



Environmental Social Governance

SæTHER

ESG REPORT 2023

3 Introduction	14 Our ESG Strategy and results
3 About this report	15 Our Work with ESG
3 Material issues	16 ESG activities overview
3 Transparency and Communication	18 Current state analysis
4 Letter from our CEO	19 Maturity matrix
5 About us	20 Focus group interviews and questionnaires
7 SÆTHER at a glance	26 Materiality assessment
9 Partnership with Look Good Feel Better	28 Sustainability Mission Statement
10 The frameworks that we use	29 Focusing on our three Ps
10 The Greenhouse Gas Protocol	30 We take care of our partners, our people, and our planet
10 United Nations Sustainable Development Goals	31 SDG selection
11 ESG governance	32 The three SDGs SÆTHER will focus on
11 Steering Committee/SteerCo	33 Education and involvement
11 Working groups	35 CO₂ baseline
12 Whistleblower platform	39 Data quality
13 Data handling regarding ESG	40 Climate disclosure project questionnaire
13 Human rights	41 ESG 2023 and beyond
13 Anti-corruption	42 Roadmap 2025

Introduction

About this report

In this first ESG report, Sæther Nordic A/S presents the Environmental, Social, and Governance efforts, covering the calendar and fiscal year of 2022. In this report, Sæther Nordic A/S will be referred to as SÆTHER.

Material issues

SÆTHER aims to apply the same level of governance around our ESG data as to our financial data. This report contains information on initiatives and visions for ESG at SÆTHER now and for the foreseeable future regarding the material matters most crucial to our core business.

Transparency and Communication

SÆTHER wishes to be transparent and open about ESG efforts. SÆTHER's ESG journey started in late 2021 and continues in 2023 where SÆTHER will start communicating the strategy and progress internally and externally. This ESG report is the first step in communicating SÆTHER's efforts and will be shared with crucial stakeholders.



Letter from *our CEO*

Sustainability is a common responsibility for all of us and this year SÆTHER has taken the first steps of our sustainability journey to work actively with sustainability projects to support our employees, our customers, our suppliers, and the society surrounding us. These are still early days for us, but we are ambitious and focused on making changes supporting our different initiatives.

2023 also marks the 40th anniversary of SÆTHER and since the very beginning of the company, the mantra of our founder Ellinor Sæther has been *'It's a people's business'*. Today, we still value our employees and their wellbeing highly – and they have played an important part in our sustainability initiatives, having been highly involved in focus interviews and questionnaires. Without our employees SÆTHER is but a name!

Through the years, SÆTHER has been recognized by our suppliers and customers for the high

SÆTHER's CEO Palle Pedersen talks about the kickoff of our sustainability journey and how SÆTHER aims to create a positive impact and reduce our environmental footprint in the years to come.

quality and attention offered to the brands that we represent, and we find it natural to offer the same attention and high standard within our sustainability work. As such we will reach out to our partners, involve them in our initiatives and pave the way for a close dialogue to see what and how we can do more, and do better.

This report will further introduce you to our first, however broad approach towards sustainability, where we strive to contribute to the UN Sustainable Development Goals focusing our efforts on making a positive impact within our domain of influence. We are looking forward to taking these new steps, especially within the areas of responsible consumption & production, decent work & economic growth, gender equality and climate action.



Palle Pedersen
Chief Executive Officer





About us

Connecting *global beauty* with Nordic consumers

As a preferred and experienced beauty distributor in the Nordics, SÆTHER represents a diverse selection of well-known, international fragrance, makeup, hair- and skincare brands.

SÆTHER's rich history began in 1983 when Ellinor Sæther founded the company. She had a clear vision for the company and worked tirelessly to turn that vision into a reality. Her dedication and drive made SÆTHER a leading player in the beauty industry. Despite small beginnings, the company has grown and evolved over the years, but the entrepreneurial spirit and ambition at the heart of our founding remain just as strong today.

SÆTHER has come a long way since our humble origin as a small start-up. Today, our company has grown to be a well-established and

respected player in the beauty industry, with a team of more than 400 dedicated employees. Despite this growth, SÆTHER has remained true to our roots, emphasizing building long-term partnerships with our brand owners, retailers, and employees. This approach has helped SÆTHER create a culture of trust, respect, and loyalty where everyone feels part of ONE SÆTHER.

SÆTHER is based in Denmark, with our main headquarters in Farum. It operates in four Nordic countries, Denmark, Sweden, Norway, and Finland, and is divided into three divisions: Prestige Nordic, Consumer Nordic, and Haircare Nordic. Each division is responsible for managing and developing a specific business area, and all are dedicated to providing our partners with the highest level of service and support. →

”It’s a people’s business”

Ellinor Sæther

The divisions work closely to ensure we provide our partners with a seamless and comprehensive service. Each division identifies and capitalizes on growth and expansion opportunities while developing tailored strategies for our brands that align with the specific market’s needs and trends.

With 40 years of experience in the Nordic market, SÆTHER supports brands within the Nordic beauty market. We enhance efforts in brand promotion and sales channels, thus acting as more than just a distribution company. We help brands get a firm hold on the market, promote their public relations, and establish local networks.

At SÆTHER, our values guide us as we strive to excel in the beauty industry. Beauty is our passion; we are dedicated to providing consumers with the highest quality products and our partners with exceptional service and insights. Relations are our anchor, and we value the strong partnerships we have built with our brands, retailers, and employees. Results are in our DNA, and we are committed to delivering impactful results that help our partners succeed. With these values at the core of our business, we are able to create a culture of excellence where everyone is dedicated to helping our partners achieve success and build on Ellinor Sæther’s mantra; *“It’s a people’s business.”*

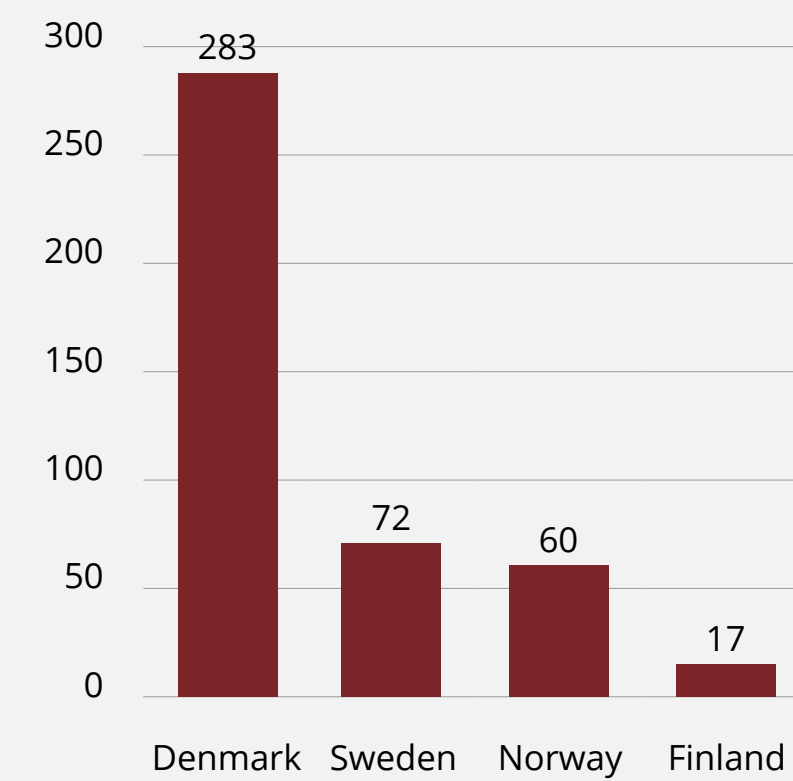
SÆTHER

at a *glance*

In the following, we take a closer look at the people of SÆTHER.

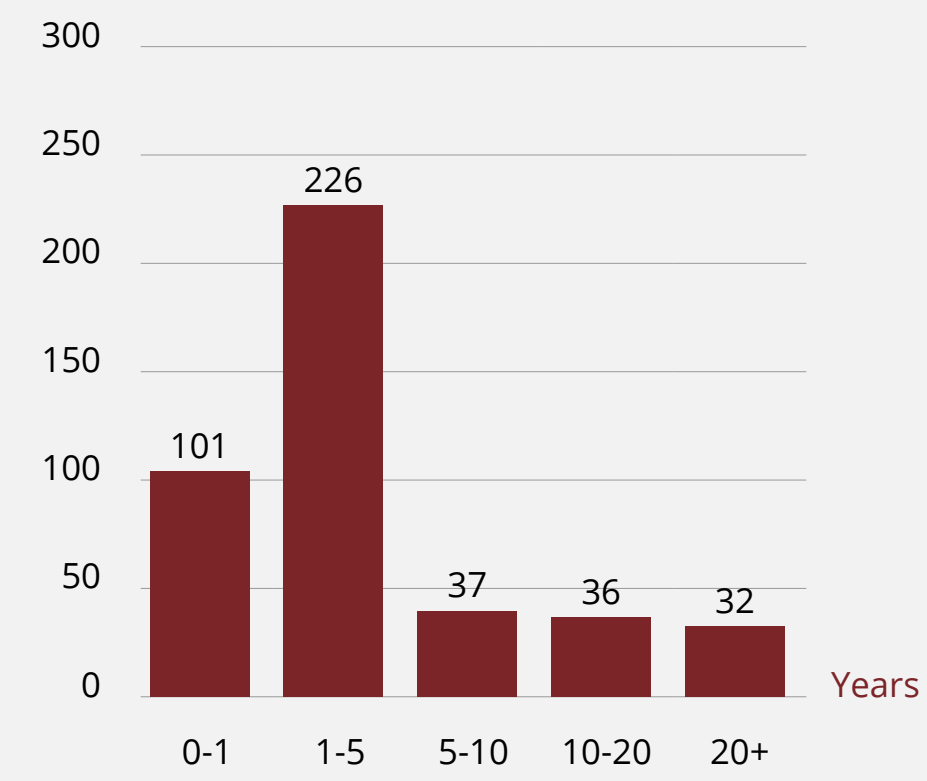
Employee location

Number of people



Seniority

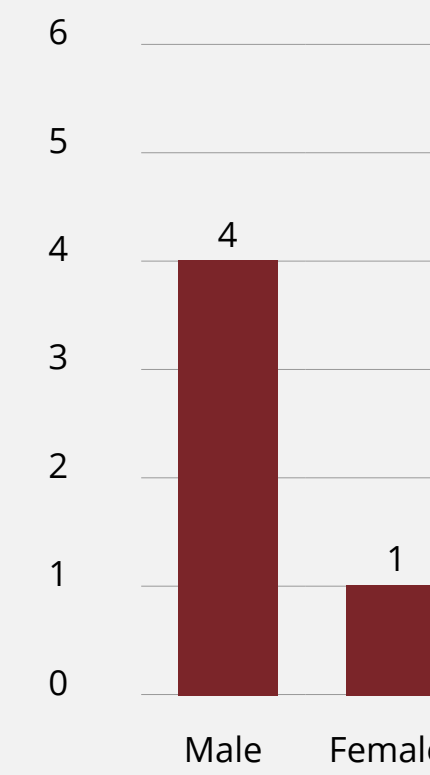
Number of people





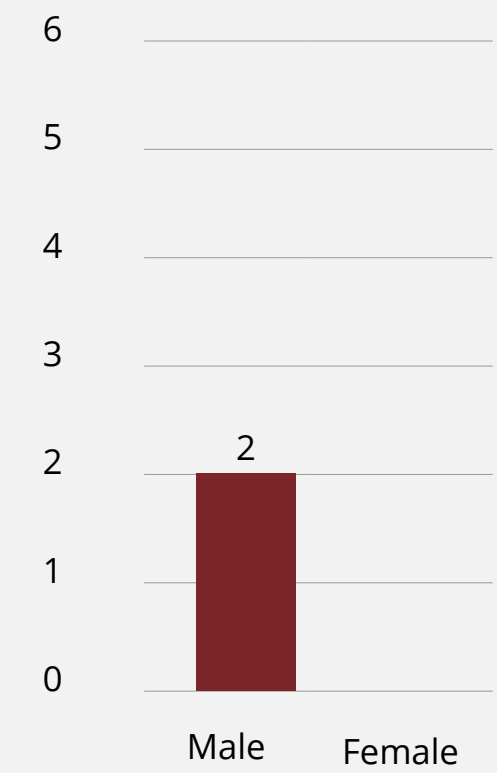
Board

Number of people



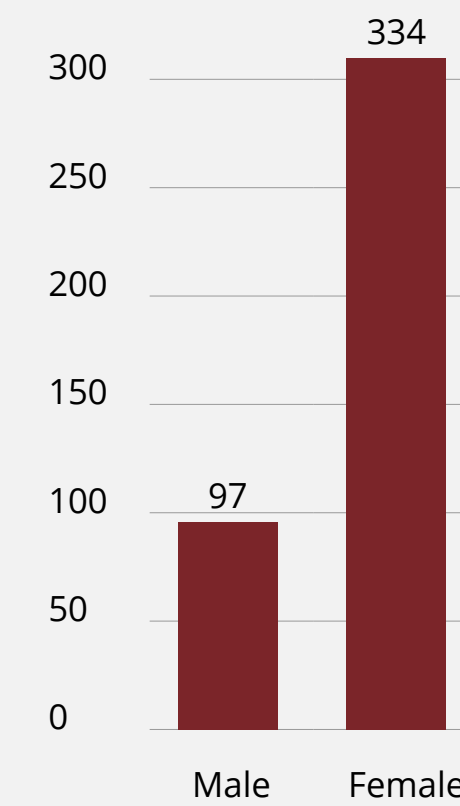
Top management

Number of people



Gender

Number of people



Partnership with *Look Good Feel Better*

Look Good Feel Better is a humanitarian organization that offers free skincare and makeup courses for women undergoing ambulatory cancer treatment. A Look Good Feel Better course lasts two hours and provides all participants with a free kit of skincare and makeup products to take home.

For 25 years, SÆTHER has been a trusted ally and partner, initially helping the organization establish and find its form in the Danish market. Since 1997 we have supported the organization in Denmark by donating products, the time of consultants for the courses, and paying a partnership fee. Currently, Anette H. Danielsen represents SÆTHER on the Danish board of LGFB as deputy chairman.

When SÆTHER entered the Norwegian market in 2019, it was natural to support the Norwegian

branch of Look Good Feel Better with product donations and consultants. Our Norwegian colleague who is responsible for the partnership in Norway, Christine Corneliussen explains:

"We currently sponsor the initiative with products from Elizabeth Arden, Max Factor, and Lumene but are looking into sponsoring with more brands as SÆTHER expands. Usually, five consultants from SÆTHER participate in 2-3 courses each year. The courses tend to be brand-neutral because we want to be able to help participants apply basic skincare and guide them in applying makeup. We are proud to be a part of this fantastic project!"

SÆTHER also supports Look Good Feel Better in Sweden and held 72 courses in 2022 and planned for even more in 2023.

"Look Good Feel Better is incredibly thankful for SÆTHER's great support through the 25 years that Look Good Feel Better has existed. SÆTHER supports both economically, with products for the participants, with sparring on the board, and with consultants who teach the course. SÆTHER's support is essential for Look Good Feel Better's ability to help about 1500 women with cancer every year feel better about themselves."

Helle Busch Gammelgaard,
Head of Secretariat,
Look Good Feel Better (Denmark).

FACTS

In 2022 Look Good Feel Better held 103 workshops in Denmark, and 1052 women participated in a makeup course. Since Look Good Feel Better was established more than 25 years ago, more than 25.000 women have participated in the course in Denmark, and the results are impressive:

- 93% of the participants feel they have more self-confidence after a course
- 94% of the participants feel supported by the other participants
- 95% of the participants appreciate what they learn during the course
- 96% of the participants experience a more positive perception of themselves during a tough time.

The *frameworks* that we use

At SÆTHER, we wish to be able to work closely with our partners and stakeholders, also when it comes to sustainability. Using international frameworks give us a better chance of working internationally and aligning our efforts with our partners. As a start, we have chosen to work with the Greenhouse Gas Protocol and United Nations Sustainable Development Goals.

The Greenhouse Gas Protocol

To calculate and map our climate impact and Greenhouse Gas risks for future mitigation and reliable target-setting, we follow the Greenhouse Gas Protocol (GHG Protocol). The GHG Protocol establishes comprehensive global standardized frameworks to measure and manage greenhouse gas (GHG) emissions from private and public sector operations, value chains, and mitigation actions. Building on a 20-year partnership between World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD), GHG Protocol works with governments, industry associations, NGOs, businesses, and other organizations.

United Nations Sustainable Development Goals

To ensure a successful and long-term transition, SÆTHER actively works with the UN Sustainable Development Goals as part of our ESG strategy. The Sustainable Development Goals (SDGs), or the 17 UN Global Goals, represent a global call to action for a better and more sustainable future for all. Each SDG consists of an overall goal supported by several targets backed by indicators that outline specific initiatives. Working with the UN Sustainable Development Goals and sustainability targets ensures a focused, systematic, and persuasive approach to implementing local and global sustainability efforts and initiatives.

ESG Governance

SÆTHER has set up a governance structure to support the critical work surrounding ESG.

Steering Committee/SteerCo

SÆTHER has established a Sustainability Steering Committee comprising our CEO, CFO, Nordic HR Director, Nordic Communication Manager, Nordic Head of PR & Communication, Nordic Finance Manager and Nordic Supply Chain Director.

The Steering committee (SteerCo) has been designed to represent all relevant functions across the Group and include people with decision-binding power. The SteerCo is responsible for making strategic decisions and settings and, when necessary, adjusting directions in the sustainability journey.

Working Groups

SÆTHER has established several working groups responsible for different projects, such as finding participants for focus group interviews as a part of the current state analysis or establishing the technical support team that has been calculating SÆTHER's scope 1 and 2 baselines.

One of the goals for 2023 is to work even more on the governance surrounding our ESG work. We aim to have governance in place by the end of 2023.



Whistleblower platform

To comply with applicable law and mitigate the risk of any suspicion of irregularities or illegalities that may have economic and reputational significance for us, SÆTHER established an online Whistleblower Platform based on the principle of openness and responsibility as a supplement to internal dialogue in the company in 2022.

The platform is available for employees, business partners, and suppliers to report issues such as:

- Financial crimes (embezzlement, bribery, fraud, document forgery)
- Submission of incorrect or misleading information to public authorities
- Physical violence or sexual abuse
- Violation of occupational safety
- Threats to environmental health and safety

With the Whistleblower Platform, SÆTHER aims to signal and show corporate transparency and responsibility. The platform ensures an anonymous, confidential, and independent

channel for reporting matters that are unsuitable to be directly handled by regular channels. All issues reported through the Whistleblower Platform are processed by Lund Elmer Sandager, a law firm with extensive experience handling Whistleblower cases. SÆTHER will only be involved when Lund Elmer Sandager assesses that it is relevant and can be done without compromising the report's effective and confidential processing.

While the platform was implemented in 2022, SÆTHER will increase internal communication during 2023 to ensure that all employees, business partners, and suppliers are on board.



Data handling regarding ESG

SÆTHER has partnered with the Swedish software provider Position Green, which provides us with a solid and scalable platform for our ESG reporting, specifically for climate accounting supporting greenhouse gas inventory. We believe a reliable system for measuring our ESG performance is the foundation

Human rights

SÆTHER supports the United Nations Universal Declaration of Human Rights and the International Labor Organization’s Declaration on Fundamental Principles and Rights at work. Our employees can not violate human rights principles, directly nor indirectly. SÆTHER upholds freedom of association and effectively recognizes the right to collective bargaining.

We acknowledge the potential risks of bad working conditions at international sub-suppliers in the supply chain. In 2022 no breaches of human rights were identified, and SÆTHER will continue to focus efforts to prevent any human rights violations. We strive to maintain the highest legal and ethical standards. By the end of 2025, SÆTHER will have a company Code of Conduct.

See: ESG 2023 and beyond.

Anti-corruption

SÆTHER is committed to never engaging in bribery, corruption, extortion, or embezzlement and to avoiding the risk of illegal methods influencing public officials, the judiciary, or any other private parties. This will be implemented in the aforementioned Code of Conduct, developed and implemented by the end of 2025 at the latest. As of 2022, no corruption in SÆTHER’s activities has been experienced or reported. Any SÆTHER employee aware of a potential violation regarding corruption is expected to contact their superior, Group HR, Top Management or use the Whistleblower Platform outlined above.



Our ESG strategy and *results*

In the following we deep dive into the processes of our ESG strategy. During 2022 we have worked intensively on establishing a baseline and a foundation for our ESG work which we want to build upon for many years ahead.

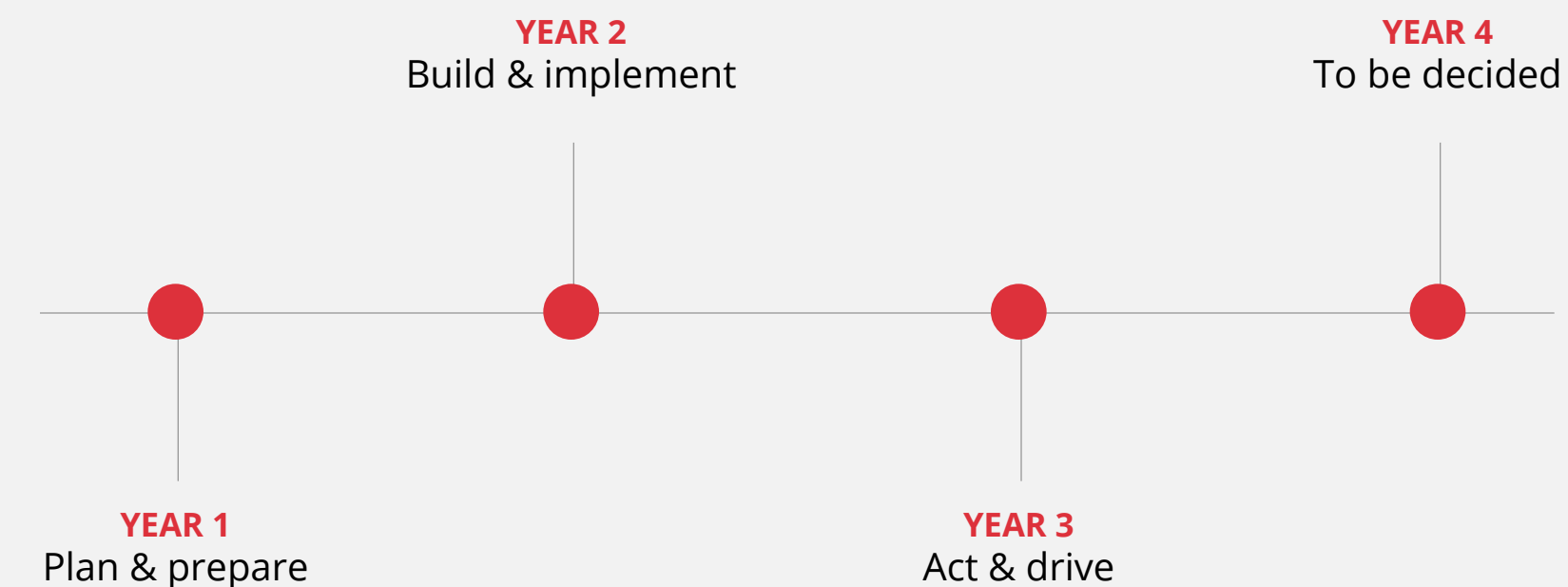
We will build our future sustainability efforts on our three strategic pillars Partners, People and Planet.

The development of the strategic direction was backed up by internal and external research, workshops, questionnaires, and employee interviews. Moreover, relying on the materiality assessment and sustainable development goals selection process, we have chosen four SDGs that correspond with our strategic pillars and the topics most material to us: SDG 5, SDG 8, SDG 12, and SDG 13.



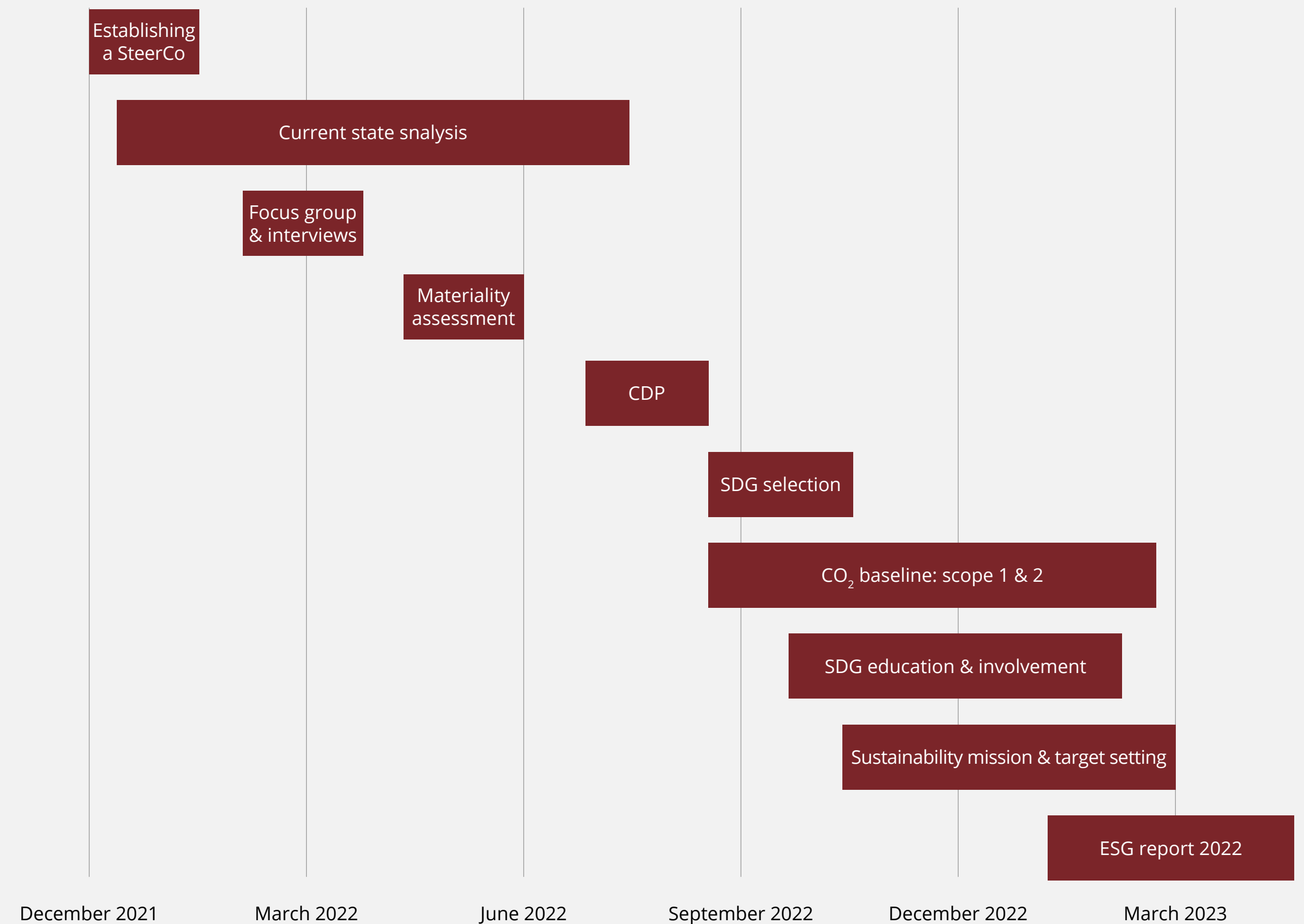
Our work with *ESG*

Since December 2021, SÆTHER has endeavored to accelerate the green transition and drive sustainability initiatives more systematically in the organization. Knowing we could not lift this task alone, we partnered with SustainX, a consultancy company dedicated to raising the bar for ESG work. Their framework, Engage to Sustain, helps us structure and move forward with our ESG efforts, ensuring long-term organizational changes.



At SÆTHER, sustainability is a holistic system where future efforts are built upon current knowledge. In 2022 we connected past sustainability initiatives with future efforts and continued working on the foundation of our ESG strategy year 1, titled “Plan & Prepare.”

Engage to sustain



ESG *activities* overview

Establishing a SteerCo

First things first – to ensure governance and accountability are in place for the ESG work, we have established a Steering Committee (from now on referred to as SteerCo) to be responsible for the strategic direction and the progress of the ESG work. The SteerCo consists of the following functions: CEO, CFO, Nordic HR Director, Nordic Communication Manager, Nordic Head of PR & Communication, Nordic Finance Manager, and Nordic Supply Chain Director.

See section: ESG governance

Current state analysis

We have carried out a current state analysis to map and understand the different aspects of ESG within the market and in our industry. This provided insight into our industry's ESG efforts and challenges while highlighting current facts, challenges, and future trends. The current state analysis contains a maturity analysis of SÆTHER, a P.E.S.T.E.L analysis, a materiality assessment, and the development of a sustainability mission statement.

See section: Our ESG strategy and results – current state analysis.

This section contains a short recap of the activities we have performed or are currently performing as part of our ongoing work within ESG.

Focus group & interviews

SustainX has conducted qualitative focus group interviews and quantitative questionnaires with SÆTHER's employees to uncover knowledge, opinions, wishes and ideas on sustainability. A total of 134 employees, 33 of whom have management responsibilities, partook in the questionnaires and focus groups.

See section: Focus group interviews and questionnaires.

Materiality assessment

The SteerCo assessed SÆTHER's material issues within environmental, social and governance aspects. The materiality assessment ensures that SÆTHER target the topics most material to our business and our stakeholders.

See section: Materiality assessment



ESG *activities* overview

This section contains a short recap of the activities we have performed or are currently performing as part of our ongoing work within ESG.

CDP

SÆTHER conducted the Climate Disclosure Project (CDP) scoring as part of a client's engagement program. The CDP score is a transparent assessment that provides insight into SÆTHER's environmental performance. The snapshot of SÆTHER's current environmental action is used to understand shortcomings for future target setting.

See section: Our ESG strategy and results – climate disclosure project questionnaire.

SDG selection

To implement SDGs in our business strategy, SÆTHER's SteerCo went through a thorough selection process, narrowing down four relevant SDGs from the 17 SDG goals.

See section: Our ESG strategy and results – SDG selection.

CO₂ scope 1 & 2 baseline

To calculate and map our climate impact and Greenhouse Gas risks for future mitigation and reliable target-setting, we calculated and established a baseline for scope 1 and 2 emissions for SÆTHER's locations in the North (Denmark, Sweden, Norway, Finland) in accordance with the Greenhouse Gas Protocol.

See section: Our ESG strategy and results – CO₂ baseline.

SDG education & involvement

To understand the importance of the sustainability agenda and increase knowledge in the organization about the relevance of our chosen UN's SDGs, we launched an internal education program focusing on SDG 5, SDG 8, SDG 12, and SDG 13.

See section: Our ESG Strategy and Results – Education and Involvement.

Sustainability mission & target setting

To ensure the long-term vision and short-term motivation for our ESG strategy, we are working on setting targets and KPIs for the upcoming years that adhere to our Mission Statement and our focus areas, Partners, People, and Planet. Our work started in 2022 but will continue in 2023. The final results will be disclosed in the ESG report covering 2023.

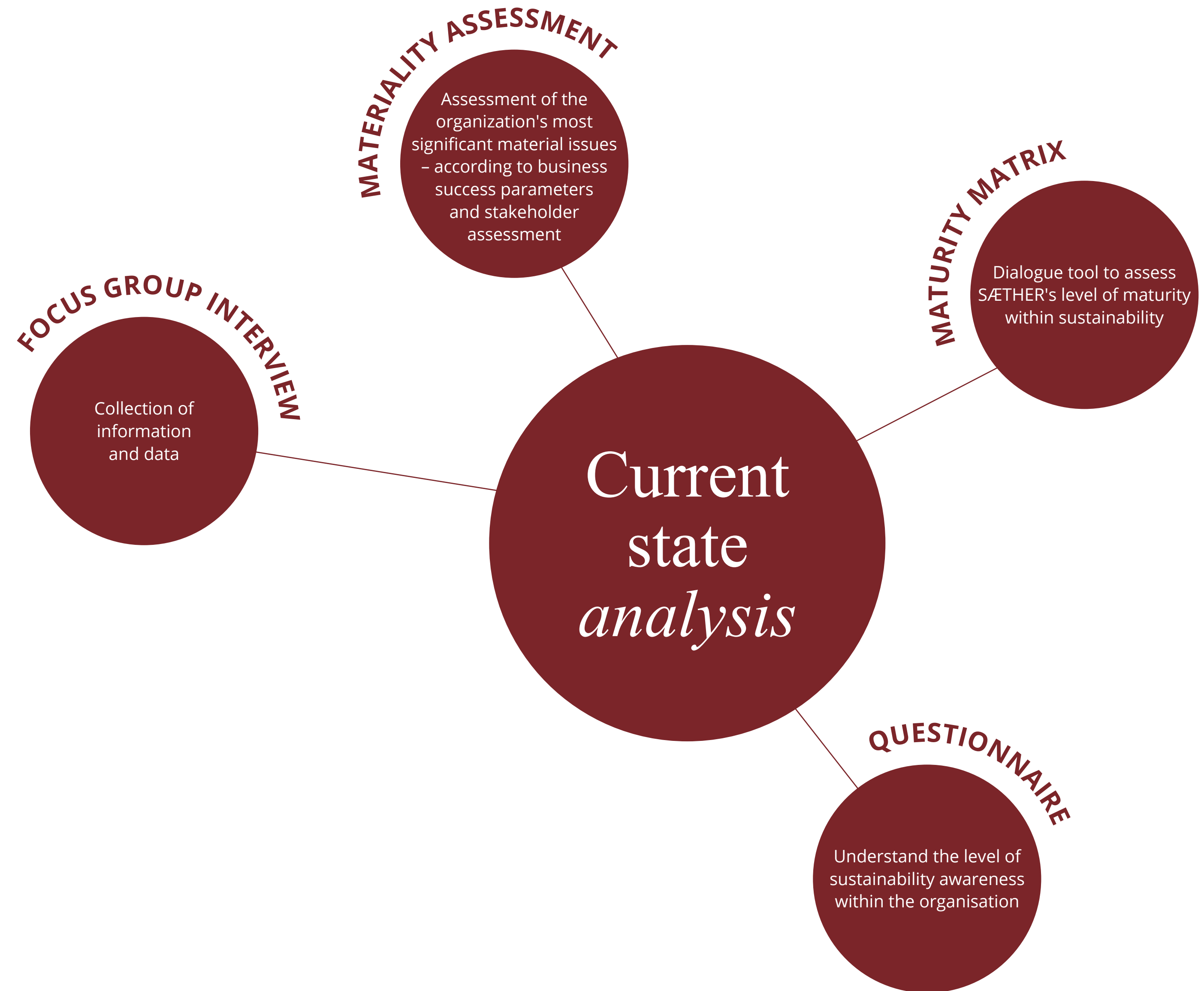
ESG report

During fall 2023, SÆTHER will implement a communication plan to disclose the current and previous ESG work and results to internal and external stakeholders. This ESG report is the first initiative to present current and future initiatives.

Current state *analysis*

Starting in January 2022, we conducted a current state analysis to evaluate our point of departure within ESG and build a strong foundation for future ESG initiatives.

Our position was assessed based on environmental, social, and governance topics within internal and external structures, including current facts and future trends. The analysis was the first step in implementing ESG reporting and supporting efforts to meet the growing demand for ESG work and documentation. It provided guidelines enabling us to move from our current position into target setting and mission development. The current state analysis comprises four components, illustrated here.

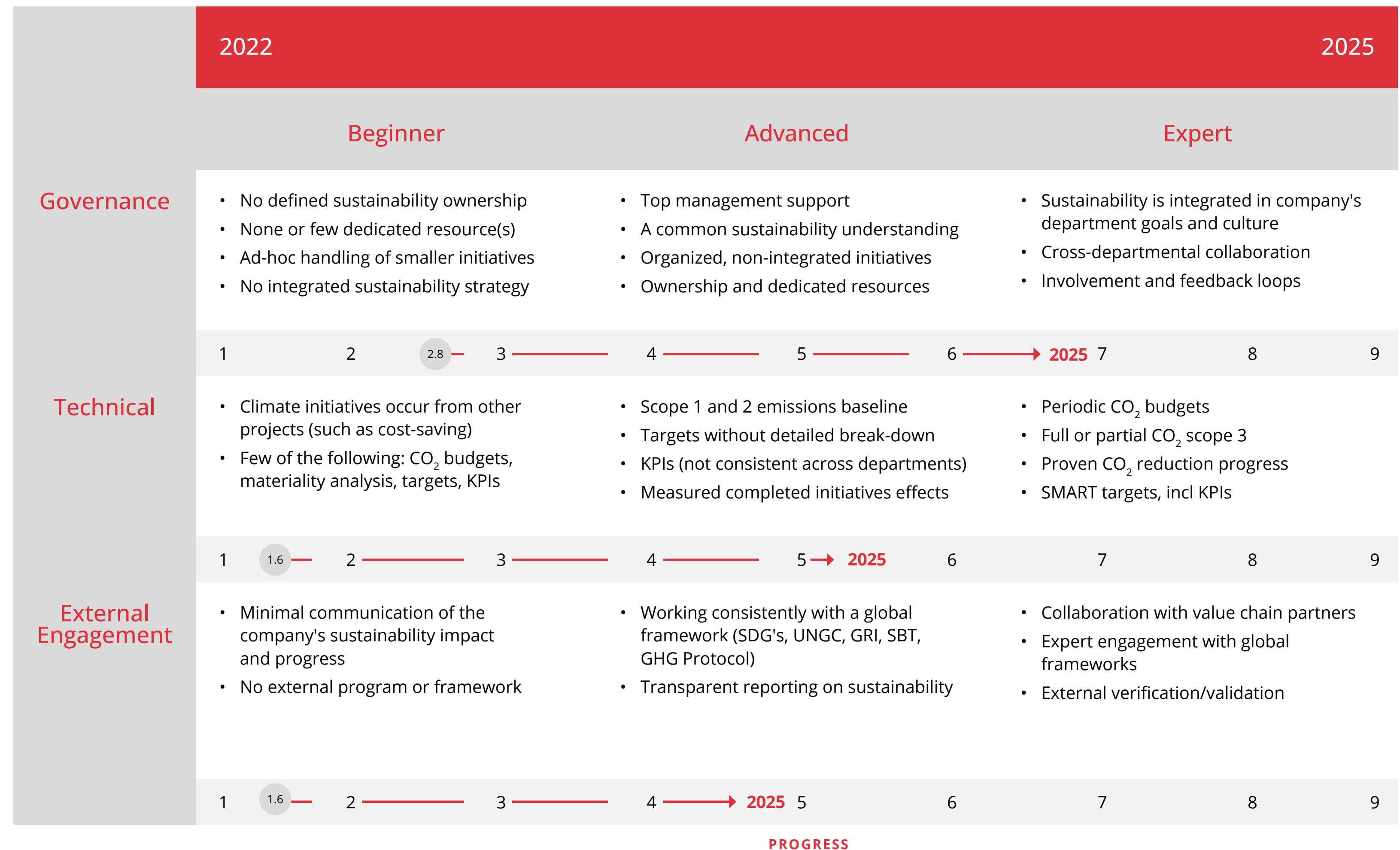


Maturity matrix

The maturity matrix is a dialogue tool designed by SustainX to indicate the maturity level of sustainability within SÆTHER's different organizational structures. It enables the creation of a common acknowledgment internally and assessment of where SÆTHER is now and where we want to go. The maturity matrix is a grading assessment of governance, technical, and external engagement topics within the sustainability field. The grading assessment involves three different scoring groups, each with an individual matrix. The final outcome presents an average score of all the groups. The maturity matrix was performed with the SteerCo and two focus groups consisting of 1) employees representing Nordic departments (Norway, Sweden, Finland) and 2) employees representing Danish departments.

From beginner to advanced and expert, the SteerCo and Focus groups ranked SÆTHER as a beginner regarding governance, external engagement, and technical aspects.

The final average result based on input from the three focus groups can be seen in the illustration here. It shows where we see ourselves at the beginning of 2022 and where we wish to be by the end of 2025.



*Results are based on an average score from all workshop streams

Focus group *interviews* and questionnaires

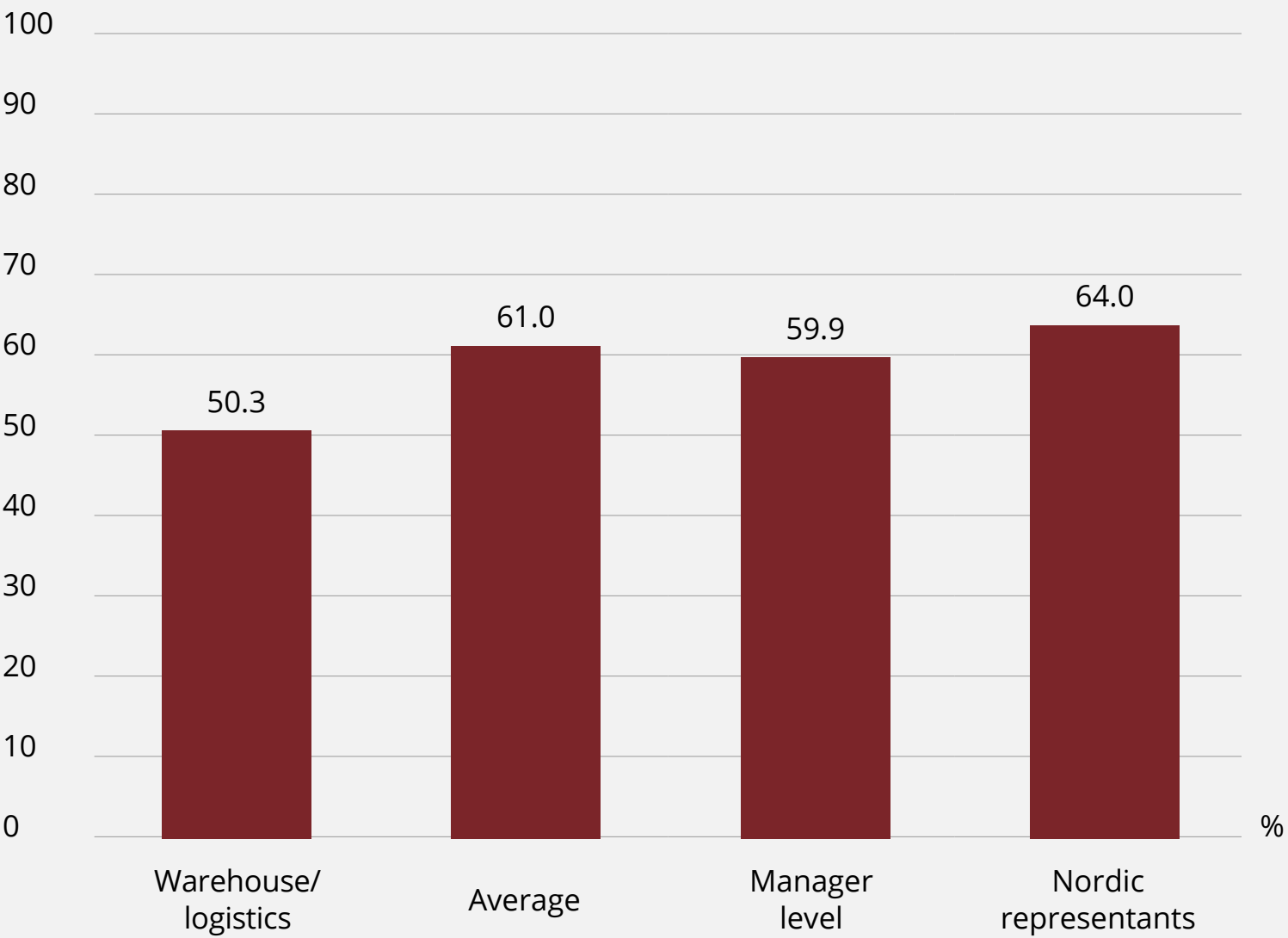
At the beginning of 2022, SÆTHER conducted focus group interviews and questionnaires for SÆTHER's employees. A total of 134 employees, 33 of whom have management responsibilities, partook in a survey regarding sustainability in SÆTHER. Qualitative interviews and a quantitative survey were conducted to uncover knowledge, opinions, wishes, and ideas on sustainability within SÆTHER's different departments.

The questions and interviews showcased various topics within sustainability, which can be seen in the following diagrams with questions and answers.



Employee questionnaire

How much do you focus on sustainability in your life in general?



0 = no extent · 50 = to some extent · 100 = to a high extent

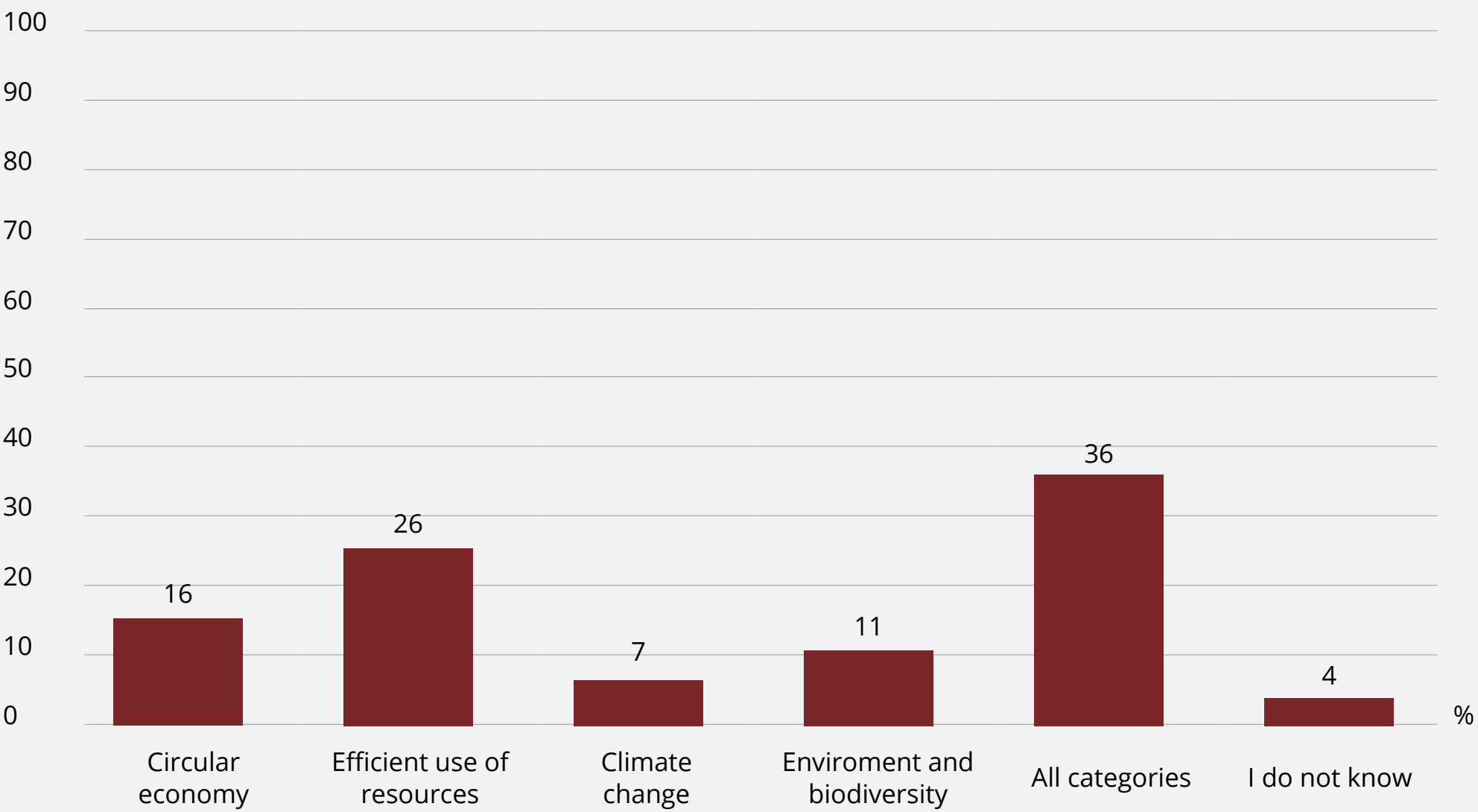
Based on all 134 respondents

Takeaway

For a company starting to work with sustainability, a score between 55 and 65 is expected. SÆTHER fulfills the expectation with an average score of 60 %, slightly differentiated between the Nordic departments and the warehouse representatives.

Employee questionnaire

What do you think sustainability is?



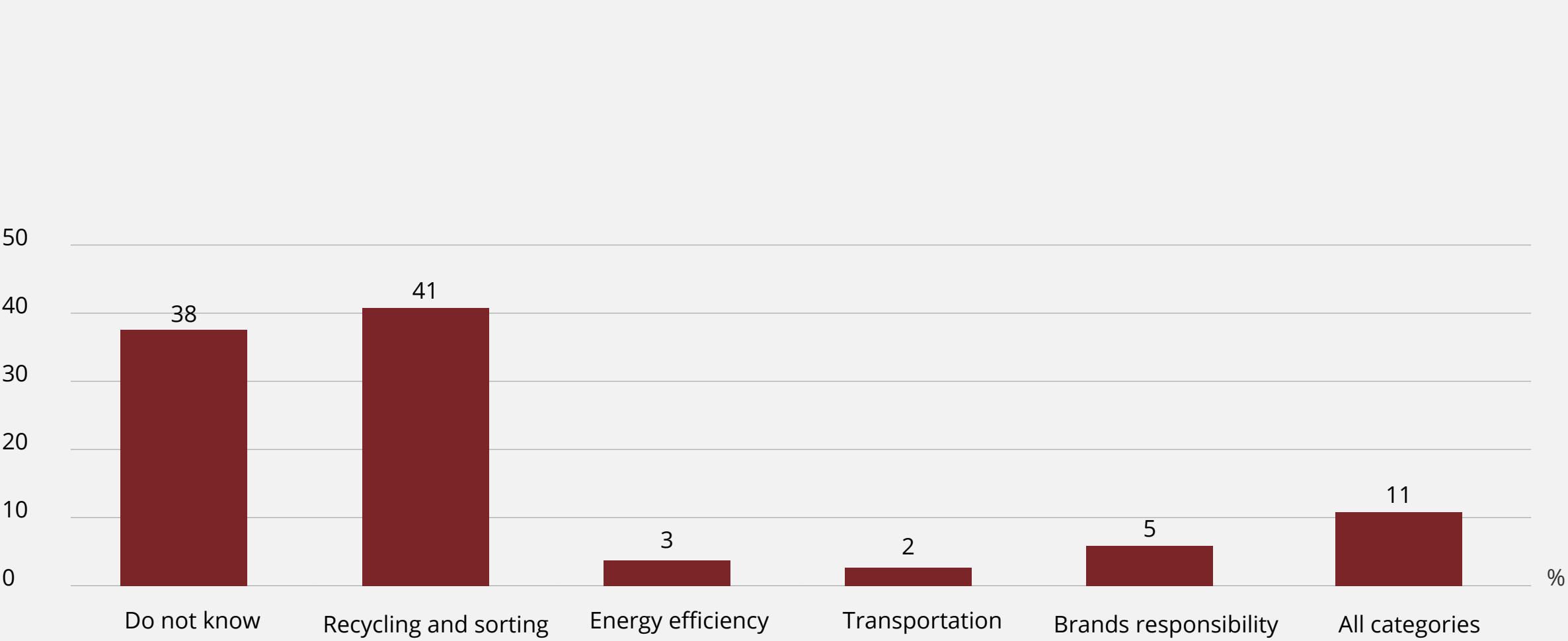
Based on all 134 respondents

Takeaway

The majority see sustainability as a mix af all categories. Survey participants revealed a broad understanding of sustainability as an interdisciplinary topic requiring a holistic approach.

Employee questionnaire

Describe in your own words any sustainability-related targets or initiatives in SÆTHER.

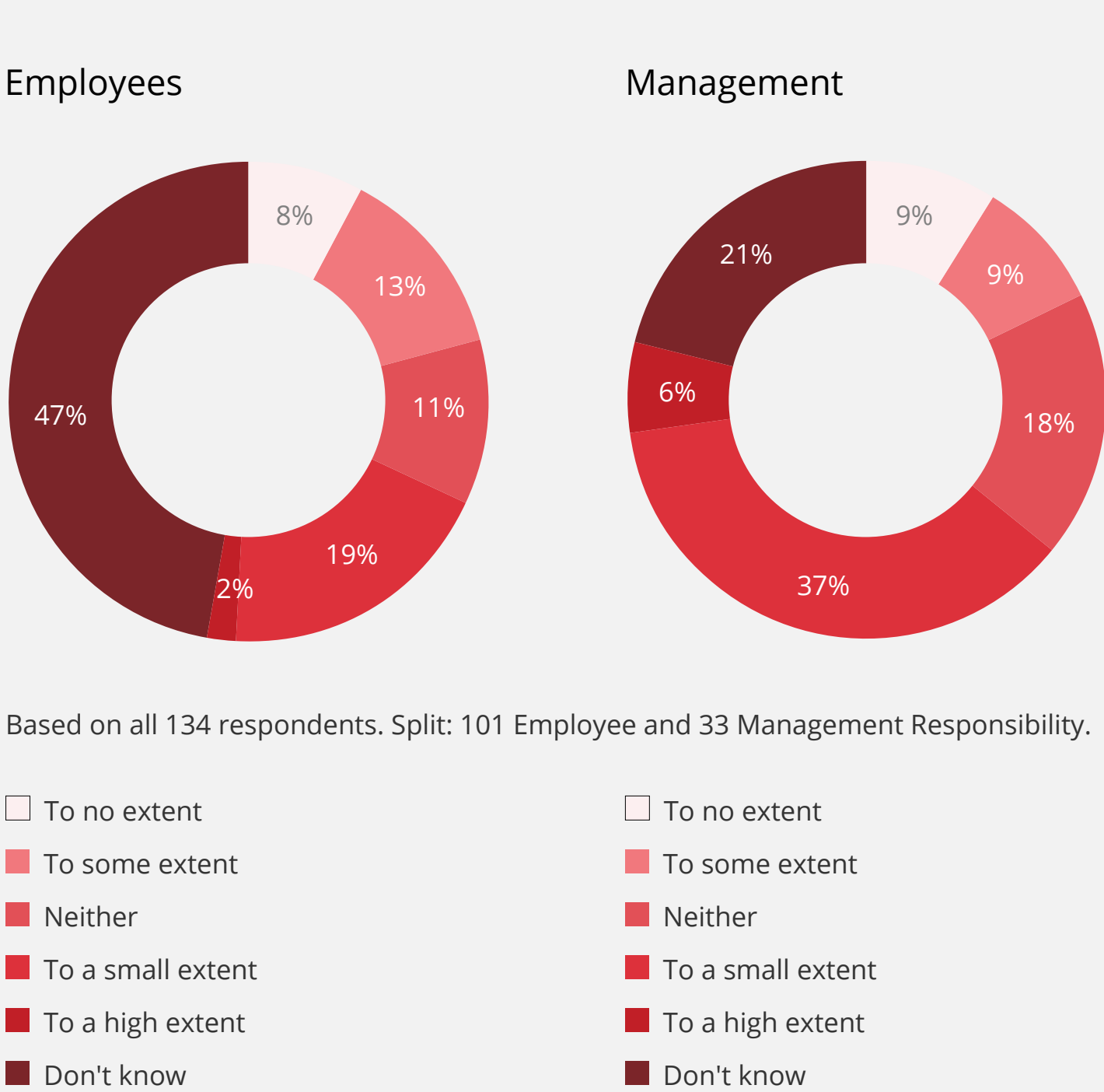


Takeaway

The majority mentioned recycling, reusing and sorting as most common initiative. Significant amount mentioned "do not know" as an answer but this is to be expected due to the early stage of SÆTHER's sustainability journey.

Employee questionnaire

How ambitious do you think SÆTHER's goals and initiatives within sustainability are?



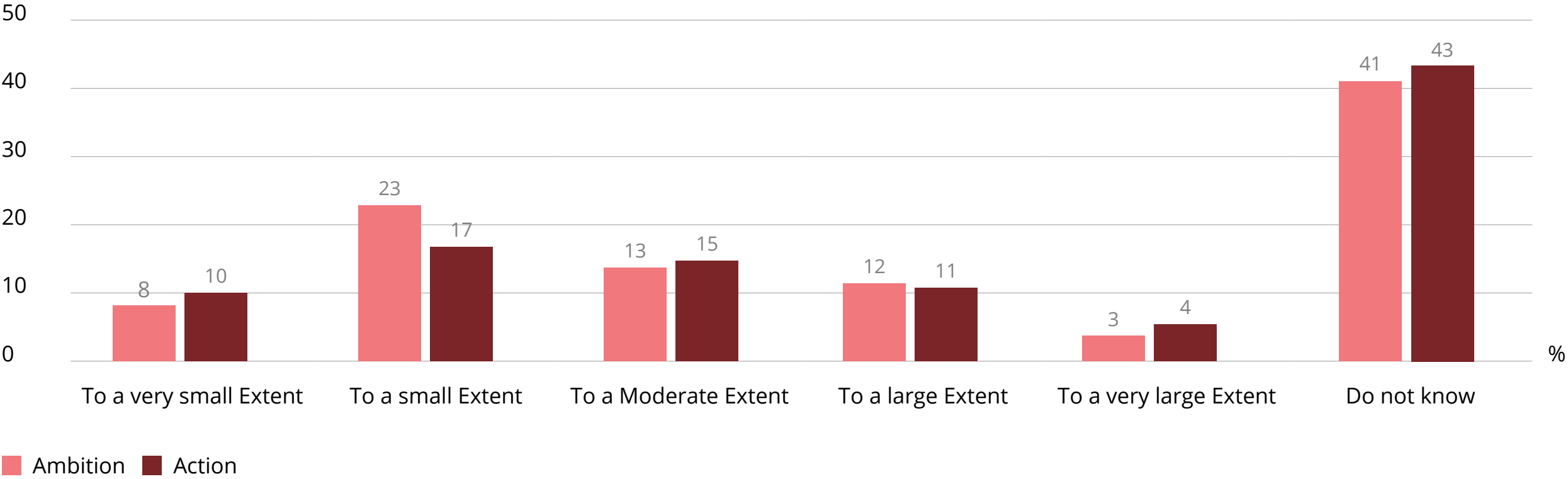
Based on all 134 respondents. Split: 101 Employee and 33 Management Responsibility.

Takeaway

There is a significant difference between percentage who answers 'don't know' on employee level vs. management level. This is foreseeable as management has initiated the sustainability journey and the questionnaire was conducted in the early days of the journey.

Employee questionnaire

How ambitious do you think SÆTHER is vs. how well SÆTHER actually works with sustainability?

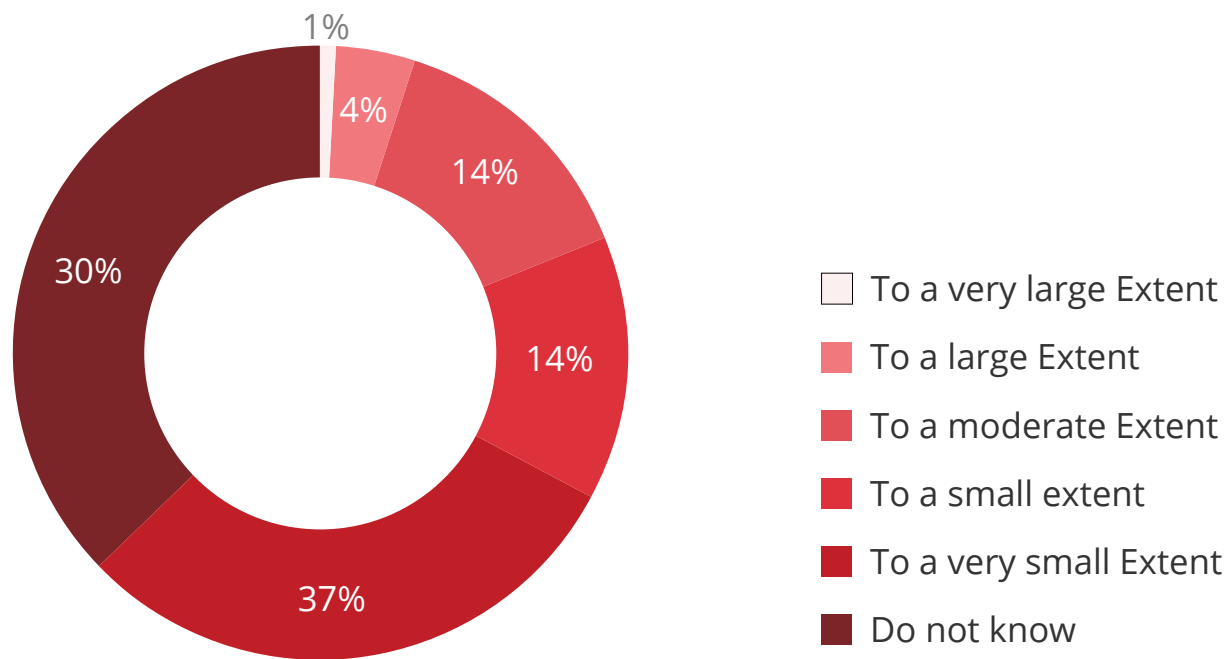


Takeaway

The organization perceives the level of ambition almost identical with the actual sustainability initiatives inside SÆTHER.

Employee questionnaire

Have you experienced changes in your daily work based on SÆTHER's aim to become more sustainable?

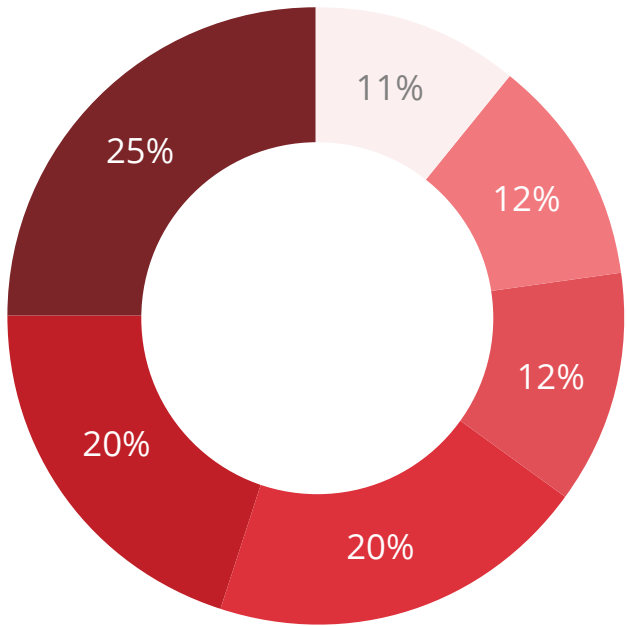


Takeaway

Most employees have not experienced changes in their daily work. Most likely due to the early stage of SÆTHER's sustainability journey.

Employee questionnaire

Why do you think sustainability may be important to SÆTHER?



Unlimited choices

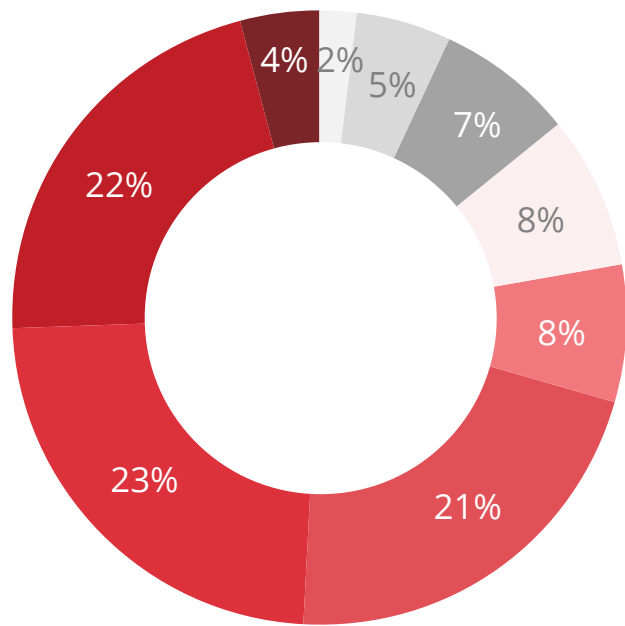
- Social Aspects
- Attract and retain qualified employees
- Financial profit that it brings
- Marketing, branding and competitive advantage
- Meet current or future legal legislation
- Sake of climate and environment

Takeaway

Environment and climate rated the highest followed by current and future legislation and marketing and branding purposes. These results are as expected, again due to SÆTHER's maturity level within sustainability.

Employee questionnaire

What changes do you think are required of your department for sustainability to become an integral part of business?



Unlimited choices

- Hiring more employees
- More dedicated time
- Financing specific project(s)
- More support from management
- Competencies development
- Specific procedures
- More knowledge
- A clearly defined prioritization
- Don't know

Takeaway

Going forward it is needed to focus on developing procedures and allocate and educate internal resources to support the sustainability work.

Results

The final results of the questionnaire show that sustainability is a topic of high importance amongst our employees. Furthermore, our employees have many necessary inputs on bringing SÆTHER into a new era of becoming a more sustainable company.

The result also shows that there may be a lack of communication between management positions and the rest of the company, as many employees are unaware of what is going on regarding sustainability. This is something we take very seriously at SÆTHER and in our roadmap for future work with sustainability aim to both communicate more with our employees and also include them further in the work around sustainability.

The questionnaire results are also reflected in the materiality assessment result, where employee retention and thriveability were some of the top-material issues for SÆTHER. As a direct result, the SteerCo prioritized education within Sustainable Development Goals as one of the priorities within sustainability for 2022 and will extend the focus on employee thriveability with several initiatives in 2023.

Answers from employees on the question of:

What should SÆTHER do to motivate and encourage you to consider sustainability in your daily work?

“Have a clear plan from A-Z on how we work with sustainability in daily life and a detailed guideline on how the individual can think more sustainably. Be able to communicate it.”

“Be motivating leaders and partners. SÆTHER must go 100% in and don’t stop anywhere halfway.”

“Make sure it is a clear priority from the company and make sure to share all initiatives that are already in place or progress. For example, how does the warehouse work more sustainably? At the office? How are we working with our brand owners in, for example, shipping, packaging, etc.?”

Materiality *assessment*

As part of the current state analysis, the SteerCo assessed SÆTHER's material issues within environmental, social, and governance (ESG) aspects to ensure our efforts target the most critical sustainability topics that can impact our business and stakeholders.

The materiality assessment enables us to fine-tune our understanding of strategic directions and future risks and opportunities within sustainability. As our company continues to evolve, the materiality assessment only represents the current state of internal perception and should be understood as a process rather than a final outcome.

Based on the findings in the questionnaire, focus interviews, maturity matrix, ESG

positioning, and P.E.S.T.E.L analysis, the SteerCo initiated the materiality assessment process. This started with an individual brainstorm on material issues that impact SÆTHER regarding stakeholders and the business, followed by a discussion, categorization, and prioritization of the topics within ESG. Finally, the most critical material topics were chosen and plotted into a matrix showing their importance from low to high impact on stakeholders and business. The process is illustrated on the next page.

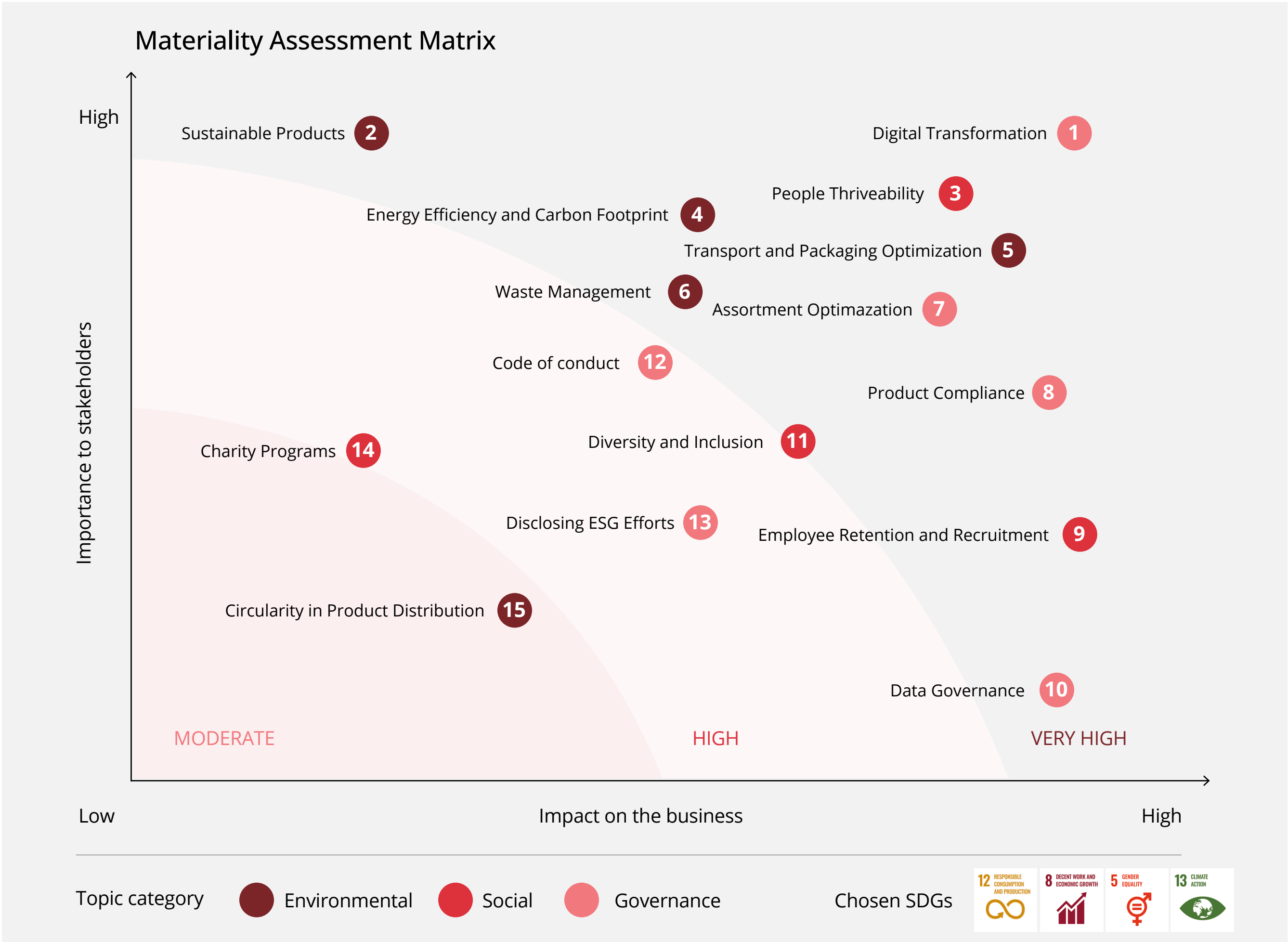


The materiality assessment clearly shows that SÆTHER has three crucial material aspects with high impact on the business within both E, S, and G – Digital Transformation (G), People Thriveability (S), and Transport and Packaging Optimization (E), with a runner up of Employee Retention and Recruitment (S). Also, SÆTHER has three crucial material aspects with high importance to stakeholders within both E, S, and G – Sustainable Products (E), Digital Transformation (G), and People Thriveability (S) with a runner-up of Energy Efficiency and Carbon Footprints (E).

- By not considering these material topics for the future, SÆTHER risks, among other things;
- Not being able to comply with customer demands regarding ESG aspects
 - Not being able to hire and retain the best employees
 - Too many regulations to be able to comply
 - Not being able to represent the best brands and thus starting to lack market share

SÆTHER is determined to mitigate the most imminent and crucial risks to our business, stakeholders, and planet.

While much work is taking place regarding Digital Transformation, and we consider the topic important to our business structure, it is not currently considered a part of our ESG strategy but will be a focus area for SÆTHER in 2023.



The numbers in the graph indicate our prioritization of SÆTHER's materiality topics

Sustainability *mission statement*

Based on our current state analysis and the materiality assessment, SÆTHER has developed a Sustainability mission statement:

*We take care of our Partners,
People and Planet.*

We defined three strategic pillars on which we aim to build our future ESG efforts. The selection process was backed up by internal and external research, workshops, questionnaires, and employee interviews described earlier in the materiality assessment. Moving forward, we will set targets and KPIs for all three pillars to measure our progress and reach our goals.

The work of setting KPIs and targets will take place in 2023.

Focusing on our three Ps

During 2023 we will set targets and KPIs for all three focus areas.

For **Partners** we will be looking into responsible handling of our products under which we will also be looking into partnerships around packaging optimization, which corresponds with our ambitions regarding low carbon transportation – a focus area within Planet. We also plan to disclose our ESG efforts to relevant stakeholders during 2023. Responsible handling of products.

Our **People** is also one of our crucial focus areas and during 2023 we will be looking into setting targets and KPIs for thriveability and development and also for diversity and inclusion – all of which will contribute to a satisfactory working environment at SÆTHER.

In the focus area **Planet**, our focus will especially be on transport optimization, energy efficiency and waste management.

We take care of our Partners, our People, and our Planet

As a result of the Current State Analysis, SÆTHER has defined three strategic pillars on which we aim to build our future sustainability efforts. The selection process was backed up by internal and external research, workshops, questionnaire, and employee interviews.

Moreover, relying on the materiality assessment and sustainable development goals selection process, SÆTHER has chosen four SDGs that correspond with the selected topics: SDG 5, SDG 8, SDG 12, and SDG 13.

PARTNERS

In collaboration with our partners, we will contribute to transforming the beauty industry.

Responsible Handling of Products

Collaborating and supporting partners to secure responsible product handling.

Responsible Supply Chain

Collaborating to promote a responsible and transparent supply chain.

PEOPLE

The people in and around the company constitute the core of our brand and, therefore, their well-being is a main objective.

Inclusive Workplace

A workplace that promotes diversity, inclusion, and safe space – both mentally and physically for all employees.

Equal Opportunities

A company that believes that everyone should be equally represented in the decision-making process, regardless of their gender.

PLANET

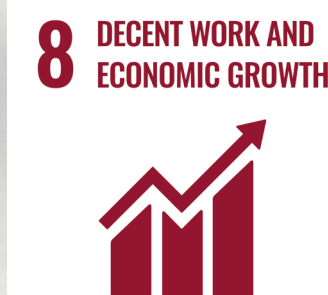
The planet indicates our commitment to taking responsibility for our common home.

Indirect Sourcing

Indirect sourcing that takes environmental aspects into consideration.

Transportation

Distribution channels that support low-carbon transportation regarding logistics and shipment planning.

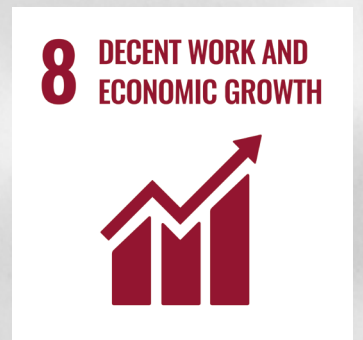


SDG selection

To accelerate the transition towards a greener business model and drive ESG initiatives more systematically as part of our business strategy, SÆTHER selected the most relevant United Nations Sustainable Development Goals (UN SDGs). The selection supports the work of the three strategic pillars – Partners, People, and Planet.

The SDG Selection process was conducted in September 2022, and four of the 17 SDGs were chosen based on the materiality of our business- and stakeholder impact.

The selection of the goals was determined by SÆTHER's sustainability SteerCo. The thorough process for selecting the most relevant SDGs is described here.



The SDGs *SÆTHER* *will focus on*



SDG 5: We aim to enhance our impact on equality considering gender, religion and sexual orientation. We are committed to the empowerment of all employees and to influencing and encouraging external stakeholders to work towards reaching this goal.



SDG 8: We aim to enhance working conditions and economic growth internally and externally. We continuously strive to improve safety, inclusion, and equity in all our locations and operations.



SDG 12: We aim to positively impact sustainable production and consumption in the beauty industry. We will enhance our distribution circularity and implement solutions allowing for the lowest possible life cycle emission from our whole value chain.



SDG 13: We aim to enhance our efforts in fighting climate change. We aim to implement solutions that contribute to reducing our carbon footprints, such as renewable energy and energy efficiency measures.

Education and *involvement*

As part of the ongoing work with the strategic pillar **People** in our mission statement and to involve our team in the work with the four chosen UN SDGs (SDG 5, 8, 12, 13), selected employees were offered to take online courses developed by SustainX to learn more about the specific SDGs, thus engaging employees in the ESG journey.

Educating employees is part of the long-term ESG journey that we are on. It helps us increase sustainability awareness in everyday work and create a common ground for a shared understanding. In other words, education builds internal capacities, enabling needed change in our facilities and the industry.

8.5% of SÆTHER employees (plus the SteerCo) from different departments and locations

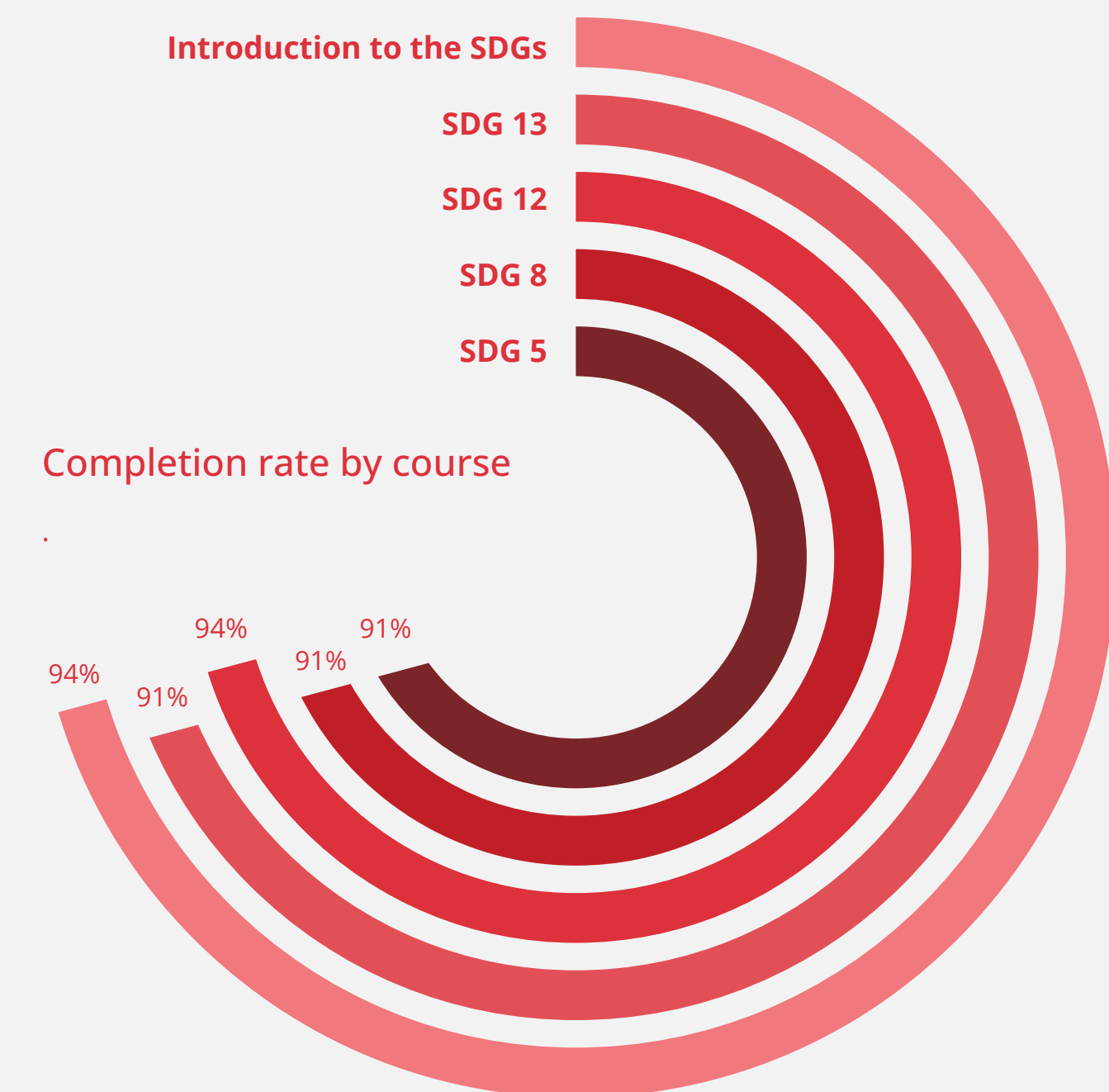
(Denmark, Sweden, Norway, and Finland) were offered to take courses on the four SDGs, plus an introductory course on Sustainable Development Goals. Of the 8.5%, 89% registered and participated in the classes, which is an overwhelmingly positive result – as you can see from the graph to the right.

The online course program ran over 12 weeks, from November 1, 2022, until January 20, 2023. In the courses, the employees gained a basic understanding of the SDGs, their challenges, and their importance, and a chance to bring them into a SÆTHER context. The employees' input throughout the courses was collected anonymously and used to build SÆTHER's ESG strategy and initiatives.

The employee feedback was incredibly positive. Therefore, we aim to continue working with education within sustainability.

(Feedback from one of the employees throughout the SDG courses.)

"I think it's amazing that SÆTHER has chosen to work with the SDGs. The four chosen goals are relevant for the company and something the company believes it can focus on."



Quotes were collected from the employees regarding the question, "How do you feel about SÆTHER having chosen to work with the SDGs?"

"It makes me happy to work in a company that wants to make and show a difference to our society and the world."

"I think that's exactly what SÆTHER needs, a framework where to start and how to go further. I'm happy SÆTHER has started this journey!"

"I am super proud to work in a company that takes responsibility and wants to contribute to sustainability. I think it is important privately to take responsibility, so therefore I am a very proud employee, SÆTHER can make a huge difference on this journey."

"Good! I think it is really important, and it means a lot to me that SÆTHER cares about the SDGs."

CO₂ baseline

One of the materiality topics most crucial to stakeholders and SÆTHER’s business is **Energy Efficiency and Carbon Footprint**. Assessing our carbon footprint regarding our own consumption, indirect sourcing and distribution reflects our commitment to our planet in our strategic pillars.

We aim to reduce our greenhouse gas emissions and ensure consistency and transparency in our ESG efforts, especially regarding the environment, by calculating and establishing a CO₂e baseline year (2021) for scope 1 and 2 greenhouse gas emissions following the Greenhouse Gas Protocol Corporate Accounting Standard (2004).

Scope 1 emissions include all direct GHG emissions, such as emissions from combustion in owned or controlled boilers, generators, and vehicles, and process and fugitive emissions. Scope 2 covers indirect GHG emissions from the generation of purchased electricity, district heating, cooling, and steam. The emissions in scope 2 are calculated and reported using

market-based and location-based methods. Our baseline year creates the foundation for greenhouse gas target-setting, public reporting to stakeholders, and an overview of the potential emissions risks in our organization. With our baseline year, we have laid the foundation and taken the first step towards making reduction initiatives.

The GHG Protocol requires setting organizational boundaries. We have chosen to go with the operational control approach. This means that we account for 100% of the emissions from all operations we control, including all four Nordic countries: Denmark, Sweden, Norway and Finland.

Baseline year 2021
Total emission

Our total CO₂e emissions, both location-based and market-based.

Location based
529,97 tCO₂e

Market based
693,35 tCO₂e

ENVIRONMENTAL	Energy	Total energy consumption		9.678,40
		Electricity consumption	GJ	2.277,05
		District heating consumption	GJ	543,61
		Diesel consumption	GJ (l)	1,375.13 (57,748.70)
		Petrol consumption	GJ (l)	1,881.45 (38,274.62)
		Natural gas consumption	GJ (m³)	3,601.16 (100,478.49)
	GHG	Emissions from scope 1	tCO ₂ e	437,74
		Emissions from scope 2 (Location-based)	tCO ₂ e	92,22
		Emissions from scope 2 (Market-based)	tCO ₂ e	255,61
		Emissions per employee	tCO ₂ e/FTE	2,21
		Emissions per revenue	tCO ₂ e/m.DKK	0,58

In our Norwegian market, we have been buying guarantees of origin for the electricity used. We have agreed to continue using market-based accounting as an extension of the strategic decisions already taken. We will look into the possibilities for extending this initiative to other markets in the future.

All the continuous data is shown based on the **market-based** approach.

In the graph, you can see the distribution of our scope 1 & 2 emissions covering all locations in all countries. Scope 1 emissions comprise 63%, and scope 2 emissions are 37%. If we dive further into the data, scope 1 includes emissions from transport (34%) and stationary combustion (29%). It is worth mentioning that stationary combustion emissions are coming only from our Danish locations. This means approximately one-third of scope 1 & 2's total emissions come from Denmark due to stationary combustion. In scope 2, emissions come from district heating (1%) and mostly from electricity (36%).

Baseline year 2021
Percentage split scope 1 & 2

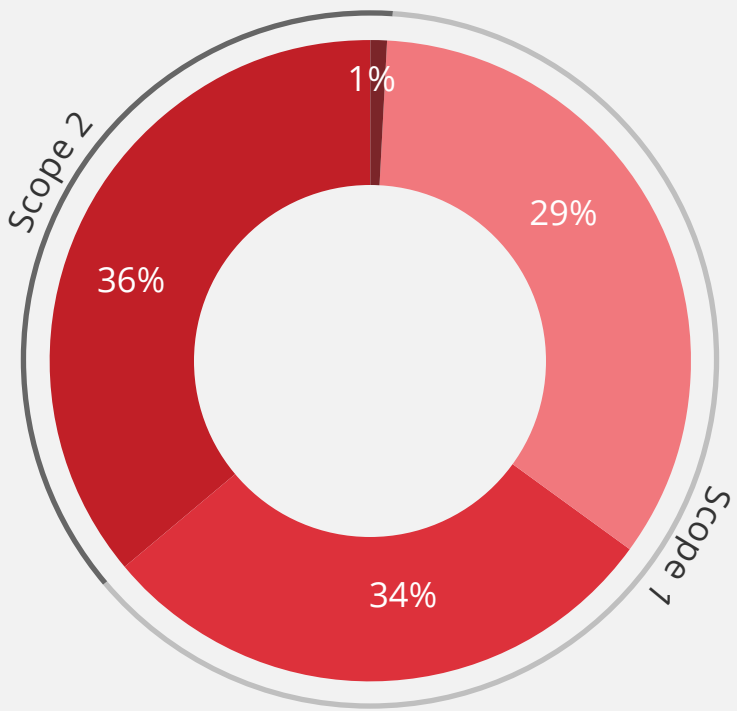
Scope 1

63% of total emissions

Scope 2

37% of total emissions

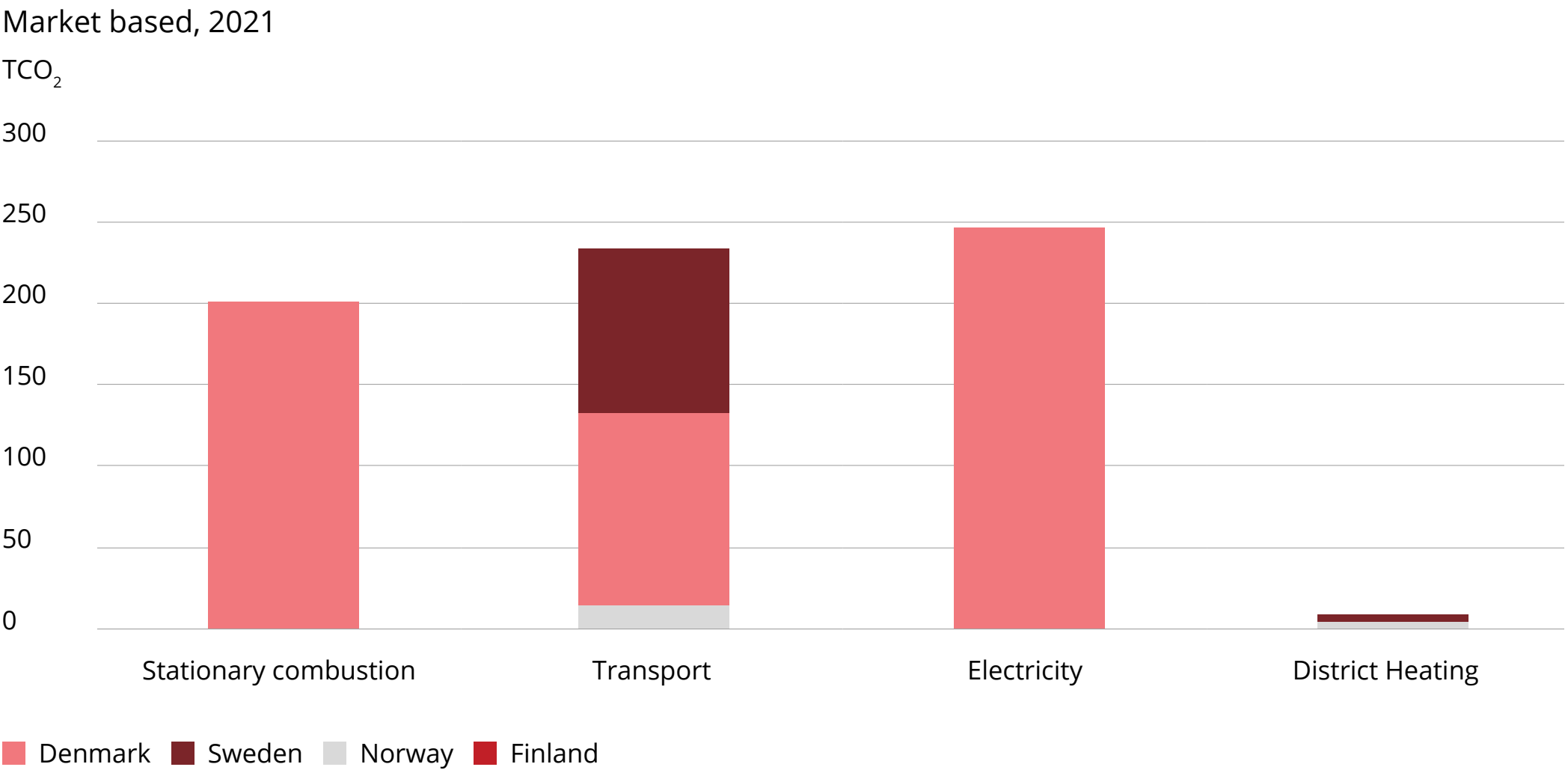
Baseline year 2021
Breakdown of emission categories across all locations



- Stationary Combustion
- Transportation
- Electricity (market-based)
- District Heating

Breakdown of emission categories across all locations.

Emissions across categories per location



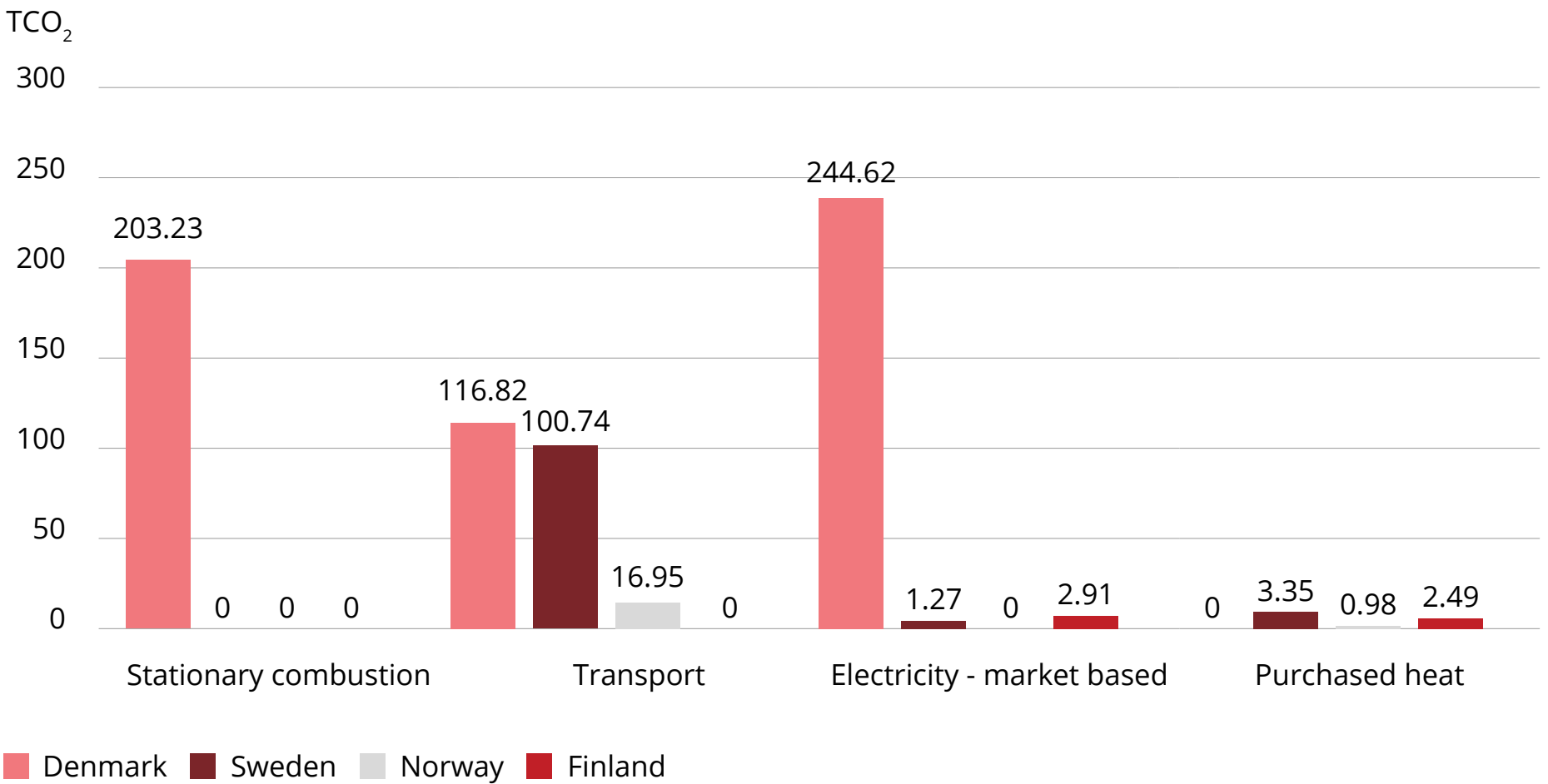
SÆTHER has sales and marketing activities in all four of the previously mentioned Nordic countries, but warehousing and handling of products are done from Denmark, which is also reflected in the results of where emissions are generated.

The graph to the top right shows SÆTHER's CO₂e emissions distributed across four emission categories. The graph to the bottom right shows SÆTHER's emissions across locations. The chart showcases that Denmark is by far the most significant contributor to emissions and that Norway and Finland account for the smallest amount of CO₂e emissions.

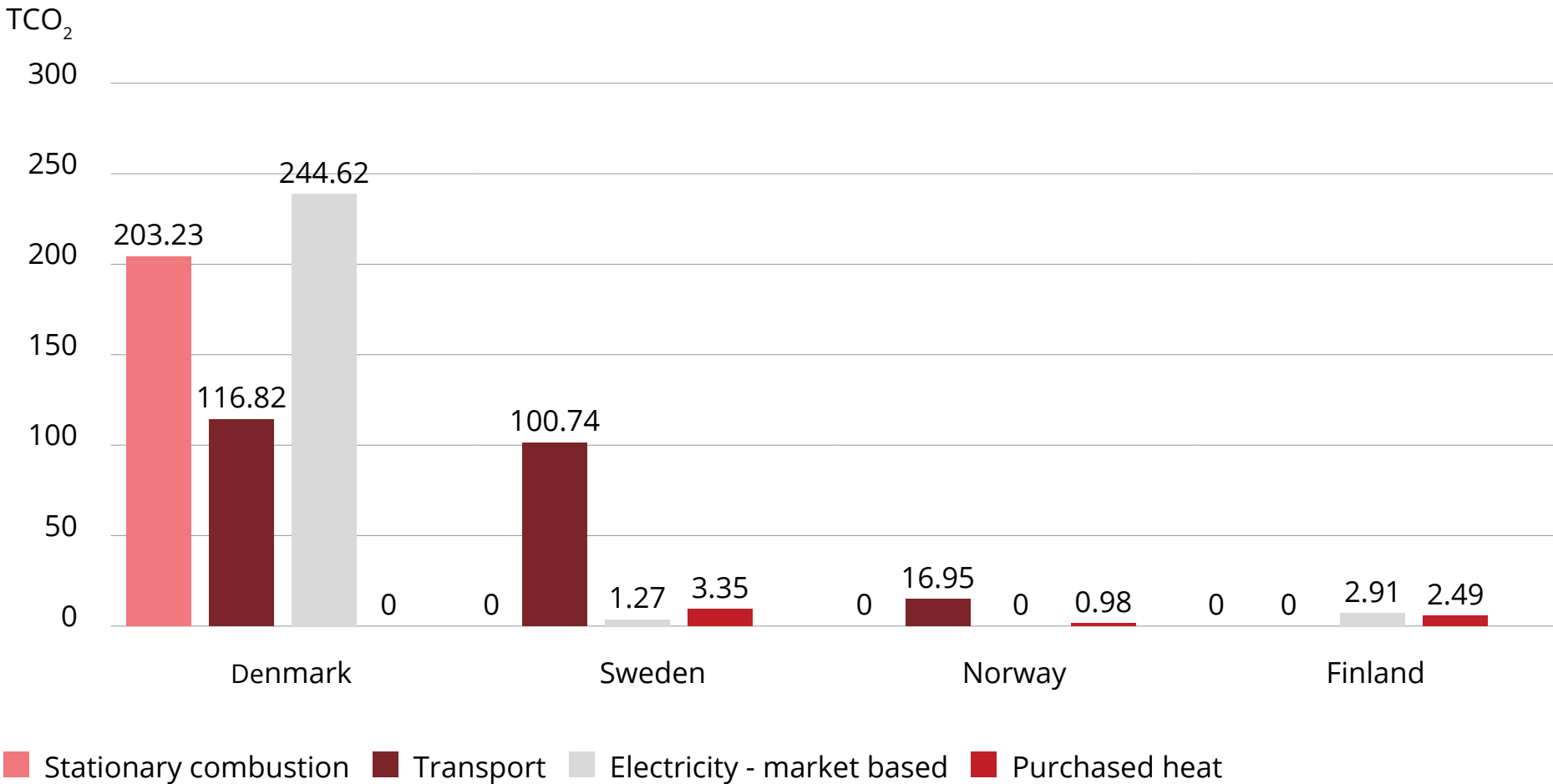
As most of our business processes occur in Danish facilities, the results align with expectations for the distribution of emissions. As previously mentioned, Denmark is the only market that uses stationary combustion.

Transport emissions are more equally split between Denmark and Sweden. In contrast, emissions from electricity overwhelmingly originate in Denmark, as both the emission factor and the activity data are higher here than in any other market in which SÆTHER operates.

Emissions distributed across emission categories



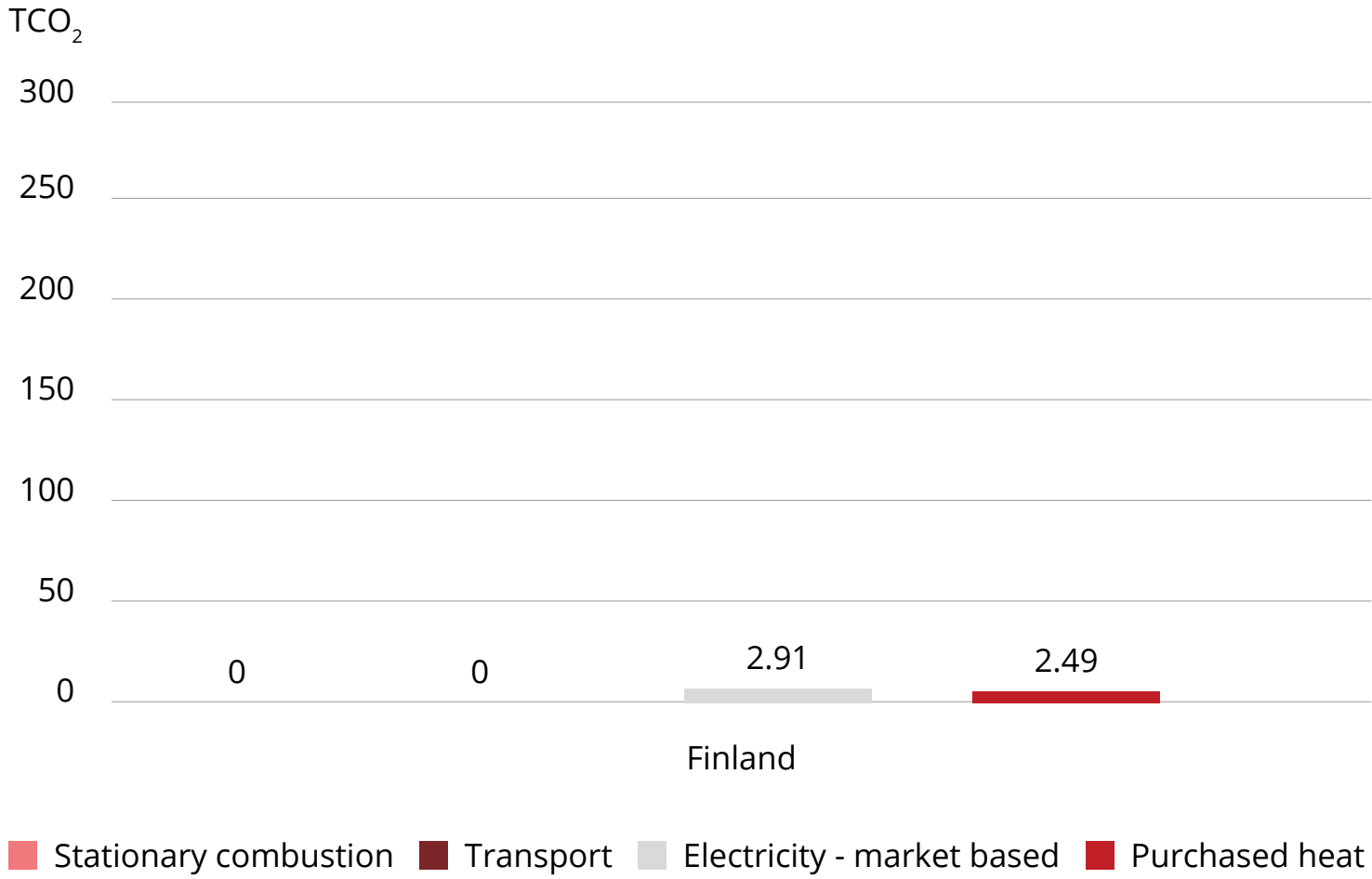
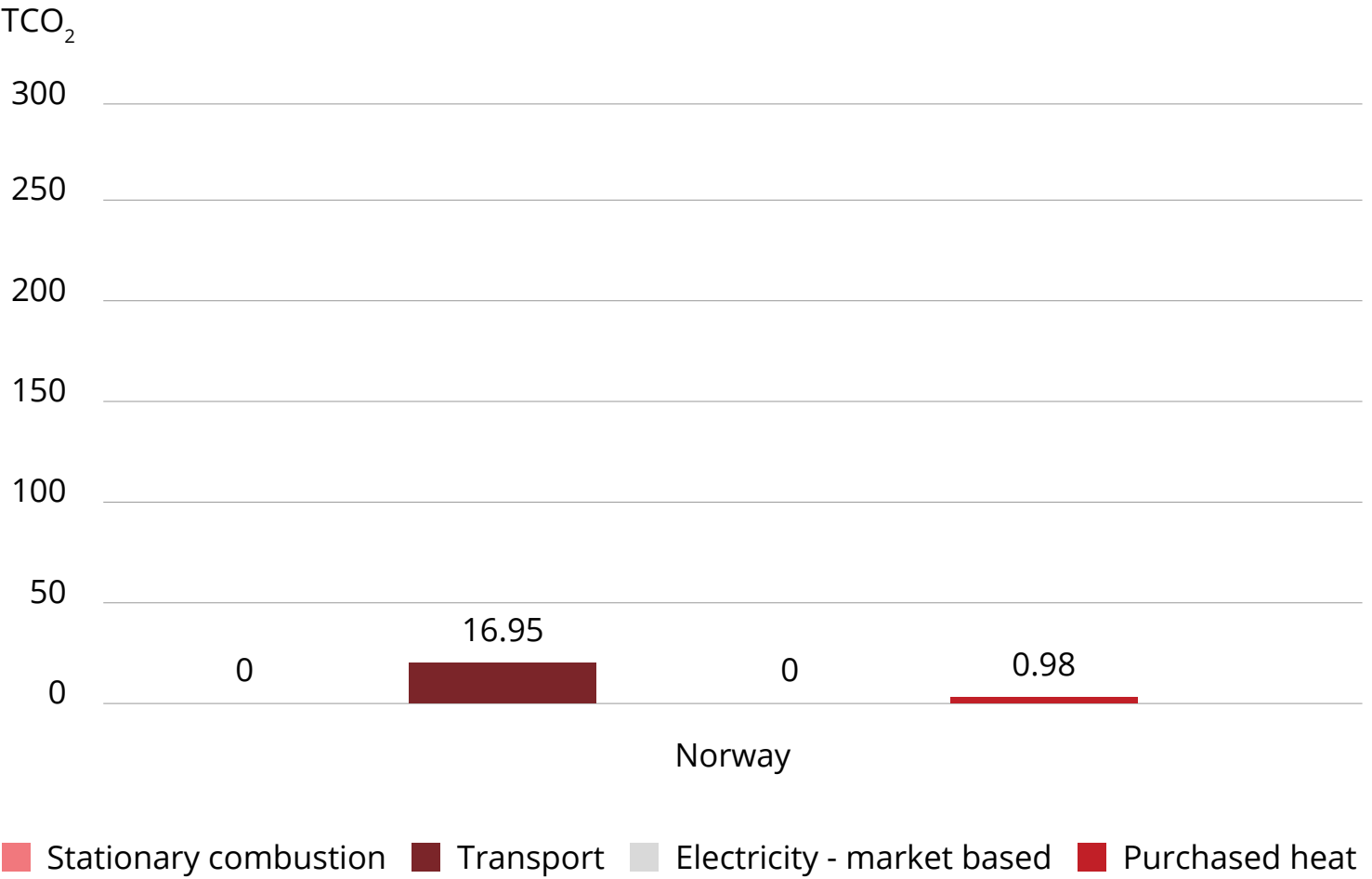
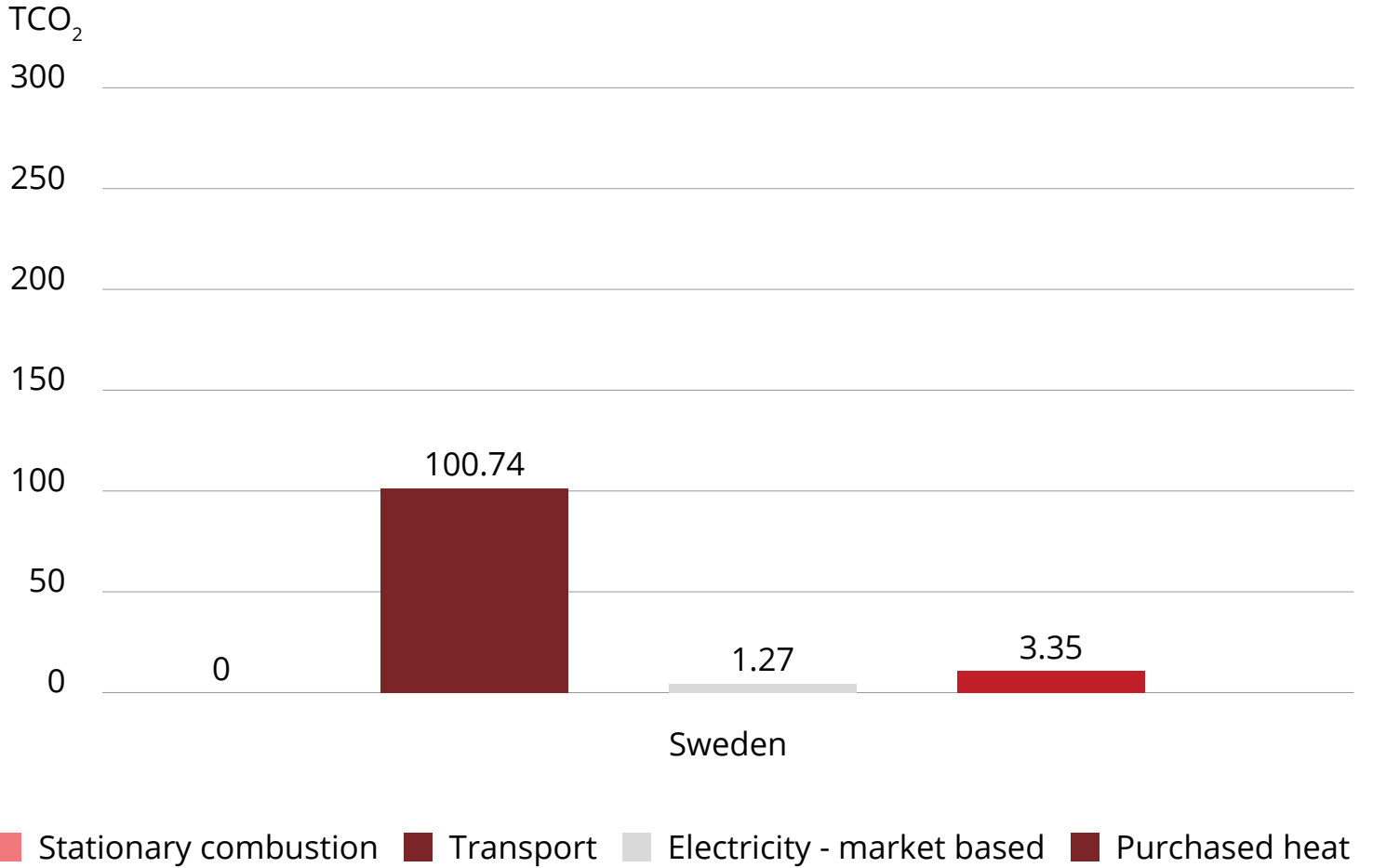
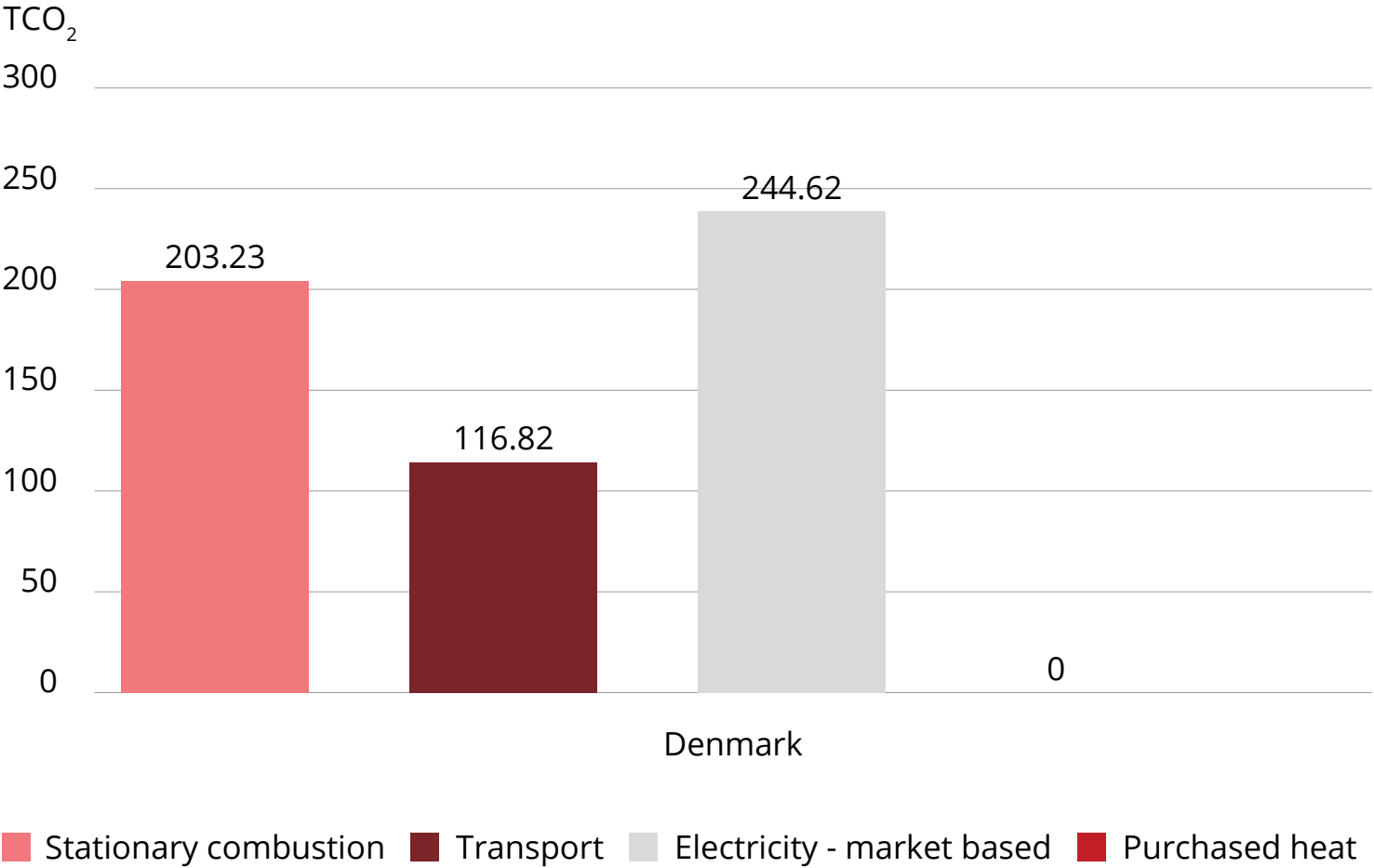
Emissions distributed across the Nordic countries



Our future sustainability efforts will focus on lowering the most significant emission sources, such as electricity and stationary combustion in Denmark, while focusing on how to lower emissions from company-owned transportation in Denmark and Sweden.

As seen in the graph to the right, emissions differ a lot from country to country with the most significant ones coming from Denmark. As mentioned prior, this is due to the fact that most operations, including distribution and warehousing are situated in Denmark and it is also the country with the most employees. The lack of electricity emissions in Norway are due to the use of electric vehicles and certificates of origin.

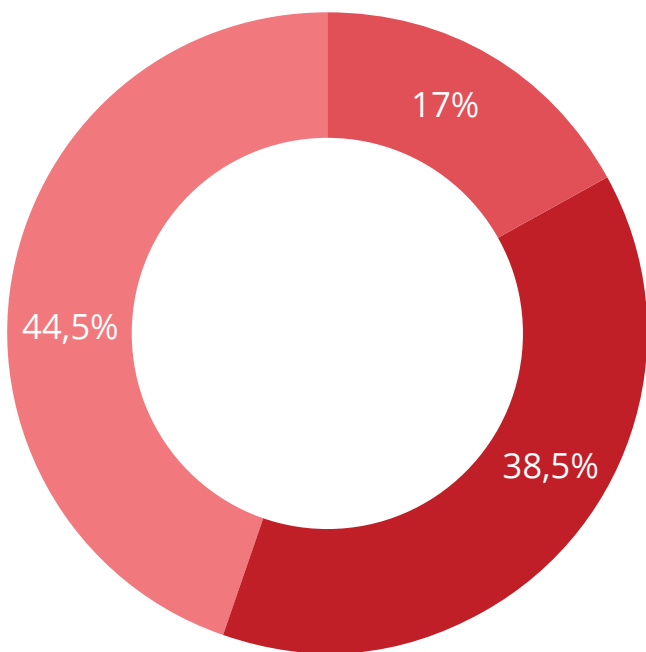
Emissions divided per country



Data quality

As the graphs below illustrate, the data quality for our first scope 1 and 2 baseline is relatively low, comprising 44% low data quality – which means that data is either estimated primary or calculated or estimated secondary data. You can see the data quality defined in the table to the right:

Share of data quality



Low data quality Medium data quality High data quality

Data quality – where we are		
	PRIMARY based on input from own organization	SECONDARY based on input from own organization
Measured	HIGH QUALITY This is data measured directly within the organisation, for example by reading meters for gas or electricity usage.	HIGH QUALITY This is data retrieved from a valid external source, for example invoices and bills from electricity and gas providers.
Calculated	MEDIUM QUALITY This is data calculated based on input from own organisation, for example km driven.	LOW QUALITY This is data calculated based on an external source, for example allocating a buildings overall electricity use, based on an office's rented m².
Estimated	LOW QUALITY This is data estimated based on input from own organisation, for example petrol use based on km driven.	LOW QUALITY This data is estimated based on an external source, for example, estimating 2018 office electricity based on 2019 electricity bills.

For the calculation of the baseline year, it is acceptable to have around 40% estimated data.

The fact that data has been collected in all required categories and across all organizational units means that no rework will be needed. For our following calculation, SÆTHER strives to improve data quality and move from estimated

data to calculated/measured. In line with the GHG Protocol, SÆTHER has established a recalculation policy of 10%.

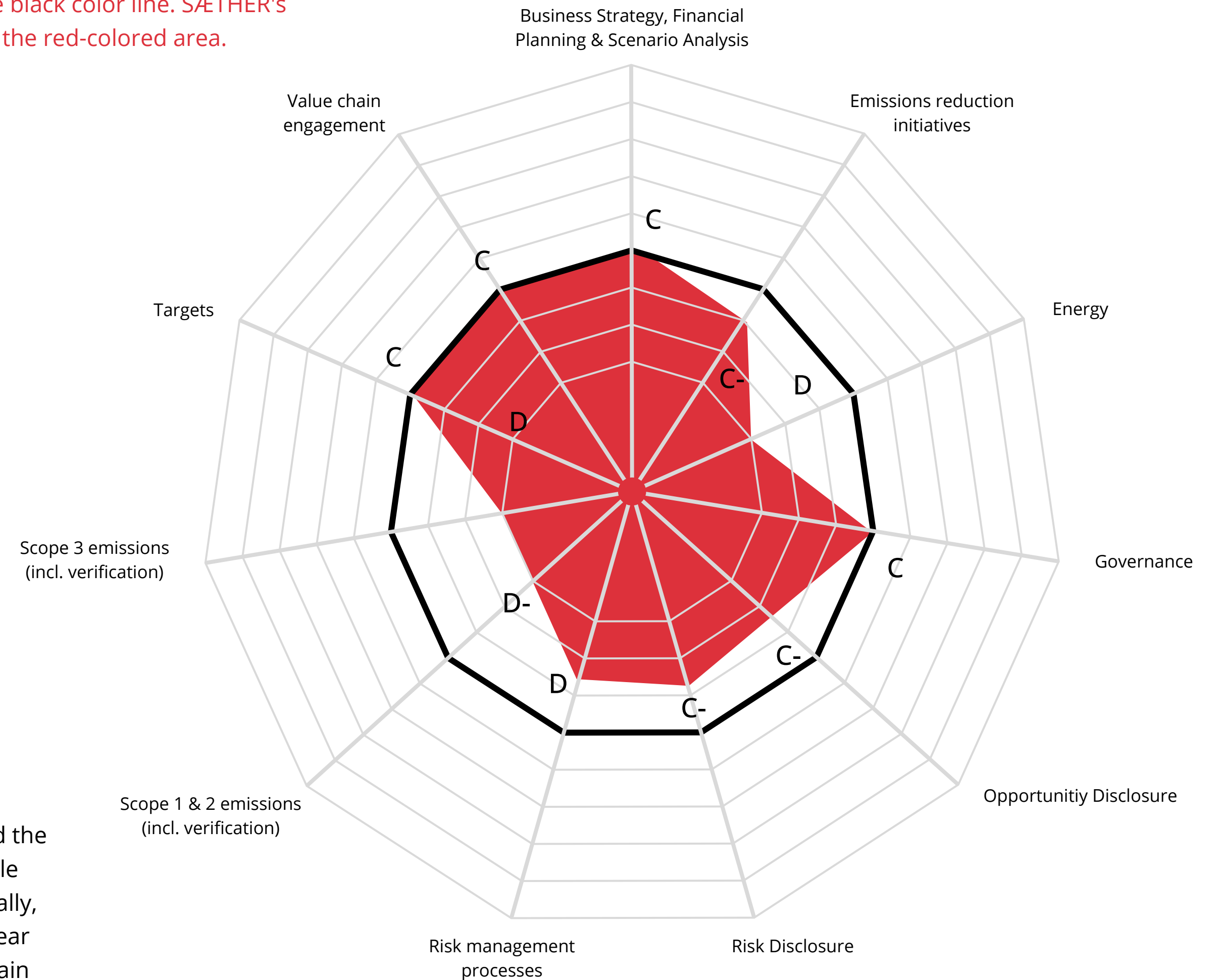
As the writing of this report took place in Q1 2023, the data for scope 1+2 was not ready in time to be published. It will be disclosed in the ESG report 2023.

Climate Disclosure Project *questionnaire*

As a supplier to Salling Group, SÆTHER has been invited to participate in Salling Group's Supplier Engagement Program for scope 3 targets commitment within the Science Based Target's initiative (SBTi). As a part of the engagement program, SÆTHER has been involved in the Climate Disclosure Project's (CPD) annual reporting, which comprised a climate-related questionnaire. For the initial questionnaire, SÆTHER received a total score of D+. Since this is the first time SÆTHER has participated in CDP we expected to get a result which would not be impressive. However, with the initiatives and actions we are putting in place in 2022 and continuing to expand on in 2023 and beyond, we are certain that this score will improve. Moreover, as this first year of CDP reporting coincided with our first ESG steps, SÆTHER could not include ongoing activities as they had not yet been completed.

The different disclosure requirements and the 2022 Climate score can be seen here. While Salling may not ask for a CDP rating annually, our goal is to improve the score year by year as a direct outcome of the Engage to Sustain program.

Disclosure requirements from Salling are indicated by the black color line. SÆTHER's score is seen in the red-colored area.



ESG 2023 and *beyond*

In 2023 we want to continue the work we started in 2022 by setting KPIs and targets for our **Partners, People, and Planet** missions. Furthermore, we will begin implementing governance, ensuring we reach our ambitious goals.

Partners

During 2023 we plan to involve our partners in our work with ESG. We are looking into establishing targets around how we handle our products, the assortment of products we supply, and how we package them. For this work, we want to engage our partners so that we can find reliable and common solutions together. As reflected in our mission statement and roadmap, we want to engage our partners in working with circular design and responsible production.

People

As our employees are our greatest asset, represented by the People pillar of our mission statement, in 2023, we want to focus on the wellbeing and thriveability of our employees by focusing on diversity, a mentally and physically safe workplace, right to education, and diversity and inclusion on all levels. We want to invite more employees to participate in our online SDG Education to align the organization's understanding of our ESG strategy internally. Along the same line, we want to establish an ambassador corps of passionate employees to help carry out the sustainability mission in all areas of our organization.

We will look into diversity targets and KPIs regarding equal gender representation on all company levels, thus also focusing on SDG 5.

Planet

Related to our planet missions, we aim at initiating a GHG-certified scope 3 screening in 2023, followed by calculating our GHG scope 3 base year to manage value chain GHG risks and increase material and energy efficiency. We are sure this will support our goal of connecting and working closely with our partners while contributing to transforming the beauty industry.

We will also continue working with our scope 1+2 reductions by measuring our emissions and deciding on and implementing CO₂e emissions reduction plans.

Finally, we plan to focus on how we transport our goods, looking into low-carbon options.

Beyond 2023

SÆTHER is dedicated to continuing focused and ambitious work with ESG. Therefore, our roadmap includes a strategy for the coming three years. Susceptible to law regulations, stakeholder demands, changes, and risk-mitigations, in an ever-changing world, our strategy is, however, not set in stone.

Roadmap 2025

(D) = Done (P) = Planned (S) = Suggested

With the whole organization well-informed and included in the work ahead, our ESG strategy for 2023 and beyond is clear. We have developed the SÆTHER 2025 ESG Roadmap (Engage to Sustain) for our progress moving forward, where we connect specific initiatives and projects with our ambitions of continuing to be a responsible company in the beauty industry.

2022

- (D) – Materiality Assessment
- (D) – Selection of SDG focus areas
- (D) – CO₂e Baseline: Scope 1 & 2
- (D) – Internal education – wave 1

2023

- (D) – Non-financial Reporting (ESG Report) 2022
- (D) – Target and KPI setting
- (P) – Support establishing a Code of Conduct
- (P) – Governance building
- (S) – Ambassador Corps
- (S) – Scope 3 Screening
- (S) – Start CO₂e Baseline: Scope 3

2024

- (P) – Implement Code of Conduct
- (P) – Continue Ambassador Corps
- (P) – UN SDGs training for all new employees
- (S) – Finish Scope 3 baseline
- (S) – Science-based Targets
- (S) – Double Materiality Assesment (depending on CSRD implementation)
- (S) – Non-financial reporting (ESG R Report 2023)
- (S) – Development of CO₂e reduction roadmap
- (S) – Launch waste strategy

2025

- (P) – Continue Ambassador Corps
- (P) – Reduce Stock Value
- (P) – Reduce the POSM quantity
- (P) – Launch of Equality Program
- (S) – Make a 2030 strategy