

# **BARALAN**

**ESG REPORT**

# CONTENTS

1.	<b>INTRODUCTION</b>	4
	CEO statement	
	Future vision	
	Our ESG commitment	
2.	<b>BARALAN AT A GLANCE</b>	10
	Group site locations	
	Business model & operations	
3.	<b>BARALAN ESG</b>	14
	3A. Environmental actions	
	3B. Social impact and commitment	
	3C. Governance	
4.	<b>CONCLUSIONS</b>	40



## CEO STATEMENT

To facilitate awareness-raising among stakeholders, I am pleased to introduce our first ESG report that represents our **corporate portfolio on sustainability**. This comprehensive document will serve as a valuable resource, providing insights into our sustainability goals, initiatives, and progress. It will enable stakeholders at all levels to engage with our sustainability efforts and contribute to our collective success.

Our efforts in packaging sustainability are integral to our broader sustainability agenda, which encompasses vital issues such as **climate change, responsible water usage, sustainable sourcing, human rights and waste management**. Despite the challenges posed by the COVID-19 pandemic, we remain steadfast in our commitment to these principles.

While the pandemic has undoubtedly disrupted the momentum around packaging sustainability, we see it as an opportunity to innovate and adapt. We anticipate that a wave of innovations throughout the value chain will revolutionize packaging waste management, leading to higher collection rates, improved recycling performance, and greater resource efficiency.

As we navigate the ever-evolving landscape of beauty & sustainability, we have developed three pivotal strategies that will drive our ESG impact to new heights.

Firstly, we are prioritizing the optimization of our packaging portfolio through stringent environmental criteria. This involves a comprehensive approach, from **enhancing recyclability to fostering reusability, reducing packaging weight**, and incorporating higher levels of **recycled content**. **By 2030**, our goal is to achieve **100% recyclability** across our entire packaging range, marking a significant milestone in our commitment to sustainability.

Secondly, we are dedicated to driving recycling performance across our operations. By leveraging technology, implementing best practices, and investing in research and development, we will enhance our capabilities in recycling and contribute to a more sustainable future.

Lastly, we are focusing on fostering a culture of responsibility and accountability in our supply chain. Through strategic partnerships and innovative solutions, we aim to promote more consciousness across the value chain and create a more robust infrastructure that minimizes carbon emissions through concrete actions.

Together, let's embrace these challenges as opportunities for growth and transformation. By staying true to our values and embracing innovation, we will continue to lead the way towards a more sustainable future for the beauty packaging industry.

*Roland Baranes*  
President and CEO Baralan Group

## FUTURE VISION

As a third-generation member of the family involved in Baralan Group, I am proud to support the clear commitment of our company to a sustainable business model.

As we embark on our journey towards greater sustainability at all levels of the business, I am thrilled to announce our renewed commitment to **raising awareness and establishing a consistent strategy** that will guide our efforts.

To achieve this, it's crucial to identify key objectives that will propel us forward:

- **Ambition Levels and Internal Commitments** on Sustainability: We must set ambitious yet achievable goals that align with our values and mission. By fostering a culture of sustainability within our organization, we can ensure that every member is fully committed to our cause.
- **Concrete Initiatives and Actions:** It's not enough to simply talk about sustainability; we must take tangible actions to support our ambitions. This includes implementing initiatives such as reducing carbon emissions, minimizing waste, and promoting ethical sourcing practices.
- **Organizational Set-up and Processes:** Establishing robust organizational structures and processes is essential for sustaining our sustainability efforts in the long-term. This includes dedicated teams, clear responsibilities, and effective communication channels.

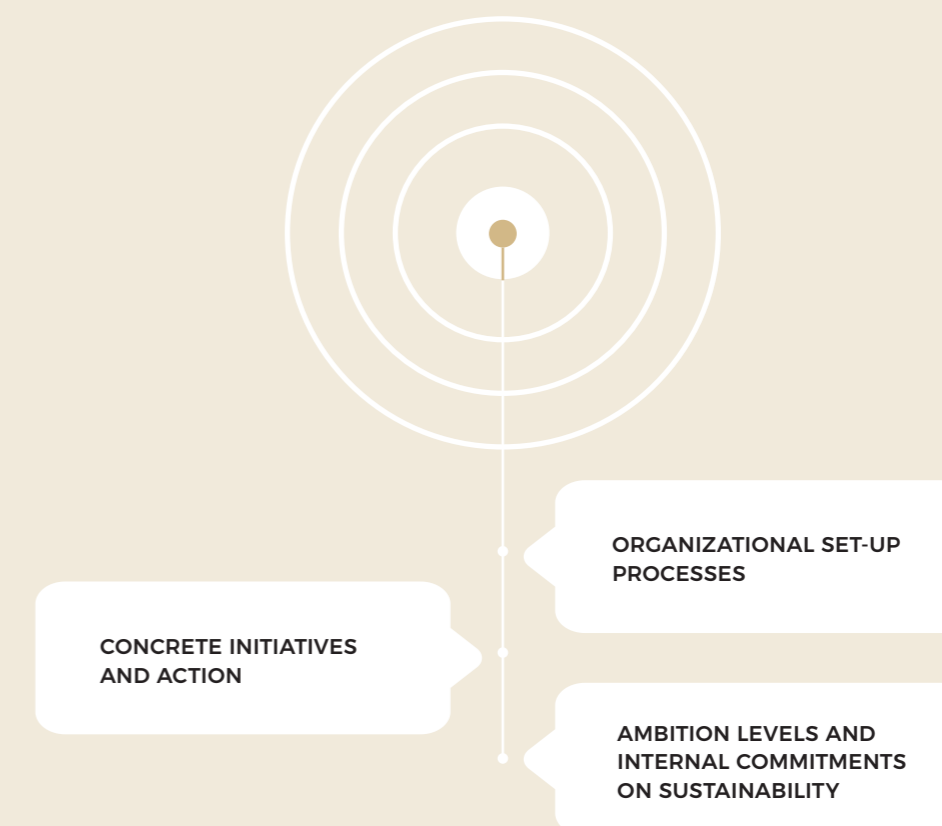
Furthermore, it's important to recognize that **perceptions and ambitions** may vary between different countries or functions within our organization. By understanding these differences and addressing them proactively, we can ensure that our sustainability strategy is inclusive and effective across all levels.

Looking ahead, we are excited to announce our vision and strategy to validate our commitment to sustainability with a guiding framework for continuous improvement. Through collaborative efforts and unwavering dedication, I am confident that we will achieve our objectives, setting new milestones and new benchmarks for sustainability excellence.

Together we want to inspire change, drive progress, and build a brighter future for generations to come. We were born to embrace beauty, now it is time to protect it.

*Caroline Baranes*  
Chief Revenue Officer

## COMPANY OBJECTIVES



Baralan is committed to supporting the United Nations Sustainable Development Goals and has added to this report all the actions that will have a positive impact on these goals. Baralan actions include the following goals:



# OUR ESG COMMITMENT

*“Our first 2024 ESG report aims to demonstrate our commitment and actions with respect to Environment, Social and Governance requirements.”*

Our company has always demonstrated a deep and consistent commitment to sustainability and social responsibility. Our goal is to create value not only for our shareholders but also for the environment, employees, customers, and the communities in which we operate.

In our sustainability strategy, we draw inspiration from the European Pillar of Social Rights, the United Nations Global Compact Principles, and the International Labour Organization (ILO) Principles. These principles guide us in promoting policies and practices that ensure dignified working conditions, gender equality, social protection, and inclusion.

With this report, we aim not only to communicate our progress but also to reaffirm our long-term commitment to sustainability and social responsibility, highlighting how these principles are integrated into our strategic vision and daily practices.

Demonstrating our commitment to achieving ESG (Environment, Social and Governance) goals, our sustainability strategy includes several key pillars.

Firstly, we are prioritizing the optimization of our packaging portfolio through stringent environmental criteria. This involves a comprehensive approach, from enhancing recyclability and fostering reusability to reducing packaging weight and incorporating higher levels of recycled content.

We are dedicated to sustainability in every facet of our operations. Recognizing the urgent need to address

climate change, we have pledged to reduce carbon emissions globally, aligning with industry-wide efforts to combat this pressing issue.

Baralan group understands that the quality of its products begins at the very foundation of the supply chain. That's why sustainable sourcing practices are at the core of our sustainability agenda. By prioritizing sustainable sourcing, we not only ensure the integrity of our products but also uphold our responsibility to the environment and local communities.

As the importance of packaging sustainability continues to grow, we are proactive in addressing key issues such as recyclability, reusability, waste reduction, and increasing recycled content. We recognize that packaging plays a significant role in minimizing environmental impact, and we are committed to implementing innovative solutions to promote sustainability throughout packaging processes.

At the heart of our business are the people - our employees, partners, and the communities we serve. We prioritize human rights and strive to positively impact individuals and communities, fostering a culture of inclusivity, fairness, and respect.

With this report, we hope to demonstrate our dedication to driving positive change, both within our company and in the broader world of beauty, as we continue our journey towards a more sustainable future.

## OVERALL SUSTAINABILITY STRATEGY



**CLIMATE CHANGE**  
Climate change impact is already felt across industries, as producers have committed to reduce emissions globally.



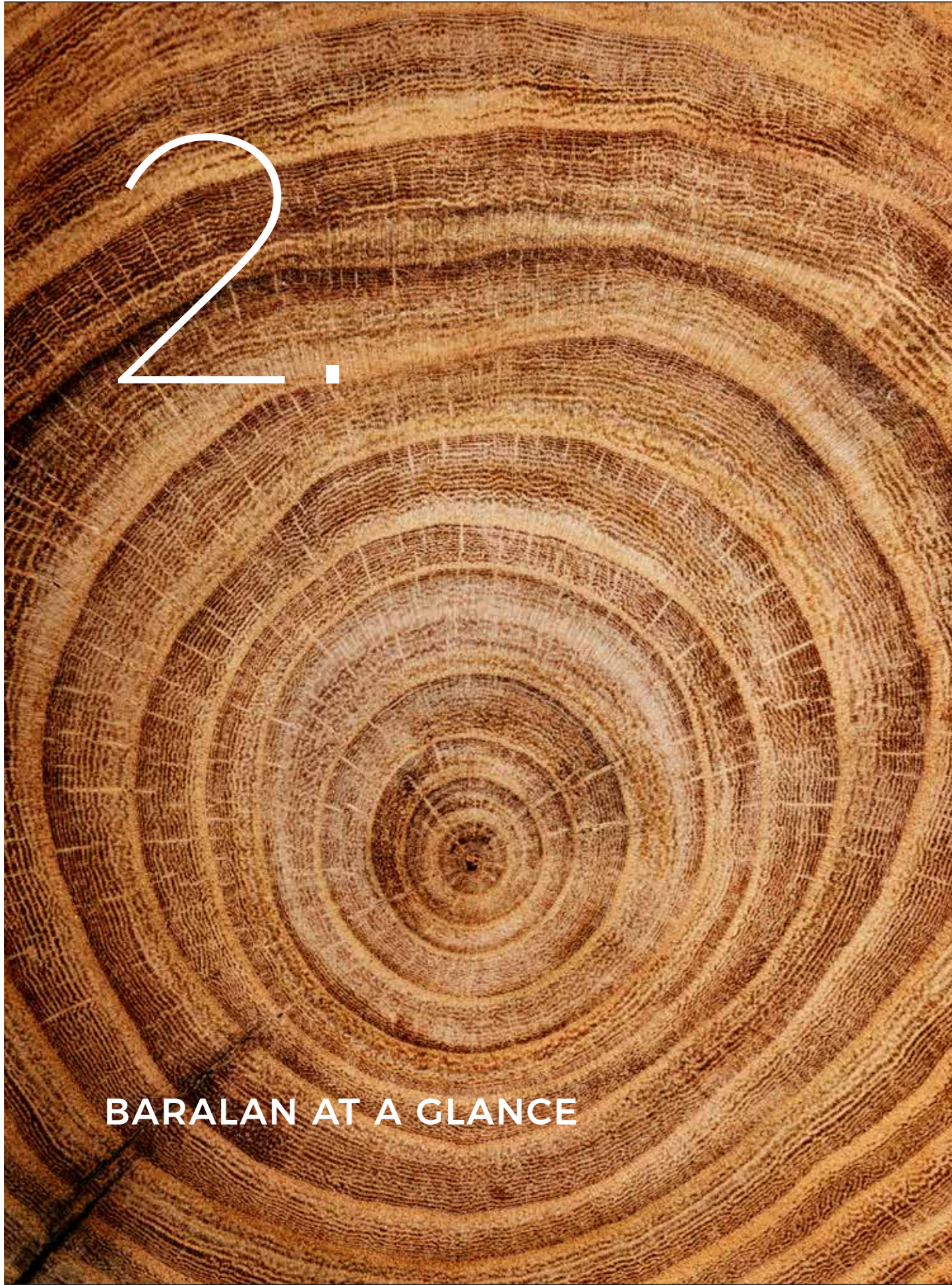
**SUSTAINABLE SOURCING**  
Quality of products starts from the bottom of the supply chain. Sustainable sourcing is a key pillar of the sustainability agenda.



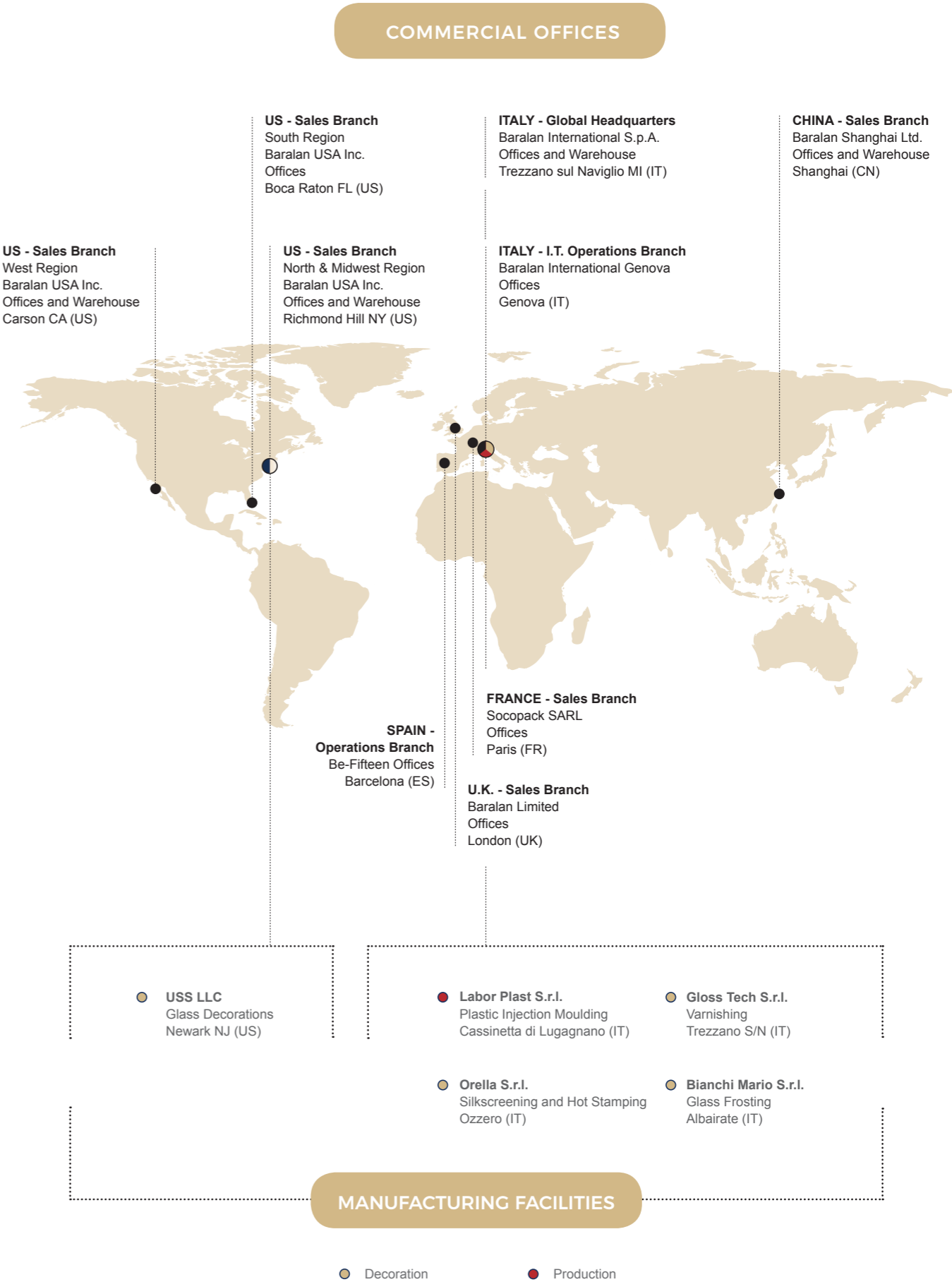
**PACKAGING**  
Packaging is starting to be considered as a key issue by market players, with a focus on key topics such as recyclability, reusability, reduction and increased recycled content.



**HUMAN RIGHTS**  
People are the heart of any business and producers are focusing on positively impacting the people and also wider communities overall.



BARALAN AT A GLANCE



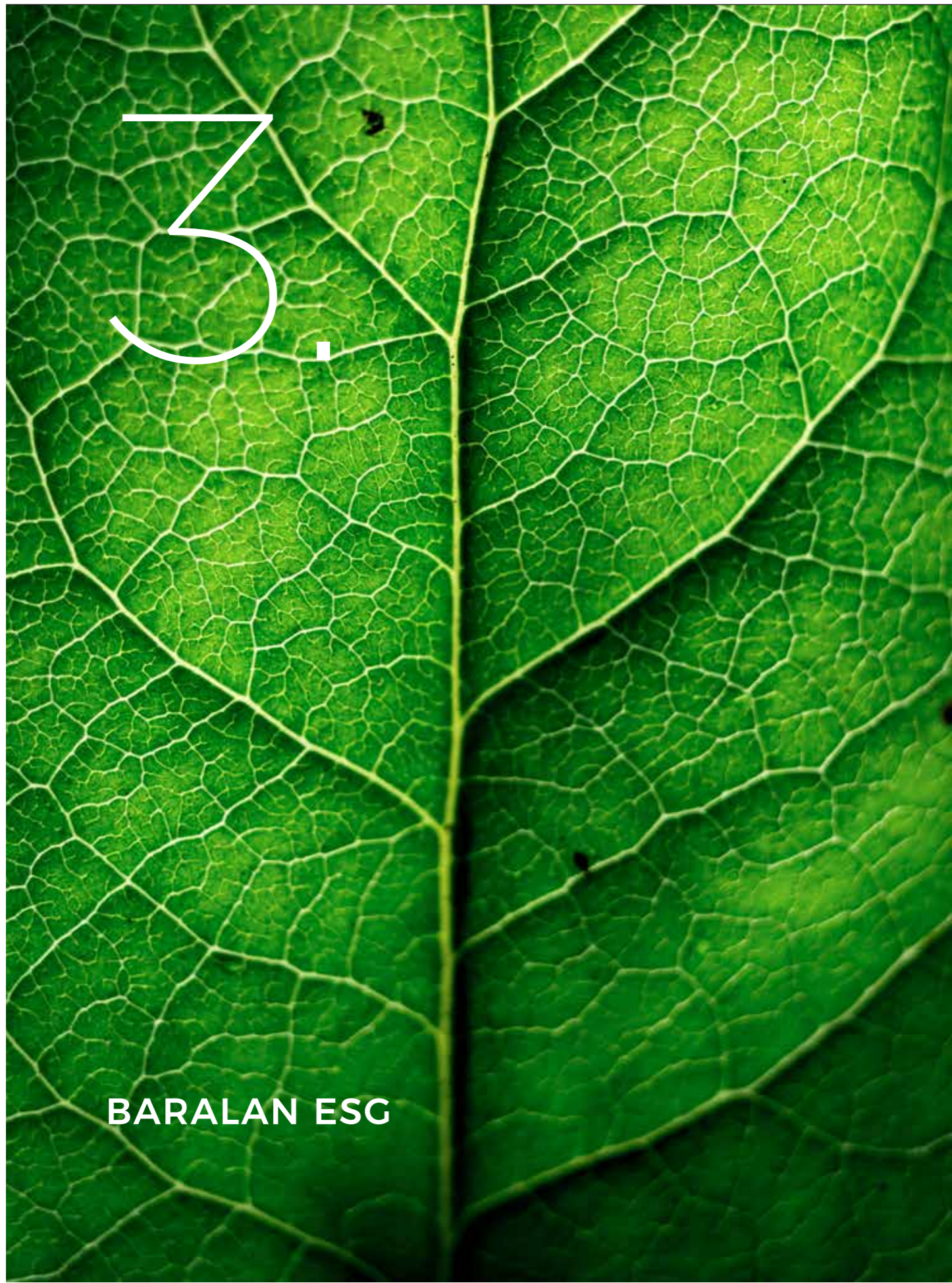


● Business model

● Client Activity that demonstrates diversity of revenue stream and sustainability in the business (diversity of markets for business robustness)

\* Baralan headquarters: 5 men - 3 women

\*\* 35,81 Hours of training per person in Baralan headquarters



Our ESG commitment links business continuity with the idea of a more sustainable future. It represents a concrete strategy that considers ethical, social, and environmental factors in the company's choices, going beyond simple compliance with the law, but enriching management choices with purpose and a broader perspective. Sustainability is therefore interpreted as the integration of social and environmental concerns in our operations, governance and in the relations with stakeholders through a voluntary process of self-regulation.

To date, our ESG commitment focuses on two key directions:

- Optimizing packaging portfolio to reduce its environmental footprint.

- Developing a holistic sustainability framework to guide Baralan's transformation in the mid-long term.

Our choices have always been oriented towards constant research and development of products with a lower environmental impact, guided by business decisions made with full awareness and respect for social responsibility. We look to the future of the cosmetics world, designing and implementing a strategy based on the value of integrity understood as a key and essential principle both for the reliability and quality of our packaging and our processes, for an ethical orientation in respect of the environment, along with the care of the people and the community itself.

### CORPORATE

At the corporate level, we are:

- Measuring our GHG emissions across Scope 1 and 2 as a further step to tackle climate change and to build a corporate climate strategy including science-based reduction targets, and a decarbonization roadmap.
- Raising internal awareness and engagement on sustainability-related topics throughout targeted communications, by promoting training programs along with employer branding activities.
- Developing a sustainability framework based on concrete topics to address ESG in time; this project aims at setting a clear outlook for the future and the level of ambition based on tangible evidence so that sustainability efforts are driven by a coherent organizational process to deliver internal commitments, realistic initiatives and actions, to address our sustainability vision. Sustainability is one of the key elements of our strategy. We are committed to respond to the growing desire of consumers to find products that meet their expectations according to ethical and environmental needs, and that reflect their values. As usual, we guarantee the highest quality in terms of design, functionality, safeguarding, but we also commit to minimize our products and processes' footprint.

### PORTFOLIO

At the portfolio level, we are implementing tangible actions such as:

- Enhancing reusability and recyclability of products, optimizing the waste by promoting more effective solutions such as airless, prioritizing mono-material packaging and encouraging the adoption of alternative materials such as biopolymers along with the development of products made of PCR materials.
- Assessing the carbon footprint of our Packaging Portfolio applying Life-Cycle Assessment (LCA), the most robust scientific methodology available today to identify main hotspots and drivers along the whole life of the product; this assessment is key to provide a science-based argumentation to embed eco-design principles within our R&D process.
- Conducting a Circularity Assessment of our Packaging Portfolio using the Material Circularity Indicator (MCI) developed by the Ellen MacArthur Foundation.



## 3A. ENVIRONMENTAL

In our environmental commitment, we adopt a business model based on the circular economy to reduce environmental impact, which is reflected not only in our products but also in our production processes.

Minimizing waste and optimizing resource use are fundamental for us. We are committed to designing our products to be recyclable, reusable, and sustainable,

reducing the consumption of virgin raw materials and extending the lifecycle of materials.

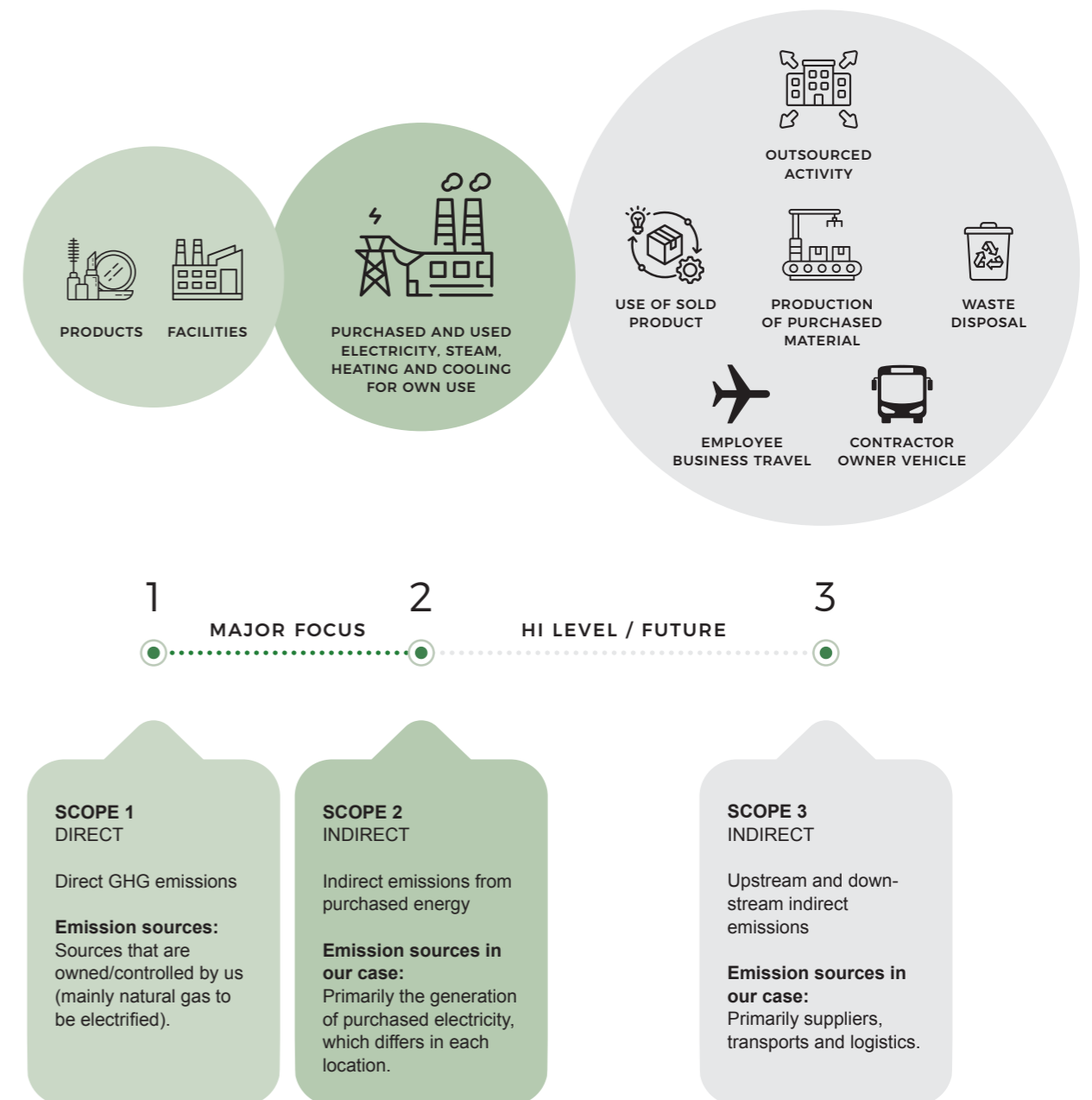
This integrated model not only protects the environment but also creates long-term value for all stakeholders. Our commitment to the circular economy promotes sustainable and responsible economic growth, placing sustainability at the core of all our operations.



### 3A.1 - GHG emission analysis

In order to provide an effective implementation of our ESG strategy, we are measuring Scope 1 and Scope 2 emissions, and we are preparing for Scope 3 (supply chain) GHG emission measurements for 2027.

We are committed to reducing our impact on energy consumption by the active purchase of renewable energy. Our headquarters are equipped with solar panels, as are the main production facilities, and energy overproduced is even redistributed to the market.





## BARALAN HQ ITALY - YEAR 2023

### Total gross Scope 1 GHG emissions

Tons of CO<sub>2</sub> equivalent (tCO<sub>2</sub>eq)  
**259**

### Total gross Scope 2 GHG emissions (market or location based)

Tons of CO<sub>2</sub> equivalent (tCO<sub>2</sub>eq)  
**60**

### TOTAL CONSUMPTIONS



ENERGY

**194.158**  
KWH



RENEWABLE  
ENERGY

**60.594**  
KWH



WATER

**1.957**  
ML



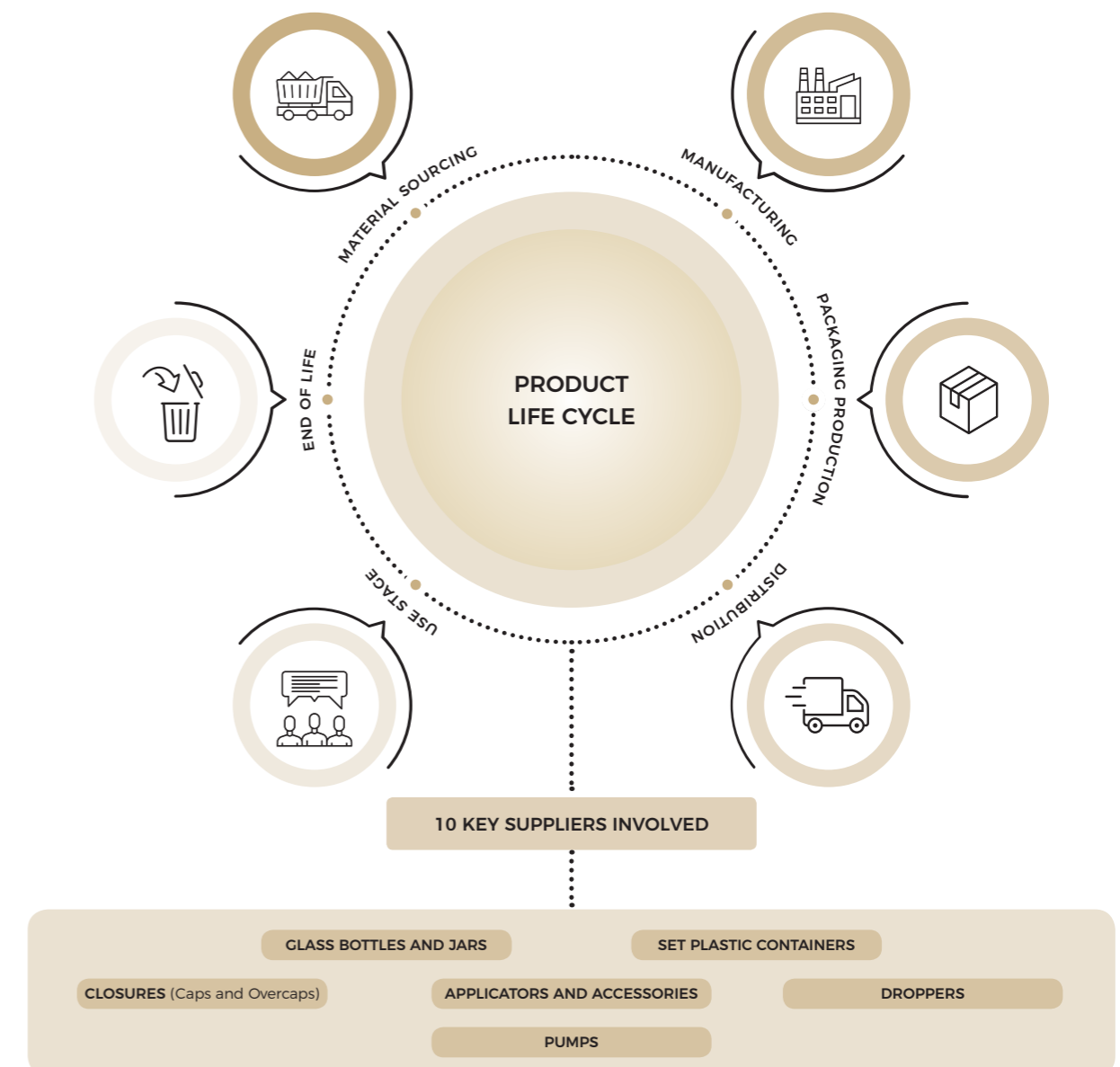
WEIGHT OF NON  
HAZARDOUS WASTE

**150.233**  
KG

**Our portfolio has been thoroughly assessed with LCA.** In addition to measuring the carbon footprint at our commercial offices and manufacturing sites, we have evaluated our product portfolio with LCA to improve product design wherever possible. We provide LCA reports to customers if needed, particularly to support innovations or new product developments that are designed, conceived, and developed for lower

environmental impact. This has been demonstrated, for example, by DEA, our latest product innovation, the first airless glass packaging with a piston system on the market, featuring the lowest carbon footprint compared to our standard collection. Additionally, the newly introduced 3D decoration process marks a new era of personalization.

To understand the impact of our products, we have assessed the steps in their life cycle and the resulting environmental indicators. The carbon footprint indicator has been selected for this analysis, complemented by the Material Circularity Indicator (MCI) from the Ellen MacArthur Foundation.



3A.2 - Resource efficiency, Manufacturing, Optimization of warehousing, Lead time



Baralan Group is implementing initiatives to reduce water and energy consumption in its headquarters, offices and manufacturing facilities globally. Additionally, investments are being made in renewable energy sources and efforts are focused on reducing greenhouse gas emissions.

Solar panels have been installed in the headquarters and in plastics injections facility in Italy, aiming at providing autonomy as much as possible.

Our group is also modernizing infrastructure globally with insulation and switching to renewable energy (mostly solar panels) as a current priority in the US market, following improvements to the European facilities.

All manufacturing plants are undergoing machinery upgrades, as much as possible based on feasibility and sensible investments, to decrease energy consumption, improve manufacturing efficiency by promoting Industry 4.0 and automation, increase control over quantities and time to market, and prioritize innovation, quality, and performance. Led lighting systems or other initiatives are implemented to reduce energy consumption. Environmental protocols and KPIs are in place to monitor waste, water usage, energy consumption,

and other relevant factors. Wherever possible, our group is adopting automation of manufacturing and independence of electrical efficiency to avoid waste and consumption. We have also consistently invested in stock to optimize productions, improve logistics and cut lead times.

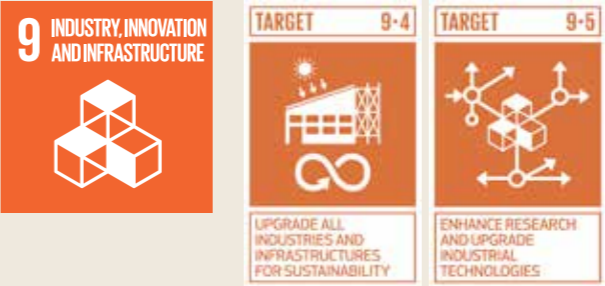
We have, in fact, created and developed a broad range of our own designs for primary packaging featured in our standard collection to optimize investments and help the market adopt solutions that are ready and largely available in stock. We manufacture these products in the same place, and the stock is sent to our facilities in each serving market, with accurate supervision from our global quality control teams.

This strategy allows us to optimize our production with bigger runs at once, reduce energy consumption by avoiding product recalibration on small quantities, and optimize transportation by grouping shipments, which minimizes GHG emissions at the logistics level. We also promote and adopt this strategy for outbound logistics towards customers, in addition to inbound logistics with our manufacturing facilities.

3A.3 - Waste management

Baralan Group ensures the reduction of waste generation in its operations and throughout the product life cycle. We have set environmental protocols and ensure that manufacturing scraps are used efficiently. For instance, 25% of internal post-industrial recycled raw material is used in the majority of our productions.

By focusing on improving manufacturing efficiency, renewable energy, and other aspects of our infrastructure, we are aligning with the UN SDGs (United Nations Sustainable Development Goals), and especially Goal 9, which emphasizes Industry, Innovation, and Infrastructure.



**9.4** By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.

**9.5** Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending.

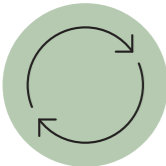
3A.4 - Circular economy

“Our sustainability strategy ensures an approach aligned with the Circular Economy for all product designs, focusing on the reduction, reuse, and recycling of our portfolio.”



REDUCE

Reduction of packaging weight and complexity is another key priority, especially in promoting a lower carbon footprint and carbon-intensity of primary packaging, given LCA assessments and results carried out. There is potential for immediate cost impact with a growing trend, also towards eliminating or converting secondary packaging and reducing the weight of all packaging in general.



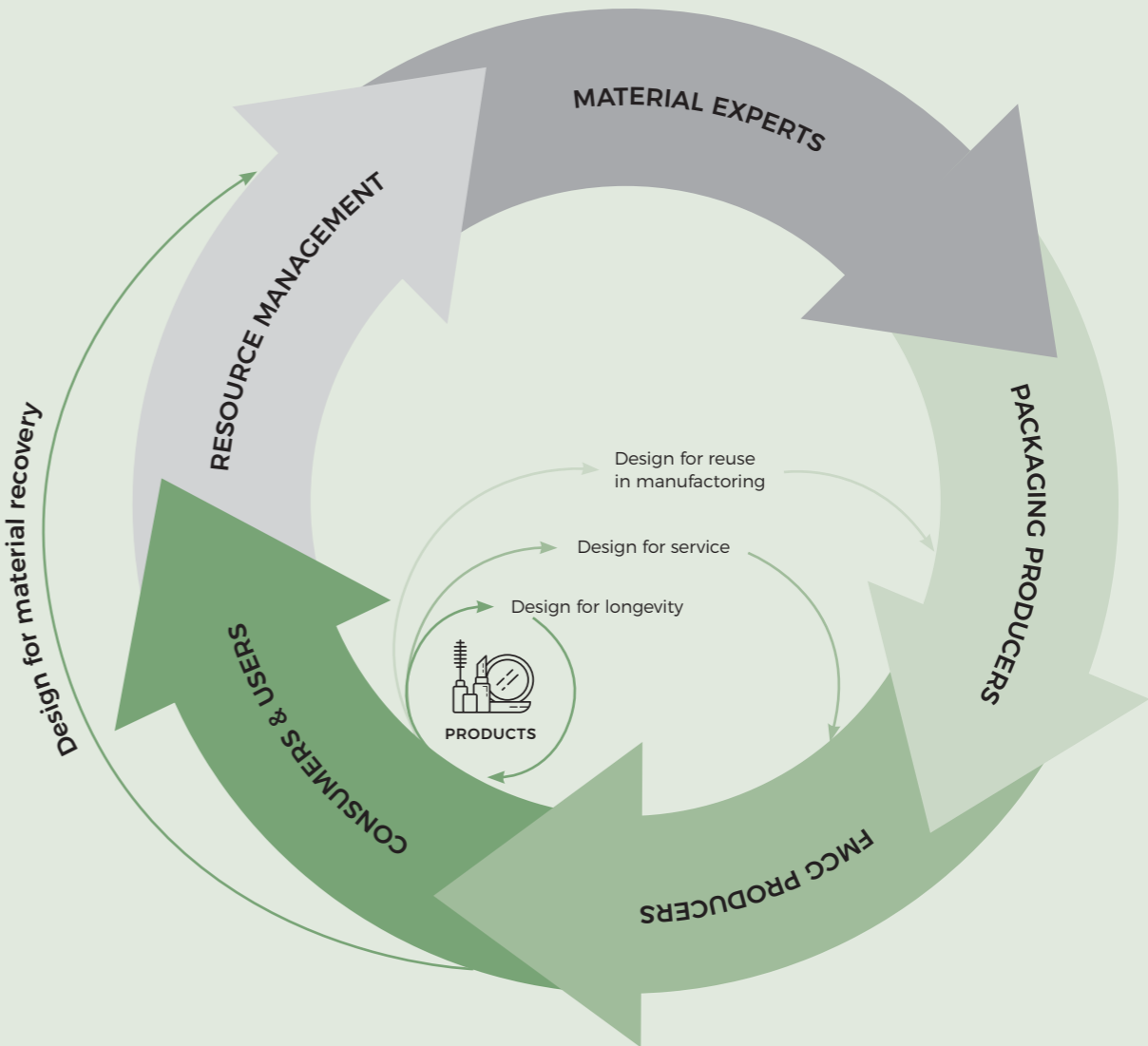
RE-USE

Packaging re-usability is another key topic for us, given the increased consumer interest in product optimization and new ways of consumption also for cost-efficiency purposes. The adoption of re-usability is proposed in adapting glass packaging sets to rechargeable solutions: from airless bottles, to glass or plastic cartridges or even plastic inner cups for glass jars.



RECYCLE

Recyclability is becoming the key factor for any packaging we put on the market, with our 100% targets set for 2030, most of our initiatives focus on improving the packaging or changing disruptive elements to make the whole items in our standard collection recyclable. Our commitment is also focused on promoting easily and manually separable packaging sets that help efficiency in recycling streams. As packaging manufacturers, we increasingly promote recycled content in raw materials such as PCR (up to 100%), both in plastic items and glass containers, given also mandatory legislations in certain geographies with several initiatives to use recycled material as majority content. Our focus is expected to expand to all our collection, ensuring circulation and use of recycled plastics, with over 50% used in most packaging in the beauty industry.



New Packaging design in the circular economy  
Conceptual framework



Rethinking design is focused on changing the design in:

- Products as consumer goods
- Internal processes such as production, logistics and manufacturing



The different areas impacting the design are:

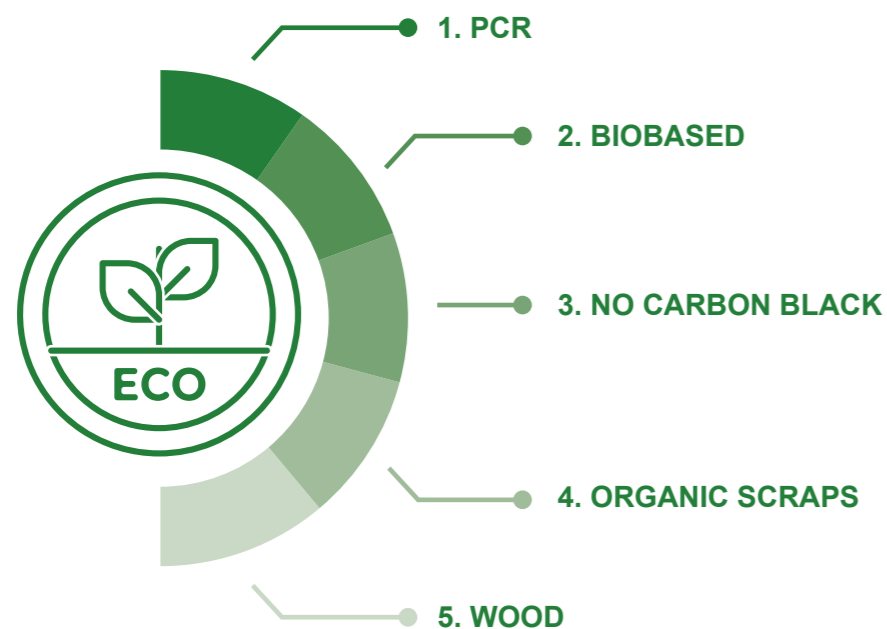
- Design for material recovery
- Design for reuse in manufacture
- Design for service
- Design for longevity
- Design for weight optimization

## ECOLOGICAL MATERIALS

*“Our product portfolio in the circular economy is represented by our range of ecological materials and our investments in sustainable innovations.”*

We have released a new standard collection design to reduce our packaging footprint. Named “Ecological Materials,” this collection covers a broad range of standard proposals with alternative raw materials that replace or reduce the use of virgin material. These product versions are manufactured with alternative

materials to promote a more conscious approach to beauty and give our customers the opportunity to evaluate glass accessories made from new, more ecological materials. The collection includes PCR materials, carbon-black free options, bio-based products, and wood-based items.



## 1. PCR

Our collection in PP is available with varying percentages of PCR plastic that are now standard:

- **30% PCR:** for an acceptable aesthetic quality, identical to virgin PP (Polypropylene) raw material items in the beauty industry.
- **60% PCR:** to increase PCR material while keeping aesthetics close to PP virgin raw material.
- **100% PCR:** for a full circular PCR packaging.

The varying PCR levels allow to achieve the desired aesthetic and quality rendering for cosmetics, while also achieving sustainability goals.



## 2. BIOBASED

We are able to replace virgin polypropylene with a biopolymer derived from renewable resources and natural materials not linked to the food chain. This biopolymer is an eco-friendly alternative to synthetic polymers. It is available for injection molding at our Italian plastic injection plant, where we combine the processing capabilities of thermoplastic materials with the properties of renewable resources and natural materials.

The biopolymer is made by combining natural fibers and waste from a specific manufacturing process, ensuring full recyclability within the PP stream. The sustainable development of these products is linked to a circular economy notion that considers quality and aesthetics, satisfying both design and functionality, while ensuring better conditions for product life cycle.

All products in the biobased series allow us to reduce the use of synthetic components and to increase the use of materials from industrial waste and production processes. This biobased series presents products that have flexible applications in manufacturing, allowing the use of existing molds and equipment.



*In our Ecological Materials collection, we have developed new materials that we can offer as standard for the market to promote a more conscious approach to beauty. We are still in the testing phase to build large-scale capabilities. Even though these materials are more expensive than virgin raw materials, adoption is slow in the wider market. By offering these solutions in our standard range, we hope to “standardize” the practice of using more sustainable materials, where pricing will become competitive in the market.*

3. NO CARBON-BLACK

In the production of black-colored items, we are promoting the use of carbon black-based masterbatch to avoid packaging contamination at sorting and recycling stage after consumer use.

Carbon black is a common coloring agent used to create dark colors in packaging. It is challenging to recycle because it interferes with plastic sorting using NIR technology (Near InfraRed). Plastics are separated by their type (PP, PET, PE, etc.) and carbon-black used in the traditional dark colored packaging absorbs most of this NIR-beam and does not deliver enough information to the detection unit to determine the type of plastic, so items are classified as “unknown” material and eliminated for further recycling, and are burnt or sent into landfill. In other words, plastics are not recycled and do not enter the recycling loop.

When made from a non-carbon black masterbatch (also known as “carbon-black-less or carbon-free items”), black-colored plastic packaging items can be detected during the waste sorting process and used for recycling.

Our objective is to promote more recyclable options to ensure a circular economy model. Moreover, the new **masterbatch** will not be obtained through combustion and derives from an **organic resource**.



4. ORGANIC SCRAPS

Similar to the biobased raw material, this option can be offered as an alternative material for PP items. We prioritize the importance of waste optimization by also promoting upcycling through the use of organic scraps, such as coffee peel and rice peel. These organic scrap materials can be mixed with virgin plastic, eventually also PCR, reducing the overall plastic raw material to create a more sustainable solution suitable for manufacturing a wide range of closures in our standard collection.

For full recyclability of the finished packaging, the maximum level of organic scraps in the raw material formula of the injected material should not exceed 20%, according to the European rules for recyclability. This percentage can be modified, but this requires further tests of material behavior.



5. WOOD

We can also produce a selected range of caps with different wood materials for those desiring a more natural solution. Following a specific brief, a wood accessory can be created and developed to be combined with most of our glass containers, always upon evaluation and feasibility study.

As of today we have three different types of wood finishes: oak, beech and ash. Each type can then be decorated using various techniques, which can also be applied to artwork or logos, mainly on the top.

SUSTAINABLE INNOVATIONS

*“In 2022, we released a full refillable range in our stock catalog, with several personalizations for full flexibility for beauty brands, and reduced environmental impact.”*



1. DEA

The first airless glass solution with piston system

DEA – which stands for Developing the Evolution of Airless, is a new series of products composed of glass airless containers designed for several applications. Unlike other airless systems, DEA has no internal plastic container, making it the first airless system in which the filled product is directly in contact with its glass container.

The DEA series is available in two versions: classic and premium, with the possibility of having single-use or refillable solutions for the glass container. The refillable version makes it easy to replace the glass container and reuse the components.

The DEA range is available in three nominal capacities: 15ml, 30ml and 50ml. Its standard GPI 18/400 neck finish, combined with the airless system, is compatible with a vast range of pumps.

This allows for increased modularity for different sets, as well as high levels of product personalization. DEA uses no lubricants, and its innovative manufacturing process dramatically reduces energy consumption for a more sustainable approach to the future of beauty.

Environmental impact of our DEA range

We have assessed the carbon footprint of the DEA range, as a first step in analysis of our product portfolio to support Beauty Brands in building more transparency and information on

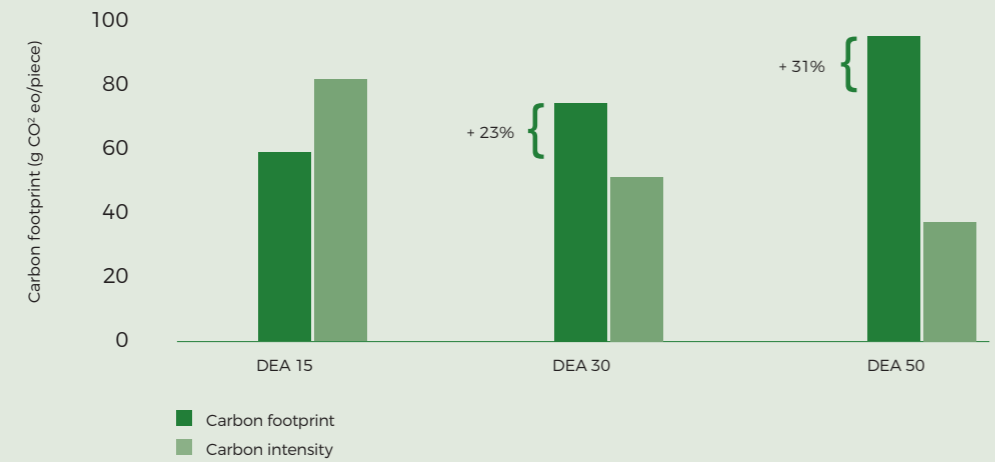
• DEA 15, DEA 30 and DEA 50 are produced by the same supplier partner source, with different sizes.

• DEA 50 has the highest carbon footprint (97.9 g CO<sub>2</sub>eq) with the main drivers being raw materials (48.6%), transport (22.5%), packaging (20.8%).

The process efficiency (i.e. discarded amount of glass tubes at manufacturer’s facilities) is a parameter that influences the carbon footprint results: indeed, it is different for each DEA product (for DEA 50 is 97.8%, for DEA 30 is 96.6%, while for DEA 15 is 95.9%) and it decreases linearly with products’ size.

We are working on improving the DEA range by replacing the use of virgin raw materials with a percentage of recycled content, improving transportation and packaging (group logistics) to reduce the overall footprint.

DEA 50 HAS THE HIGHEST CARBON FOOTPRINT,  
BUT LOWEST CARBON INTENSITY



Item	Carbon footprint (g CO <sup>2</sup> eq/p)*	Weight (g)	Suggested net capacity (ml)	Carbon intensity (g CO <sup>2</sup> eq/ml)
DEA 15	60.4	21.7	15	4.0
DEA 30	74.6	26.5	30	2.5
DEA 50	97.9	40.8	50	2.0

The comparison highlights **variability in the footprint** of this product category. The product footprint is confirmed to be directly proportional to the **weight**: the heaviest items are also the ones with major footprints. The best performer in terms of carbon footprint is **DEA 15** while the worst performer is **DEA 50**. **DEA 30** has a carbon footprint **23%** higher than DEA 15, while DEA 50's carbon footprint is **31%** larger than DEA 30.

The **weight/volume** ratio is a key parameter when products are normalized over their capacity. The last indicator is the carbon intensity, defined as the ratio between the carbon footprint and the product capacity. The carbon intensity is higher as the product capacity decreases, i.e. **DEA 50 is the product with the lowest carbon intensity equal to 2.0 g CO<sub>2</sub>eq/ml**.

\*The carbon footprint measures the total CO<sub>2</sub>eq emitted over the product's life cycle + over the product's suggested capacity. Carbon intensity measures the total CO<sub>2</sub>eq emitted over products suggested capacity.

2. 3D DECORATION – A NEW ERA FOR PACKAGING PERSONALIZATION



We have developed a new 3D Decoration for Cosmetic Packaging, bringing a new level of Packaging Personalization, **for optimum product performance while lowering environmental impact**.

The project allows for unique, recognizable and distinctive product personalization, without investment in expensive equipment, while at the same time promoting eco-sustainability. 3D printing on glass and plastic is tangible thanks to its adherence to the glass, transparency and charm through the use of our infinite colors and designs.

This solution brings advantages in terms of costs, time and opportunities. This also translates into a concrete commitment to eco-sustainability, thanks to the reduction of the need for equipment and massive production to diversify in the cosmetics market.

Today, more than ever, it will represent a milestone in our experience, combining the different expressions of our soul, with our heritage and modernity, in an international context. It is a key opportunity for us to share and communicate our latest news as well as developments in the market.

By working on improving the carbon footprint of our product portfolio, we are committing to following the UN SDGs (United Nations - Sustainable Development Goals) guidance and especially “Goal 9” with a focus on innovation, as well as Goal 12 with Responsible Consumption and Production.



**9.5** Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people, as well as public and private research and development spending.



**12.2** By 2030, achieve the sustainable management and efficient use of natural resources.

**12.5** By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.

**12.8** By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature.

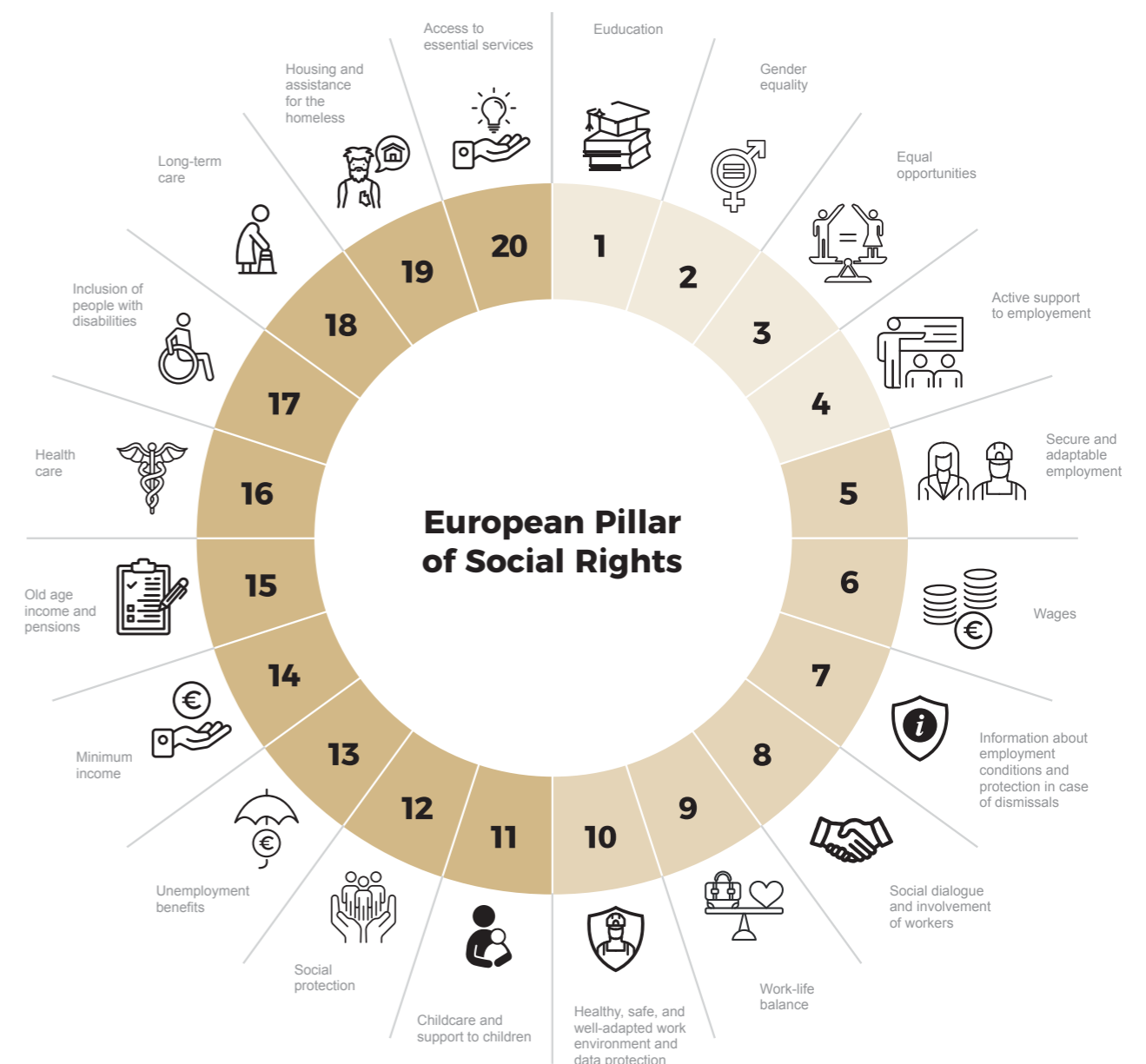
**12.C** Rationalize inefficient fossil-fuel subsidies that encourage wasteful consumption by removing market distortions, in accordance with national circumstances, including by restructuring taxation and phasing out those harmful subsidies, where they exist, to reflect environmental impacts, taking fully into account the specific needs and conditions of developing countries and minimizing the possible adverse impacts on the development in a manner that protects the poor and the affected communities.



## 3B. SOCIAL

In our commitment to social responsibility, we draw inspiration from the principles of the International Labour Organization (ILO) and the European Pillar of Social Rights to guide our corporate practices. These principles serve as a foundation for promoting dignified working conditions, respecting human rights, and fostering a safe and inclusive work environment.

For us, embracing the ILO principles is not just an ethical duty, but a crucial pillar of our Corporate Social Responsibility (CSR) strategy. This approach reflects our commitment to operate not only in compliance with regulations, but also to exceed minimum standards, actively contributing to social progress and global well-being.



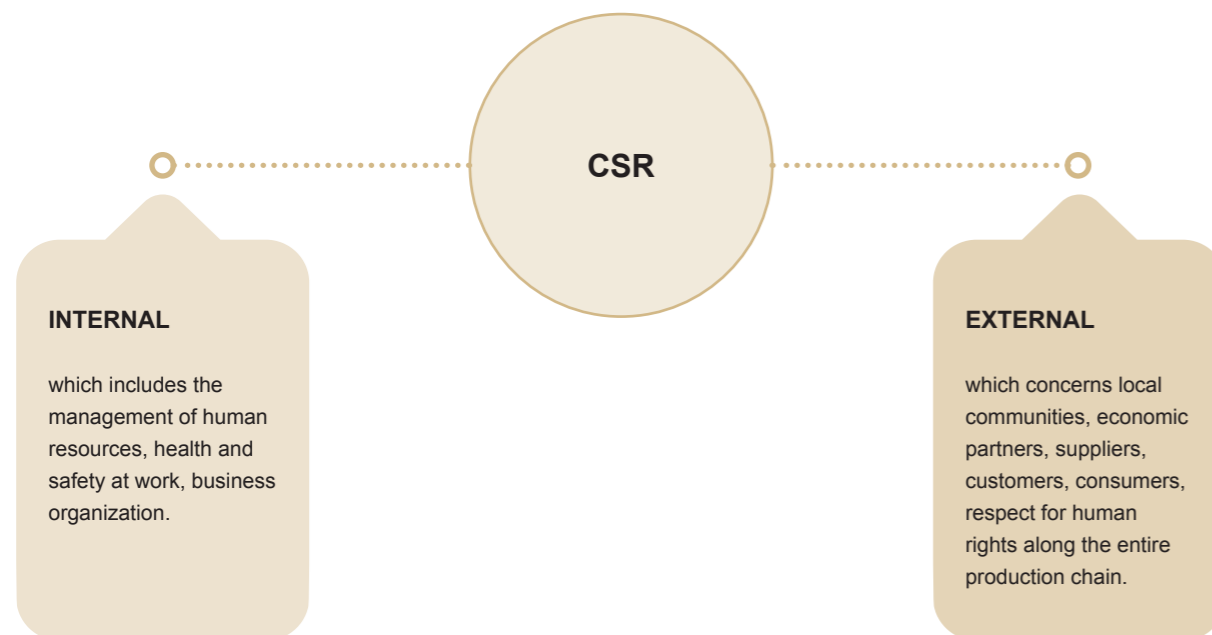
Chapter I –  
Equal opportunities and access to the labor market

Chapter II –  
Fair working conditions

Chapter III –  
Social protection and inclusion

*In our Social Responsibility, we are committed to behave in ethical and correct ways, going beyond simple compliance with the law, and enriching management choices with a broader perspective.*

For our Group, **CSR** (Corporate Social Responsibility) is divided into two dimensions:



For our company, CSR is linked to the concepts of “business continuity” and “circular economy” and does not represent only an economic commitment, but a real strategy that takes into consideration ethical, social and environmental considerations in company choices.

Being socially responsible means going beyond simple compliance with current laws, investing more in

human capital, in the environment and in relations with interested parties.

CSR is the integration, in the commercial operations of companies and in their relations with the interested parties (stakeholders), of social and ecological concerns, through a voluntary process of self-regulation.

## EMPLOYEES RIGHTS AND WELL-BEING



We have implemented HR Policies for People Management and Employees Welfare. For example, our company has a rewards system for employees, as well as additional paid leave.

We provide a compensation for extra or atypical working hours to offer flexible organization of work (eg. remote work, flexi-time) and healthcare coverage of employees.

We have also introduced a grievance mechanism on discrimination and/or harassment issues as well as regular assessment of individual performance, and regular employee health check-ups.

Our Group also provides skills development through employee training, with a minimum amount of training required annually per employee.



**3.8** Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all.

COMMUNITY ENGAGEMENT



In **2023**, together with other packaging players, our company launched an initiative related to Circular Economy and Recycling aimed at the local schools, with the involvement of the local municipality (Municipality of Trezzano sul Naviglio, Milano).

In early 2023, we sponsored a collaborative project called “Laboratorio d’imballaggio”, involving students in creative activities to experience the plastic cycle. The collaboration aimed at sharing, reusing and

recycling materials. These are the principles of the circular economy that we at Baralan helped students from Gobetti and Franceschi Institutes learn about and experiment with firsthand, thanks in part to a project we partially financed. The company Convertini, which manages and initiates industrial waste recovery, was also involved.

Working together in a network with each other and with the Municipal Administration, the companies shared the idea of proposing to the students of 11 first-year classes of lower secondary schools two days of workshops to reflect together on the theme of recycling.

The health of the earth is a collective responsibility: paying attention to the life cycle of materials is a powerful tool for change. A tool to be learned from an early age, through experience and play: boys and girls, with great enthusiasm, witnessed the plastic cycle, actively participating in the recycling of materials and their reuse.

Sustainability awareness is key in today's world and training the youngest towards a greater responsibility on the issue of recycling is a great achievement. This initiative demonstrates our desire to influence both the local and global worlds in sustainability matters.



*4.7 By 2030, ensure that all learners acquire the knowledge and skills needed to promote sustainable development, including, among others, through education for sustainable development and sustainable lifestyles, human rights, gender equality, promotion of a culture of peace and non-violence, global citizenship and appreciation of cultural diversity and of culture's contribution to sustainable development. (UN - SDGs)*



3C. GOVERNANCE

Our company integrates compliance as a fundamental pillar to strengthen governance and promote a healthy and sustainable global economy, ensuring that everyone has the opportunity to enjoy its benefits. In line with the principles of the UN Global Compact, we adopt, support, and implement a series of fundamental principles within our sphere of influence.

These principles encompass human rights, labor standards, environmental protection, and anti-corruption

efforts. They not only guide our corporate policies and practices, but also drive us to make a positive impact on the communities and stakeholders with whom we interact.

Through this ESG report, we aim to demonstrate how these principles are integrated into our corporate governance structure, reinforcing our commitment to conducting our global operations ethically, transparently, and responsibly.



CERTIFICATION AND COMMITMENT



We are currently certified Silver in the EcoVadis ranking, following a Bronze certification in 2022, and we are aiming for Gold in the next evaluation. EcoVadis is an internationally acknowledged assessment platform that evaluates the sustainability performance of businesses across four crucial domains: environmental impact, labor and human rights standards, ethics, and procurement practices.



We are registered in the Sedex network for a safe and transparent supply chain. Sedex allows clients and suppliers to gain insights into their supply chain through data and tools that provide a comprehensive view of suppliers and sustainability performance. The platform also helps to manage and assess a company's supply chain risk, to identify, manage, and assess social and environmental supply chain risk. Sedex also ensures a company's compliance with sustainability legislation thanks to local, national, and international laws to avoid sanctions, brand damage, and supply chain disruption. With these certifications and registrations, we hope to substantiate our sustainability commitment for a better service to the beauty industry.



We are certified under the standard ISO 9001\*, by the external assessor Bureau Veritas, since 2020 – just renewed for another 3 years. This certification underscores our commitment to quality management and continuous improvement, ensuring that processes meet the highest international standards. It also reflects our dedication to consistently delivering products that meet customer and regulatory requirements, while also enhancing customer satisfaction through effective system implementation and continual performance improvements.

*\*ISO 9001 is a globally recognized standard for quality management. It helps organizations of all sizes and sectors to improve their performance, meet customer expectations and demonstrate their commitment to quality. Its requirements define how to establish, implement, maintain, and continually improve a quality management system (QMS). Implementing ISO 9001 means your organization has put in place effective processes and trained staff to deliver flawless products or services time after time.*

SUPPLY CHAIN & RISK MANAGEMENT



Organization, Management and Control Model with Supervisory Board

We have decided to adopt an Organization, **Management, and Control Model in compliance with** Legislative Decree 231/2001 in Italy (also called “Model 231”) in order to develop and implement a governance system adhering to increasingly higher ethical standards, capable of encouraging the constant diffusion of the culture of control and greater awareness towards responsible and aware behaviour, as such suitable for avoiding and/or reducing criminal offenses.

In 2020, we developed and implemented a Model capable of carrying out its function efficiently and effectively in line with the new regulatory and internal self-regulation scenario, and we have also undertaken a series of initiatives aimed at concretely implementing the adopted compliance model. Our Model has the aim

of preventing the risk of committing the crimes provided for by Legislative Decree 231/2001 and is addressed to all those who work in any capacity for us, whatever the relationship – even temporary – that binds them to us and/or who have relationships with our company. We also have an autonomous Supervisory Body that has been entrusted with the tasks of supervising the functioning and observance of the Model and ensuring its updating.

The Supervisory Body is granted the powers of initiative and control necessary to ensure effective and efficient independent supervision of the functioning and observance of the Model. The Supervisory Body is responsible for issuing and adopting our own internal regulations governing the operations.

Code of Ethics

Our desire to adhere to the principles underlying Legislative Decree 231/2001 is also reflected in our Code of Ethics, which contains the fundamental principles and values that inspire our group, and which constitutes an integral and substantial part of our operating business model, expressing the ethical commitments and responsibilities in the conduct of business and corporate activities undertaken by us, our subsidiaries, as well as our collaborators, whether they are directors or employees of such companies, as well as all those who work for/with us and for/with the companies of our group, whatever the relationship – even temporary – that binds them to us.

We are committed to working under a code of ethics with all our stakeholders to ensure optimal performance on our ESG ambition. This also ensures that our partners are in compliance with local legislation and uphold integrity and fairness in their business practices, as well as trust, shared responsibility, transparency, and protection of the environment or ethical practices in all business relationships, for instance. This Code of Ethics defines the inspiring principles, rules, and responsibilities of our group in conducting corporate activities.

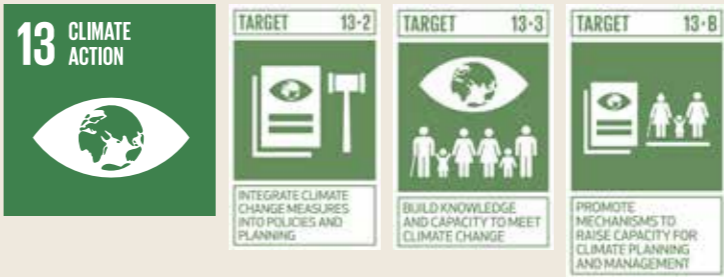


Whistleblowing

We have implemented a safeguard whistleblowing procedure for our employees and stakeholders. The purpose of this policy is to protect the reporting parties, establish an operating method for managing internal reports, and outline the procedures for submitting a public disclosure or an external report, as well as the protection measures and disciplinary system.

Individuals included in the whistleblowing protection policy include, for instance, employees, self-employed workers, freelancers, consultants working for us, as well as volunteers, trainees, shareholders, and persons with administrative or management functions.

This policy is quite comprehensive and demonstrates our commitment to transparency and fairness at work.



13.2 Integrate climate change measures into national policies, strategies and planning.

13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.

13.B Promote mechanisms for raising capacity for effective climate change-related planning and management in least developed countries and small island developing States, including focusing on women, youth and local and marginalized communities.

\*Acknowledging that the United Nations Framework Convention on Climate Change is the primary international, intergovernmental forum for negotiating the global response to climate change.



16.3 Promote the rule of law at the national and international levels and ensure equal access to justice for all.

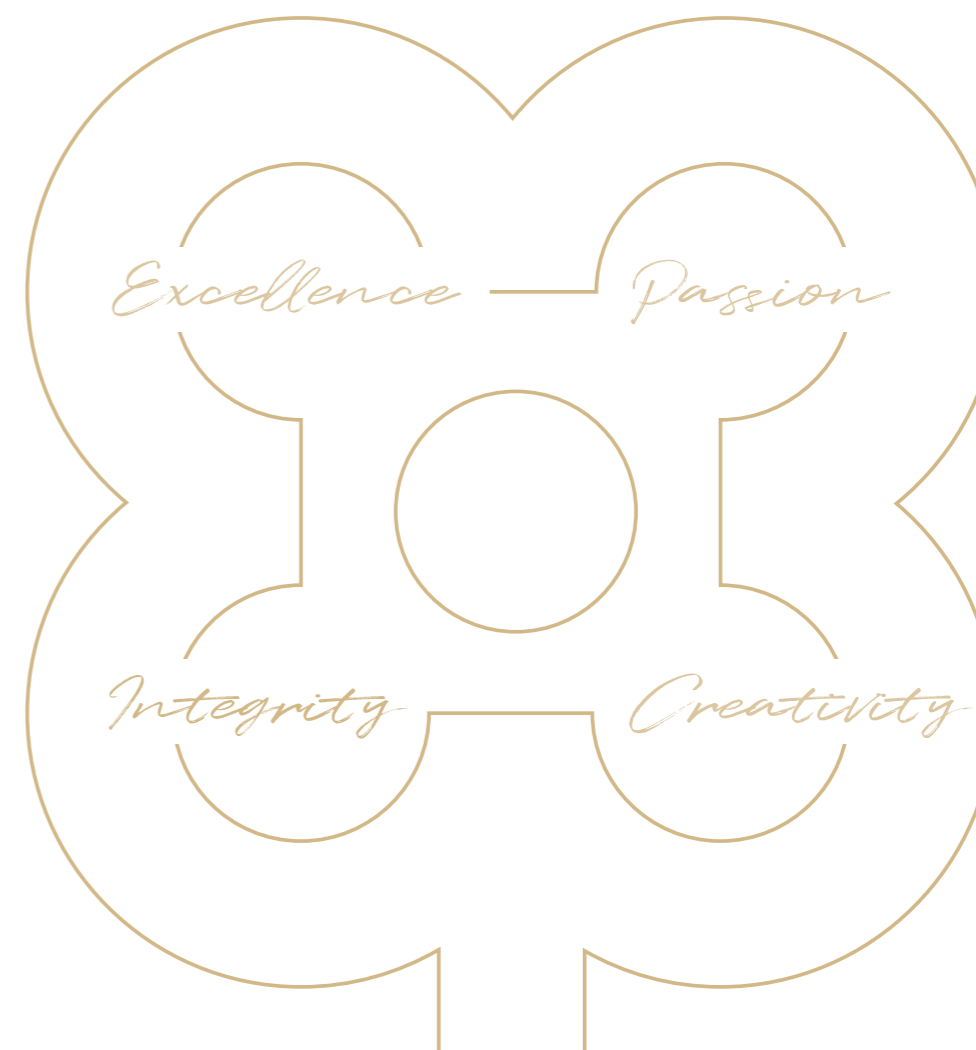
16.7 Ensure responsive, inclusive, participatory and representative decision-making at all levels.

16.B Promote and enforce non-discriminatory laws and policies for sustainable development.

# 4.

## CONCLUSIONS

*Our ESG policy aims to implement measures that will shape the future of beauty in a more sustainable direction. By aligning with our core values, we clearly articulate our position within the beauty industry.*



## The simplicity of Excellence

Our products are the expression of excellence and high quality achieved through care, precision, and consistency. Our packaging is easily recognizable by its pure and linear design that facilitates use and customization, while remaining attractive. Stripped of the unnecessary, our packaging is the result of a creative act where complexity gives way to simplicity.

The constant search for excellence is reflected in our creative and production processes, but also in our consolidated internal organization, our international structure, our strong integration of the value chain, and our specialized teams. All this is coordinated by high-quality standards that drive us towards continuous improvement, setting ever more challenging goals while remaining faithful to our core values.



## Packaging with a passion

The passion for packaging is at the core of our world. It is the creative driver that, along with innovation, has been the key to our success since 1962. Our products are, in fact, the result of experience and creativity expressed in attention to detail, the search for innovative solutions, and the continuous creation of added value. Thanks to this passion for cosmetic packaging, we offer both standard and exclusive products that protect and enhance the essence of each formula they contain.

Every day, we professionally create and develop primary packaging solutions with an aesthetically impactful yet functional design, the result of a deep and constant work of research. Packaging that can trigger emotions derives from the passion of those who develop it, making us "Passion Ambassadors." Our deep knowledge of the beauty industry is also expressed by the variety and versatility of the products we offer to the market.



## Integrity is synonymous of authenticity

Integrity is a core value, a versatile concept, a constellation of positive values that form the basis of our philosophy and daily activity, revealing us as "Integrity Ambassadors." This means being ambassadors of those essential values both from a production point of view, from reliability to quality, and from an ethical perspective, always promoting the values that inspire us to achieve our mission: excellence, passion, integrity, creativity.

Empathizing with our customers in an authentic way and offering a range of high-quality products and services is our added value a way of thinking, but above all, a way of operating. Always acting with integrity and enhancing credibility through effective client service, research for innovative products, and continuous improvement of our brand image are fundamental principles for us, becoming an integral part of our company strategy.



## Creativity, the magic of originality

Creativity is the magic of originality. It is the ability to go beyond, using imagination to give birth to endless possibilities and to develop new ideas capable of turning into concrete objects. Creativity is the combination of two essential elements: imagination and action. It means innovating through a new perception that goes beyond the product itself. Imagination is at the base of the creativity and enthusiasm we apply in the continuous development of new ideas and innovative solutions.

Therefore, our packaging is the result of a significant creative process, of research, experimentation, and originality, and the outcome of active listening to market requests, combining elements of functionality, aesthetics, and usability. Hence, we reveal ourselves as "Creativity Ambassadors," which means being ambassadors of imagination, the starting point and daily motivation, a core value that, along with excellence, passion, and integrity, allows us to create added value.



# BARALAN

## Baralan International S.p.A.

Via Copernico, 34  
20090 Trezzano s/N  
Milano, Italy  
Phone +39 02 4844961 - Fax +39 02 48402719

## Baralan Shanghai Ltd.

Suite 1403 -1404, Hengji Building  
99 East Huaihai Road,  
Shanghai 200021, China  
Phone +862161350208

## Baralan USA Inc.

North & Midwest Region  
120 -19 89th Avenue  
Richmond Hill - NY 11418, USA  
Phone +1 (718) 849 -1600 - Fax +1 (718) 849-1343

West Region  
1016 E. Burgrove St.  
Carson - CA 90746, USA  
Phone +1 (310) 635-0211 - Fax +1 (310) 635-1959

South Region  
315 SE Mizner Blvd - Suite 212  
Boca Raton - FL 33432, USA  
Phone +1 (754) 224-2173

developed with:  
Eva Lagarde

re/  
sources.

