifesto is the first formal publication of our commitment to sustainability and environmental, social and governance (ESG). We have validated our ESG goals aligned with our stakeholders' expectations of us as a global beauty leader. As a participant of the United Nations Global Compact, we proudly support science-based, quantified commitments and goals prioritized as our People, Planet and Product pillars. These goals include: Reducing our carbon impact on the environment; reducing water usage in our operations; innovating our products for both clean and green formulation; reducing waste in our packaging and materials; and importantly, embedding diversity, equity and inclusion (DEI) at the core of our business, our culture, and in the communities where we operate.

Every day, we support a legion of professional hair and nail salon artists and owners, connect with more than 91 million customers and consumer beauty lovers, social influencers, ambassadors and employees, across the globe. These people are our Wella Family and together we impact positive change.

We believe that when we better the local communities where we operate, we help create a healthier and more equitable society. When our local professional communities and the people we serve thrive, we thrive.

While still a young, ambitious organization, our commitment to People, Planet and Products is a building block of our strategic growth agenda. We lean into the complexity of these issues, approaching them with the same rigor that we put into creating our products.

Pairing our portfolio of iconic brands with the passion and expertise of our people, we believe we have the foundation for something special and impactful for our world.

Regards,  
Annie Young-Scrivner

*Annie*



# Our Environmental, Social and Governance (ESG) Strategy

Since the inception of Wella Company in December 2020, we created a sustainability function and began our environmental and social journey.

We conducted a comprehensive materiality assessment, involving significant internal and external stakeholders. This process helped us to identify and understand the most important environmental and social issues for our business and our clients, customers and broader society. This rigorous work led directly to the creation of our environmental, social and governance (ESG) strategy, which we are now operationalizing across our business. Our stakeholder engagement, however continues: We continually seek and welcome feedback on how we can improve.

Our ESG framework is made up of three pillars: People, Planet, Products. We will track and report our progress against these three pillars every year to ensure we continue to deliver tangible and measurable impact.



## People

Our People pillar comprises doing business in an ethical, fair and inclusive way for our employees and our partners across our value chain.



## Planet

The Planet pillar focuses on our environmental impact, particularly our own carbon footprint. This includes supporting our community of salons and consumers to reduce their environmental impact.



## Products

The Product pillar drives us to improve our product offerings, from formulation to packaging to inclusive marketing.



01

PEOPLE

# People : Our Employees

We are on a journey to create a company that is diverse, equitable and inclusive; where everyone can be their true selves.

We do this by embracing diversity, equity and inclusion principles among the nearly 6,500 employees across the 30 countries in which we operate. We want everyone in our Wella Company family to feel represented and empowered.

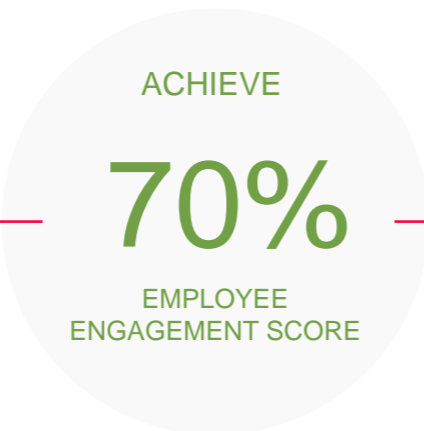
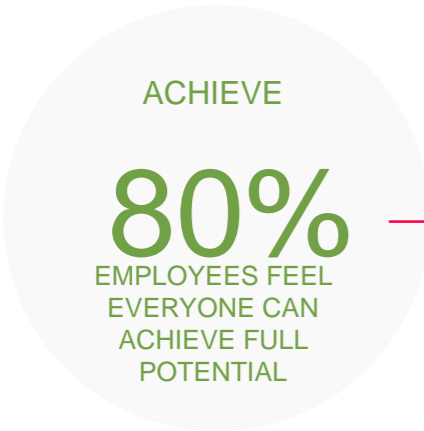
By creating a high-performing organization where everyone can bring their best selves to work, we will collectively thrive. We are committed to attracting and retaining a diverse workforce, which includes, but is not limited to diversity in terms of gender, race, culture and nationality.

We are also cultivating an inclusive culture where people feel authentically heard, valued and appreciated, and the business can leverage the full value of their talents.



### OUR AMBITION

- Achieve 50% female Directors & above
- Further close the pay gap between men & women
- Increase representation of racially and ethnically diverse leaders in US and Brazil to more closely resemble our consumer demographic profile\*



\*efforts are made across countries where Wella Company operates but tracked only where local laws and regulations allow

# People : Our Business Partners

Our Code of Conduct reiterates the high standards we set for ourselves and our business partners.

It works in tandem with Wella Company values and reinforces explicitly our commitments to ESG. The Code and our values represent how we seek to act and meet our challenges.

We take our Supply Chain transparency seriously and are taking action to ensure that the high ethical standards we seek to follow in our own business are reflected across our supply chain.

Wella Company is now a proud participant of the United Nations Global Compact (UNGC), the world's largest initiative for sustainability in business. We have committed to the UNGC principles in the areas of human and social rights, labor, the environment and anti-corruption, which are intertwined with our company values.

Our intention: To become a socially conscious, purpose-driven company.



**United Nations**  
Global Compact



## Our Code of Conduct

- Presents a moral behavioral framework to uphold our core company values, our commitment to ESG, and to provide daily guidance. As we move forward, the Code will help ensure that our values continue to be reflected in every market and business activity. A commitment to integrity, acting honestly and ethically, and complying within the law are critical to our continued success.

A photograph of a field of tall, golden-brown grasses under a bright, hazy sky. A thin vertical red line runs down the center of the image. The text '02' is centered in the upper half, and 'PLANET' is centered below it.

02

PLANET

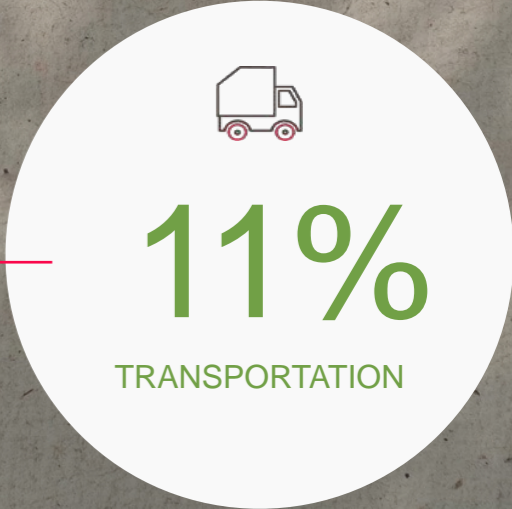
# Planet : Climate

Climate change is one of the biggest threats facing our world today. We commit to reducing our environmental impact to help protect nature's living organisms as well as people across our value chain.

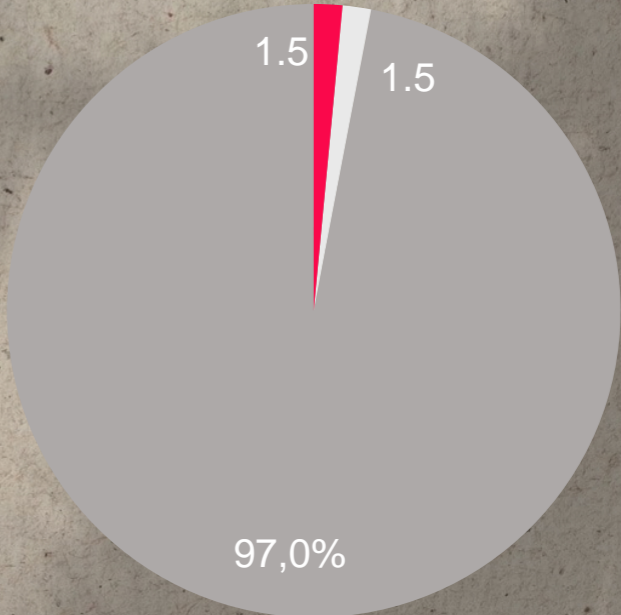
Environmental challenges, particularly climate change remains a global crisis. Acting on climate change requires the drive and energy to find new solutions and make meaningful adjustments. We have taken the first steps by comprehensively mapping our carbon footprint and committing to reducing our environmental impact with year-over-year reductions through 2030.

Our comprehensive carbon footprint shows that our impact is typical for a consumer goods company of our size. Most of our carbon emissions come from buying raw materials, packaging, other goods and services from our suppliers, and from the use of our products by our customers and consumers.

BREAKDOWN OF  
SCOPE 3  
EMISSIONS



● Scope 1    ● Scope 2    ● Scope 3



Wella Company emitted 736,414t CO<sub>2</sub>eq in 2019

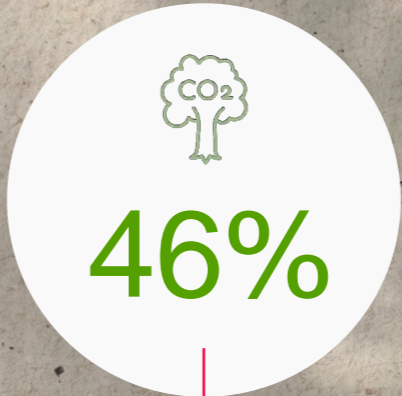
- 11,406t CO<sub>2</sub>eq (1.5%) in Scope 1
- 10,863t CO<sub>2</sub>eq (1.5%) in Scope 2
- 714,145t CO<sub>2</sub>eq (97%) in Scope 3



# Planet : Our Commitments

## CARBON AND ENERGY

We have set science-based targets for limiting our carbon emissions and have designed clear roadmaps for meeting those goals.



Reduction of our carbon emissions in Scope 1 and 2, while maintaining our Scope 3 emissions at the level of our 2019 baseline.



Reduction in energy used in owned facilities per unit produced by 2030, reaching 25% by 2025.

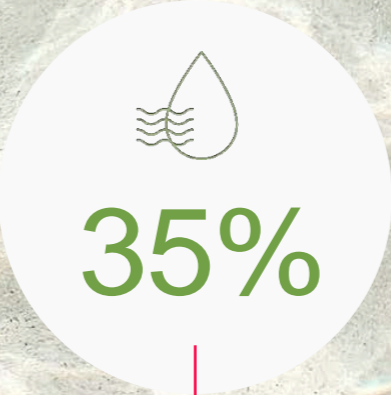


Renewable energy by 2025 in all our owned facilities, where possible. Where not possible, we will explore renewable energy technologies.

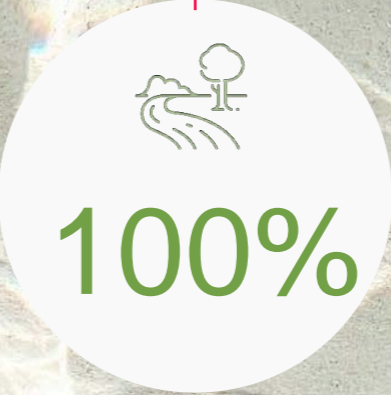
# Planet : Our Commitments

## WATER

We have set targets for using less water to make our products in our factories and are focusing on innovations and education to minimize the water our salon customers consume when using our products.



Reduction in water consumption per unit produced in our owned facilities by 2030, reaching 20% by 2025



All our factories to undergo a Water Risk Assessment of the water basins in which we operate, and to seek to implement innovative circular water solutions

# Planet : Our Commitments

## WASTE

We aim to significantly reduce the amount of waste created by every product we produce in our owned manufacturing facilities, a commitment that sits alongside our target to achieve zero waste to landfill from all our owned sites where possible by 2025.



Reduction in waste we create per unit produced in our own facilities by 2030, reaching 25% by 2025



Achieve 0% waste to landfill at all our owned sites where possible by 2025

# Planet : Our Salons

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

As a first step, we are helping them reduce their environmental footprint while giving their businesses a competitive edge through free-to-access sustainability education.



PRODUCT FORMULAS



WASTE MANAGEMENT



SAVE ENERGY



LESS & BETTER PACKAGING



SUSTAINABILITY  
EDUCATION TRAINING



SAVE WATER

03

PRODUCTS



WELLA  
PROFESSIONALS

ELEMENTS  
Renewing Shampoo

91%  
NATURAL  
INGREDIENTS

Gentle shampoo for all hair types  
Shampooing doux pour tous les types de cheveux  
Formulated without sulfates, silicones  
Formulé sans sulfates, silicones  
Nettoyant doux sans sulfates ni silicones  
Nettoyer sans soufre / sans silicone

1 L / 1 (33.8 FL. OZ.) e

LOVE RECHARGE  
73% LESS PLASTIC PER ML  
73% DE PLASTIQUE EN MOINS PAR ML

# Products

Wella Company has a long heritage of creating trusted, high-performance hair and nail products, working closely with our consumers and beauty professionals to bring to life products they love and inspire their creativity.

We build Wella Company equity, competitive advantage, and credibility with our clients and stakeholders through world-class product quality and safety standards that meet or exceed the regulatory requirements in the markets where we operate. We are guided by the ambition to minimize the environmental impact of our products.

We carefully select materials, ingredients and design the application of our new products with our planet in mind. We use consumer insights and scientific expertise to develop high-performing products. We are mindful of the limited natural materials, water resources, and seek socially responsible sourcing.

Sustainability is integrated into our innovation and product development processes. Our success criteria are linked to the environmental impact through Green Chemistry principles and our qualitative product assessment tool "OneScore" .



# Products : Packaging

Packaging is an essential part of every beauty product. We aim to develop top quality, best in class packaging to elevate, inspire and delight both end consumers and professionals alike with a fierce commitment to ensuring our product is sustainable for both people and planet.

Sustainable packaging protects our formula and devices efficiently, keeping products safe during their journey from factory to destination. Packaging is a priority area where we are committed to making significant progress. We drive design for circularity and recyclability. We strive to minimize packaging where possible, using materials with lower carbon footprint. We have set targets to reduce the amount of virgin packaging materials we use aiming to use recycled materials where available.

And we are rethinking traditional packaging concepts, looking for sustainable solutions that will drastically reduce our long-term need for packaging. Wherever possible, we are taking immediate action. We are building out our innovation pipeline to ensure that sustainable, ambitious plans for positive change are incorporated fully into our future.



Our color tubes are now made from 100 percent recycled aluminum, where available. This enabled us to save 700 tons of virgin aluminum. It reduces Greenhouse Gases (GHG) emissions by 76% and consumes 66% less energy (vs virgin material).

We were recognized with a Worldstar Packaging Award in 2022

OUR PACKAGING COMMITMENTS



Reduction in use of virgin material in packaging by 2030, reaching 30% by 2025



Aim for packaging to be recyclable, reusable, or refillable by 2030, reaching 80% by 2025



All new packaging innovation platforms to follow sustainable design principles of the circular economy

# Products : Formulation

Our **Clean & Green** Product Framework enables integration of sustainability principles into our business strategy. It is our lighthouse towards consumer-centric, environmentally responsible, competitive and science-based innovation.

Wella Company is an active member of the EcoBeautyScore Consortium, a cross-industry initiative set to create a universal standard on beauty products' environmental impact.



## OUR CLEAN & GREEN COMMITMENTS

Our **Clean** Pillar responds to consumer interest in our products beyond regulatory compliance.

### ANIMAL WELFARE

- We do not test our products on animals. We are an active member of ICCS (Int. Collaboration on Cosmetics Safety) committed to end animal testing across the beauty industry.
- Wella Company relentlessly moves towards offering products that are completely free of animal derived ingredients.

### INGREDIENT TRANSPARENCY

- Our Wella Ingredient Glossary is available to everyone. We keep it in line with the latest scientific insights.



We commit to delight consumers and professionals with high performing products that respect the environment and care for their needs and concerns



# Products : Formulation

Through our **Clean & Green** Product Framework, we aim to continue to innovate, creating our products with responsible sourcing of ingredients and material that leave less impact on our planet, while retaining the high-quality standards of all Wella Company products.

## OUR CLEAN & GREEN COMMITMENTS

Our **Green** Pillar drives action on environmental issues we can impact through our formulas:

### WATER STEWARDSHIP

- We think about water as a scarce resource. We develop approaches to minimize water use through innovative products, technologies, and education.
- We aim to steadily increase the percentage of biodegradable ingredients in our formulas. We cooperate with our suppliers to integrate the latest advancements in science and technologies.

### RESPONSIBLE SOURCING

- We partner with suppliers to replace materials with lower carbon footprint alternatives.
- Wella Company is a Member of RSPO - Roundtable on Sustainable Palm Oil



Achieve 100% certified palm oil by 2025.



Wella Elements Hair Care line-up designed with up to 99% natural-origin ingredients<sup>1</sup> and 84-98% biodegradable raw materials<sup>2</sup>

1. 91% to 99% depending on products.
2. based on mass of ingredients that are relevant for biodegradation and when disposed in a sewer connect to a wastewater treatment plant. Except Renewing Leave-in Spray as no direct emission to wastewater occurs.

# Next Steps

This ESG Manifesto marks the formal published and documented beginning of our Environmental, Social and Governance journey. We are committed to driving positive change across our business and throughout the communities we serve. We support and are bringing the professional salon industry, our global beauty sector, committed citizens globally and our entire Wella Family with us on this journey.

Over the coming months we will be collecting comprehensive environmental and social data from across our business to allow for highly transparent measurement and ESG reporting, annually.

In 2023, we will publish our first full ESG Report, delivering progress updates on each Pillar of our environmental and social commitments and goals.

We invite you to join us in our collective ambition to become a conscientious, purpose-driven company. We also ask that you maintain vigilance of Wella Company and all organizations who aim to be better by doing better. Hold us to account for our commitments.

If you have feedback, or are interested in partnering with Wella Company on our sustainability journey, please contact us.

**Hilary Crnkovich**

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**Arielle Semin**

Global Head of ESG

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# WE are Wella Company

We are Wella Company, an innovative global leader in the beauty industry that combines 140+ years of earned wisdom and industry experience with the enthusiastic growth momentum of a newly minted independent entity. Now marking two years as a stand-alone company, we are one of the fastest growing companies in the beauty sector.

We have a portfolio of iconic professional and retail hair, nail, and cutting-edge beauty tech brands. We are dedicated to and proud to serve the legions of artists and owners across the professional hair and nail community in the more than 100 countries where we operate.

Each day we impact a diverse community of more than 91 million beauty lovers and industry professionals, social influencers, ambassadors, followers, employees, and customers across the globe. This is our Wella Family.

Our vision is to enable people to look, feel, and be their true selves. This propels us forward, powering everything we do while also guiding our environmental and social progress.

We believe in the power of businesses to be a catalyst for change, enabling people, organizations, and societies to collectively prosper. We aim to unleash the potential of our people, partners, and organization globally with sustainability and environmental, social, and governance (ESG) at our core. Embedded into our ethos is Diversity, Equity and Inclusion at the heart of who we are, how we operate and in how we support the industry and communities we serve.

ESG and commercial growth are inherently connected to how we operate and measure our value. We are building the best beauty company in the industry, ensuring that when the industry thrives, we thrive. And as we make progress on our agenda to care for our planet, and leave a positive impact on society, we will become a champion for change whose legacy will be worthy of our iconic history.

