

# Environmental, Social and Governance *Report*

kdc/one

2023



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# Message from the *CEO*



At kdc/one, we take great pride in our position and reputation as a best-in-class custom formulator, package designer and manufacturer delivering integrated global end-to-end solutions and innovations for the beauty, personal care and home care categories.

The name kdc/one stands for integrity, excellence and respect, as exemplified throughout our diverse organization. The character of the people at kdc/one and the strength of our relationships with customers and key stakeholders continue to be the cornerstone of our business.

Our culture has evolved as our global footprint and business have expanded—and underpinning that growth are the values that drive our success:

- Innovation that inspires our customers
- Passion that fuels our dedication
- Accountability that anchors our teams
- Excellence that propels our growth
- Inclusion that drives our diversity
- Well-being that sustains our energy
- Compassion that serves our environment and employees

We are all dedicated to achieving a long-lasting, positive social and environmental impact, both as individuals and as a global organization. These seven values drive kdc/one to support human rights, ensure fair labor policies, protect the environment, and guarantee anti-corruption practices. Our focus on these priorities is underscored by our pledge to the UN Global Compact, its ten core principles and a commitment to transparency in our journey.

Our Environmental, Social and Governance (“ESG”) report highlights our current performance in key ESG areas and outlines a path forward in pursuit of continuous improvement. We have established thoughtful goals to reduce our environmental footprint and increase the sustainability of our operations, improve employee safety and increase diversity by 2025. A dedicated team of experts has been charged with maintaining, improving and overseeing this journey—they are empowered to drive change and benefit from visibility at the highest levels of kdc/one.

We understand the fragility of this planet and our responsibility for its care. You will see our efforts detailed in the following pages—the practices that help us reduce our environmental impact. Potentially most important in these efforts are the options and opportunities we bring to our customers for choosing clean and sustainable ingredients or packaging. These offerings provide sustainable solutions that do not compromise on efficacy, consistency or performance.

Our teams’ passion is reflected in their work and carries over to our communities. kdc/one is a diverse network of sites across the globe, and they all implement change and drive efforts within their communities, where they have become fixtures. By living in them, they realize what is most important in each moment. Every one of our sites has made an impact in its community in the past year, and we are excited to push our efforts even further in the future.

We are also committed to our stakeholders’ fair, equitable and honest treatment. Our employees give of themselves to ensure our success, and we do not take that lightly. We also believe that operating this business in a fair, impartial and profitable manner is the core tenet of our success.

I am proud of our progress and energized in knowing there is more to come. Through the commitment of our entire leadership team and employee base, we will make an impact.

We all look forward to the transparency and accountability this report will provide. We have made progress over the past year on important ESG issues, but we are not done. We look forward to sharing additional updates with you in the months and years ahead.

Nick Whitley  
CEO and President, kdc/one

# *Introduction* to kdc/one

We are a trusted global provider of value-added solutions to many of the world's leading brands in the beauty, personal care and home care categories. We partner closely with both industry-leading consumer products companies and fast-growing independent brands as a key enabler of their success through the ideation, formulation, design, packaging, and manufacturing of products sold under more than 1,000 different brand names.

Over the past three years, we have been responsible for co-developing over 9,000 products across growing categories that include skin care, body and hair care, soaps and sanitizers, cosmetics, deodorants, sun care, fragrances, air care, fabric care, pest control, and surface care products. The innovative products that we have helped develop are sold by our brand partners in more than 70 countries worldwide.

# Our Innovative Edge – *Inspired Design, Flawless Execution and Exceptional Service*



## Where We Play

Home Care ~50%	Beauty & Personal Care ~50%	14 Product Categories	700+ Customers	200+ Independent / Emerging Customers	1,000+ Different Brand Names Served	9,000+ Products Co-Developed in the Past Three Years
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## How We Do It



## Who We Are



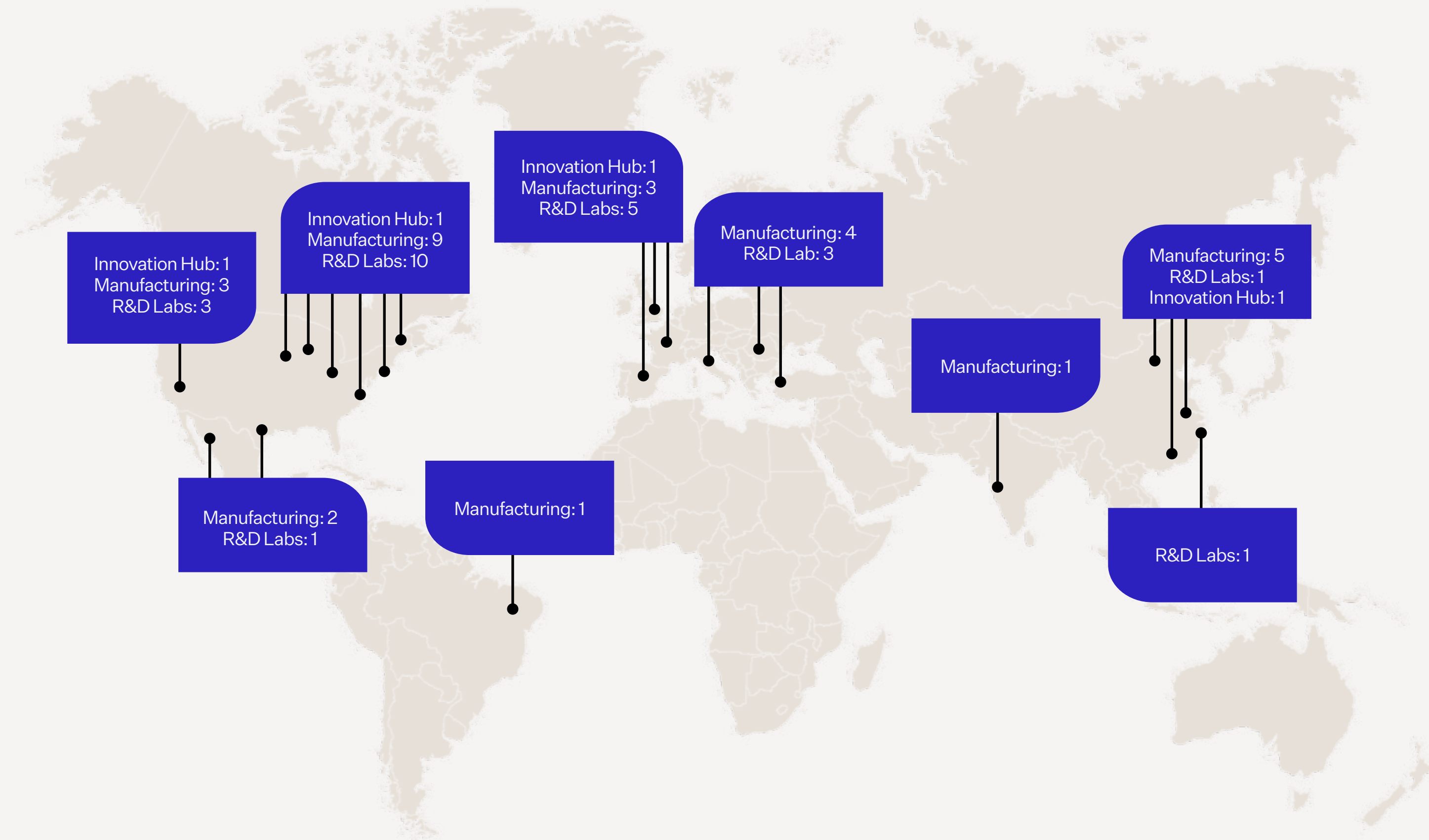
*We partner with brands to help them deliver innovative products globally across categories, channels and end-markets*

- Global partner to established and emerging brands
- Key driver of new product development
- Diversity across segment, category, brand, channel, and geography
- Full-value chain, from ideation to product launch
- Key innovation partner
- World-class global execution and speed to market
- Values-based organization and culture
- A diverse and experienced team
- Dedicated to environmental and social responsibility

# One Network. *Infinite Possibilities.*

## Strategically located to support our customers around the world

- Ability to support global launches
- Regional flexibility and responsiveness
- Consistent technologies across geographies
- Efficient logistics and a lower carbon footprint
- Highly talented workforce



### *By the Numbers*

Manufacturing facilities	28
# of countries	14
Dedicated team members <sup>1</sup>	~10,000
Total square footage	> 6 mm
R&D, design & creative facilities	23
Innovation hubs	4

1. Reflects full-time kdc/one employees

# Introduction to *ESG Programs*



## Scope

kdc/one's Environmental, Social and Governance programs include business, governance, social, and environmental topics as defined by the Global Reporting Initiative (GRI) and kdc/one's internal assessment of various internal and external risks. These programs encompass all parts of our operations, including innovation, manufacturing, commercial support, regulatory support, supplier management/logistics, product stewardship through the entire supply chain, and business relationships.

Shifts in the scope of our programs occur when we acquire new products, processes or businesses, when products are discontinued or divested, and when facilities or businesses are consolidated or divested, which has occurred many times in recent years. Programs, performance and reporting are adjusted to account for these changes as they occur. The quantitative data presented in our report represents our manufacturing operations, unless otherwise stated.

This report includes data and information concerning risks that we believe are not significant to our business, based on internal and external risk assessments, but that are required or recommended for reporting and analysis by various third parties, e.g. the Global Reporting Initiative (GRI), UN Global Compact (UNGC) and Carbon Disclosure Project (CDP).

## Processes – Data Capture and Verification

Environmental, Health and Safety data included in this report are captured and managed through various information management systems, including OneEHS and SharePoint. OneEHS is kdc/one's EHS data management system. SGS has verified our energy, greenhouse gas emissions, and water data per ISO 14064-1. The verification statement is included as Appendix C.

## Reporting Cycles

Generally, reporting is conducted internally every month, with annual summary reports generated for the fiscal year. kdc/one's fiscal year is May 1–April 30.

## Report Contact

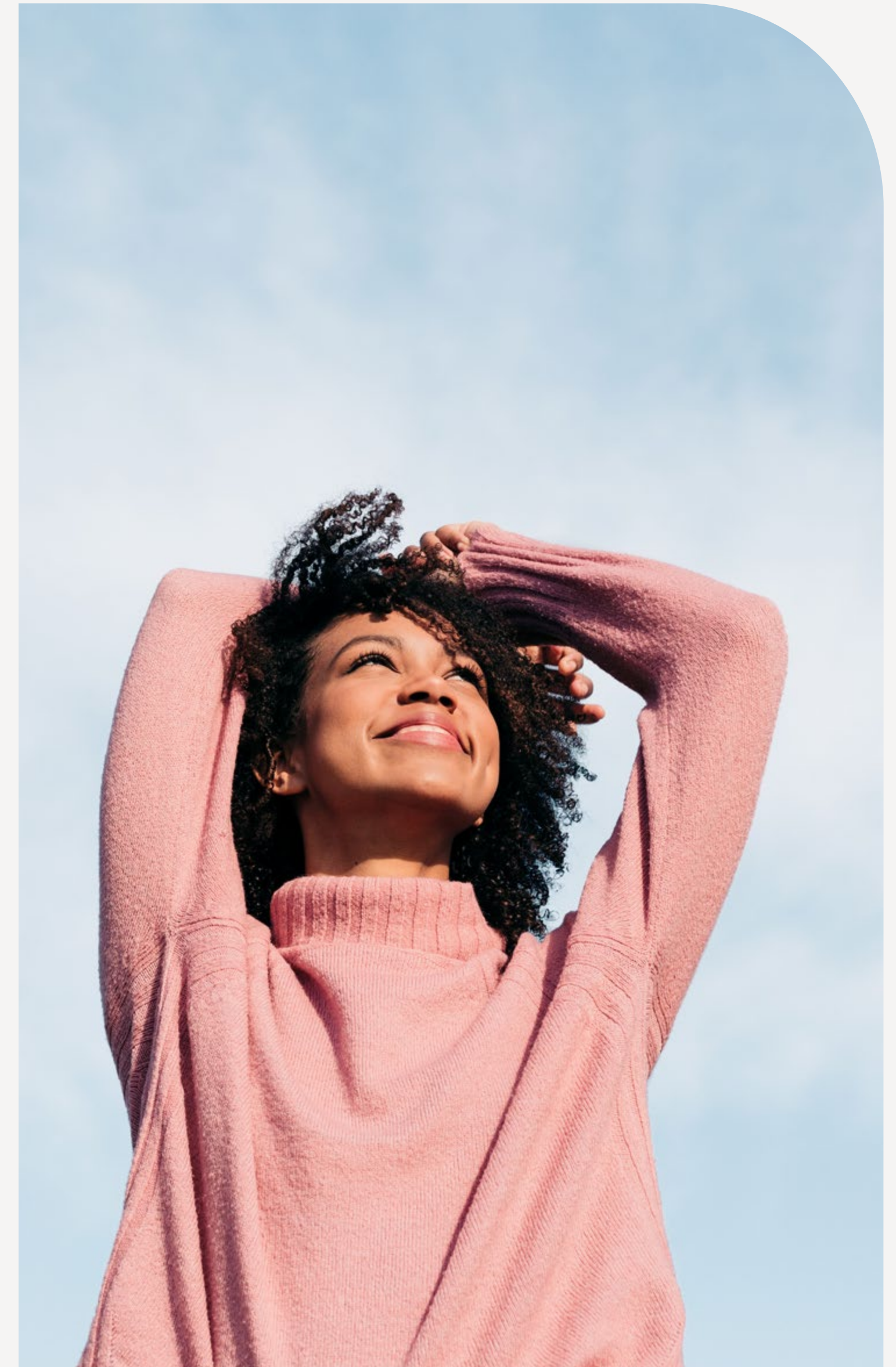
Any questions concerning this report and the information and data included herein can be directed to the kdc/one Corporate Communications team by emailing [communications@kdc-one.com](mailto:communications@kdc-one.com).

# ESG Structure and *Reporting Relationships*

kdc/one has established an ESG Oversight committee consisting of key functional leaders and our Executive Leadership team.

The committee's charter aims to set policy and strategy, develop objectives and evaluate performance against established goals and metrics. Updates on our ESG performance are reported to our Board periodically—our Board of Directors and/or the Board's Governance committee reviews our ESG performance and metrics and approves the strategic direction behind our goals.

Our ESG team—made up of employees throughout kdc/one—is responsible for coordinating, collecting and developing this ESG report. Our Environmental, Health and Safety (EHS) leadership team manages the strategic and daily coordination of EHS and sustainability activities for kdc/one. Each manufacturing facility also has a staff that manages EHS-related tasks. Governance and social sustainability initiatives and activities are managed by various groups across the organization, depending on who has the most relevant roles and responsibilities.





# Impacts, Materiality, Risks, and Opportunities

We completed an assessment to identify material Environmental, Social and Governance topics impacting kdc/one and its various stakeholders.

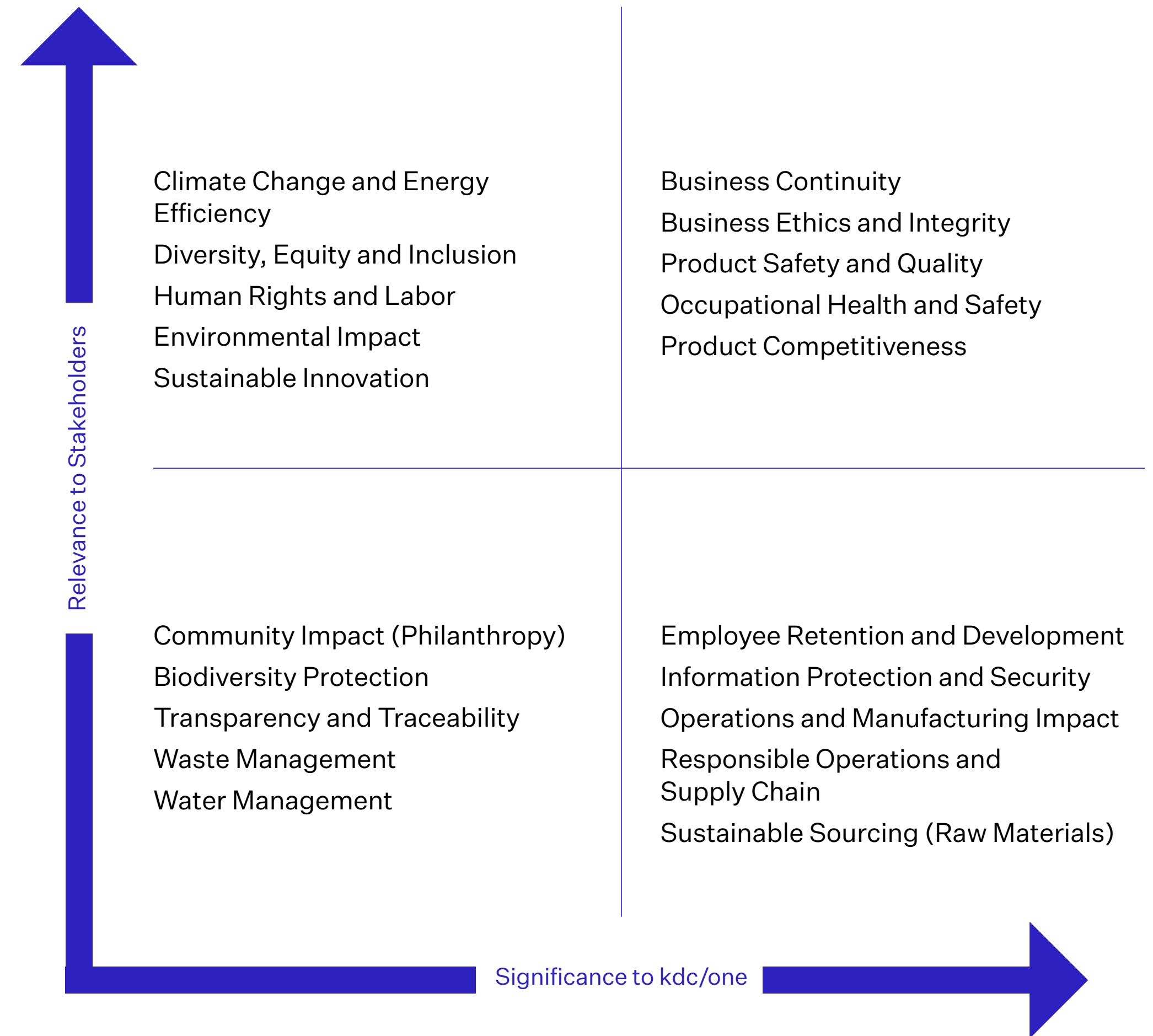
Twenty corporate responsibility topics were identified based on our review of international industry standards and practices, Sustainability Accounting Board Standards (SASB), the GRI, authoritative and institutional sites (ILO, UN, government), the UNGC's ten principles, the UN's Sustainable Development Goals (SDG), global consumer scenarios and trends, and peer research.

Leaders from key functional groups prioritized the topics based on their importance to kdc/one and its stakeholders. The materiality assessment was then reviewed and validated by our ESG Governance Committee.

Our stakeholders include our customers, employees, investors, suppliers, local communities, regulators, and non-governmental organizations (NGOs).

The topics are listed according to their significance to kdc/one and its stakeholders. We consider them all to be important elements of our ESG program.

## kdc/one Environmental, Social and Governance Materiality Assessment



# Material Topics – *Glossary*



<b>Biodiversity Protection</b>	Managing our impact on other species, and protecting and preserving them.
<b>Business Ethics and Integrity</b>	Ensuring ethical behavior and preventing corruption and any form of fraud or money laundering within all business operations.
<b>Climate Change and Energy Efficiency</b>	Managing greenhouse gas (GHG) emissions and energy consumption.
<b>Community Impact (Philanthropy)</b>	Having an impact in the communities where we operate, through our presence, dedicated initiatives and engagement activities.
<b>Diversity and Inclusion</b>	Recognizing diversity as a fundamental asset for value creation, being committed to creating an inclusive workplace, and promoting this culture among our supply chain, partners and customers.
<b>Employee Retention and Development</b>	Fostering people’s growth and development both personally and professionally, caring for them, and ensuring proper training, education and empowerment.
<b>Human Rights and Labor</b>	Respecting and protecting people and their internationally proclaimed human rights.
<b>Information Protection and Security</b>	Treating sensitive data properly to protect it and prevent any unauthorized data breach, disclosure or use, with a focus on privacy, intellectual property protection and cyber security.
<b>Occupational Health and Safety</b>	Ensuring a safe and healthy workplace, implementing robust prevention programs and H&S management systems, and developing and fostering a good H&S culture throughout the whole value chain.
<b>Operation and Manufacturing Impact</b>	Reducing the environmental impact of operations and manufacturing and ensuring the responsible use of resources.
<b>Product and Packaging / Environmental Impact</b>	Designing, developing, manufacturing and delivering solutions that are less harmful throughout their life cycle (including in the usage phase and final disposal) and integrating circular economy principles (reuse, repair, recycle, etc.).
<b>Product Competitiveness</b>	Offering products that meet consumer needs and are competitive in the market.
<b>Product Quality and Safety</b>	Ensuring the safety of our products and improving people’s lives and well-being.
<b>Responsible Operations and Supply Chain</b>	Creating a positive social impact (well-being, good working conditions, welfare, etc.) through the responsible management of our supply chain and operations by adhering to international ethical manufacturing programs and processes and sharing best practices.
<b>Sustainable Innovation</b>	Focusing research and innovation efforts on providing sustainable solutions for both products and processes, considering the entire life cycle.
<b>Sustainable Sourcing (Raw Materials)</b>	Sourcing raw materials responsibly (using certified sources, having a responsible supply chain, taking care of the environment, measuring the social impact, etc.).
<b>Transparency and Traceability</b>	Ensuring the traceability of products and processes and communicating in a transparent way with our customers (about ingredients, performance, etc.).
<b>Waste Management</b>	Managing each form of waste and ensuring proper final disposal in accordance with laws.
<b>Water Management</b>	Managing the use of water.

# Stakeholder Engagement and Collaboration

Our view of who are our stakeholders is broad and encompasses customers, investors, employees, supply chain partners, regulators, communities, and non-governmental organizations.

Our organization has a clear understanding of all the stakeholders it interacts with, with mutual potential forms of economic, social, and environmental impact and influence. We identified different stakeholder categories through interviews with the Leadership Team and by analyzing how we interface with various stakeholders involved in our operations and activities. For each one of the stakeholders, we identify the main areas of impact and influence and the opportunities for value creation and engagement.

This mapping process is reviewed periodically to identify possible changes according to internal and external changes and to reflect the global environment in which we operate.






We have numerous worldwide sustainability collaborations with our stakeholders, including our commitment to the UN Global Compact principles, and have begun participating in various UNGC groups such as the Target Gender Equality and Climate Ambition accelerator programs. What's more, to enhance participation and engagement at a regional level,

we joined the Global Compact Network Italy. We share our practices in water, energy and greenhouse gas (GHG) management with our stakeholders. We collaborate with our customers and participate in some of their ESG initiatives, which has allowed them to understand our position on various ESG issues.











Key stakeholders	Stakeholder details	Areas of impact & influence	Value creation & engagement
Shareholders	Owners; investors	Capital allocations and investments, embedding ESG as a driver of value creation	Increase transparency and long-term profitability
Customers & Partners	Direct customers – FMCG leading companies, retailers, regional customers – Home Care and Beauty & Personal Care categories; Indirect customers – consumers; Consumers representatives associations	Key for company strategic directions and positioning; inspiring partners and learning from role models	Strategic partnership and industrial symbiosis, sharing investments, open innovation projects
Employees	Office employees, plant workers, supply chain workers, potential employees (e.g. talent to attract), and employees' families; Labor unions	Representing company values and sharing a common purpose	Invest in people's growth, foster well-being, health & safety, welfare: Encourage inclusion and participation
Suppliers	Raw materials and components for products and packaging; Equipment molds and other tools; IT asset management services; Transport & logistics operators	Interdependent relationships, crucial to extend ESG best practices and integration along the value chain (e.g. code of conduct, industry program)	Supply chain resilience; Reliance on local supply chain: Building partnerships, sharing best practices
Communities	Local communities – close to company sites, Academics & schools; Interest groups and organizations; Global communities and social media; Scientific community	Can benefit from the company's presence in the region and be impacted by company operations	Fostering community well-being, local initiatives, public engagement, and advocacy for sustainability awareness
Environment	Natural resources and biosphere; NGOs	Resource and energy consumption, waste, soil, air emissions	Reducing impacts and preserving nature
Policymakers, authorities, and institutions	Global, regional, and local policymakers and authorities; Industry associations; FMCG industry associations	Industry association activities and adherence to industry programs	Standards setting and contributions to ESG challenges

# Strategic Performance Goals and Results



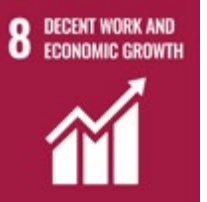



In our pursuit of continuous improvement, we have established ambitious goals across our pillars: People, Planet, Product, and Partners. These goals, and the progress we have made towards the goals in 2023, are as follows:

	Objective	2025 Goal	FY 2023 Results	Alignment with the UN's SDGs
People	Injuries and Illness	Drive serious incidents to zero and increase employee EHS observations	3x increase in employee observations compared to previous year 0.25 serious incidents per 100 employees 1.38 recordable incidents per 100 employees (7% reduction compared to FY22)	
	Diversity, Equity, and Inclusion	50% gender diversity (manager or higher) – 2030 33% ethnic diversity (manager or higher in the US) – 2023	42% women (manager or higher) 31% ethnic diversity (manager or higher)	 
	Employee Engagement	Increase employee engagement to nurture a broad and wide-ranging integrated approach to ESG	kdc/one fielded a voluntary confidential employee survey in early 2023, which resulted in valuable feedback and insights from more than 7,650 people, representing 78% of our full-time workforce.	
	kdc/one Culture	Build and communicate our culture across the kdc/one network and ensure that local practices are integrated into the overall organization culture	We launched a Colleague Spotlight audio series featuring 18 kdc/one employees to highlight the unique talents and personalities of people from our global organization, offering a platform for colleagues to deliver personal stories about overcoming obstacles, their ability to adapt to our growing business, and their learning moments in between. These conversations have given our internal teams an excellent opportunity to develop an intimate connection with the stories of our people, offering a unique perspective on the different parts of the engine that runs our business, focusing on diversity as a main feature of our valuable global team.	

# Strategic Performance Goals & Results (cont'd)

	Objective	2025 Goal	FY 2023 Results	Alignment with the UN's SDGs
Planet	Energy Reduction	Reduce energy consumption intensity by 20% compared to 2019	13% increase compared to 2019. This increase is driven by a decrease in our production volume and the start-up of new operations	 
	Climate Impact – GHG Emissions	Trace 100% of Scope 1 and Scope 2 to renewable energy	100% of Scope 1 and Scope 2 emissions from manufacturing sites offset with renewable energy.	 
	Water Reduction	Reduce water use intensity by 25% compared to 2019	6% reduction compared to 2019	 
	Waste Reduction	Reduce total waste generated by 25% compared to 2019	35% reduction compared to 2019	 
Product	Product-related Environmental Impact Reduction	<ul style="list-style-type: none"> <li>– Assess new products against ESG criteria</li> <li>– Work with our partners to:               <ul style="list-style-type: none"> <li>• Eliminate or reduce packaging and plastic waste and make our packaging simpler, possibly by using mono-materials, and aim for 100% reusable or recyclable materials</li> <li>• Increase recycled content and sustainable-certified sourcing for ingredients, materials and components for products and packaging</li> </ul> </li> </ul>	ESG criteria identified Product sustainability assessment tool developed and integrated within new product development process. Mapping product sustainability dimensions to enhance our product performance reporting.	 

# Strategic Performance Goals & Results (cont'd)

	Objective	2025 Goal	FY 2023 Results	Alignment with the UN's SDGs
Partner	Transparency and ESG Dialogue	Improving transparency, communication and discussions on ESG performance	<ul style="list-style-type: none"> <li>– Update of the ESG report</li> <li>– Revision of our corporate website</li> <li>– Development of our ESG communications on social media</li> <li>– Ethics-Point available for our employees and stakeholders</li> </ul>	 
	ESG Integration Across Our Value Chain	Adoption of ESG practices with our external business partners	<ul style="list-style-type: none"> <li>– Improvement of our responsible sourcing policy</li> <li>– Continued engagement with key suppliers through the EcoVadis platform. Development of our Supplier Diversity program</li> <li>– Introduction of supplier scorecard integrating ESG elements</li> </ul>	  
	Stakeholder Engagement	Supporting customer, investor and NGO ESG engagement	<ul style="list-style-type: none"> <li>– Collaboration with our customers to accelerate ESG program implementation to have a stronger impact</li> <li>– Active engagement with UNGC programs, including the Target Gender Equality and Climate Ambition Accelerator programs</li> </ul>	

# *EHS Management Systems*

We developed our EHS Management System (EHSMS) after consulting the expertise of leaders from inside and outside our company who were approved by senior management. Our EHSMS is aligned with international standards, includes an overall ESG policy and defines key requirements that must be in place across the organization.

The system applies to our operations, and its principles are extended to our supply chain and the partners with whom we do business. kdc/one's EHS standards and associated guidelines set minimum standards across the organization, promote continuous improvement and provide guidance on implementation. These requirements address management systems such as responsibility and performance monitoring, and technical areas such as incident prevention and management, emergency response, process safety, physical hazards, occupational health, environmental management, and transportation. Training and consulting are provided to operating locations to ensure the proper implementation of the requirements. Our system is designed to conform with ISO 14001/OHSAS 18001/ISO 45001. Several operating locations are certified according to international standards including ISO 14001, ISO 45001, OHSAS 18001, and ISO 9001. Training on key environmental, health and safety topics is regularly provided. kdc/one's EHS information system (OneEHS) collects EHS information in real time and provides notifications, metrics graphs, tables and reports.

We have implemented emergency response plans in all our operations. These plans describe the identification of emergency scenarios, emergency response teams, evacuation plans, employee training, and the completion of emergency drills.

# *EHS Regulatory Compliance*

We have implemented systems to ensure our operations comply with all applicable EHS regulatory requirements. These systems include global standards and operational controls.

1.

*Environmental*



1.1

# Managing Climate Change

We are committed to addressing climate change through development and implementation of energy conservation programs to reduce fuel and electricity consumption. Our operations have established goals to reduce energy consumption and implement efficiency improvements. We have also focused on increasing the use of carbon-free and renewable energy.

Since FY 2021, electricity from our manufacturing operations has been sourced from renewable energy sources or has been offset with the purchase of renewable energy credits. Further, we have purchased carbon offsets to address carbon emissions from our use of natural gas.

We will drive greenhouse gas emission reductions through energy and resource efficiency as well as becoming less dependent on fossil fuels (e.g. by reducing the carbon content of the energy we procure at our sites).

To help us reduce our environmental impact, regular training, KPI monitoring meetings and cross-functional workshops are held to foster and promote best practices exchanges across our sites. Environmental protection campaigns are implemented across sites.

Local initiatives are in place through our sites to support climate actions. Since 2016, our Hermosillo Mexico plant has been participating in a reforestation initiative through which it has committed to plant 147 trees, compensating for the paper sheets utilized at the site. Kaizen Week and Plant Sustainability Week events, hosted by individual sites, aim to take advantage of teams working together to achieve challenging targets for reducing energy and water consumption, and waste. In FY23, we completed seven Plant Sustainability Week events, bringing together experts from different departments within the organization as well as from outside the company to share and discuss best practices, resulting in measurable achievements and actionable project pipelines.



# 1.2

# Energy Management

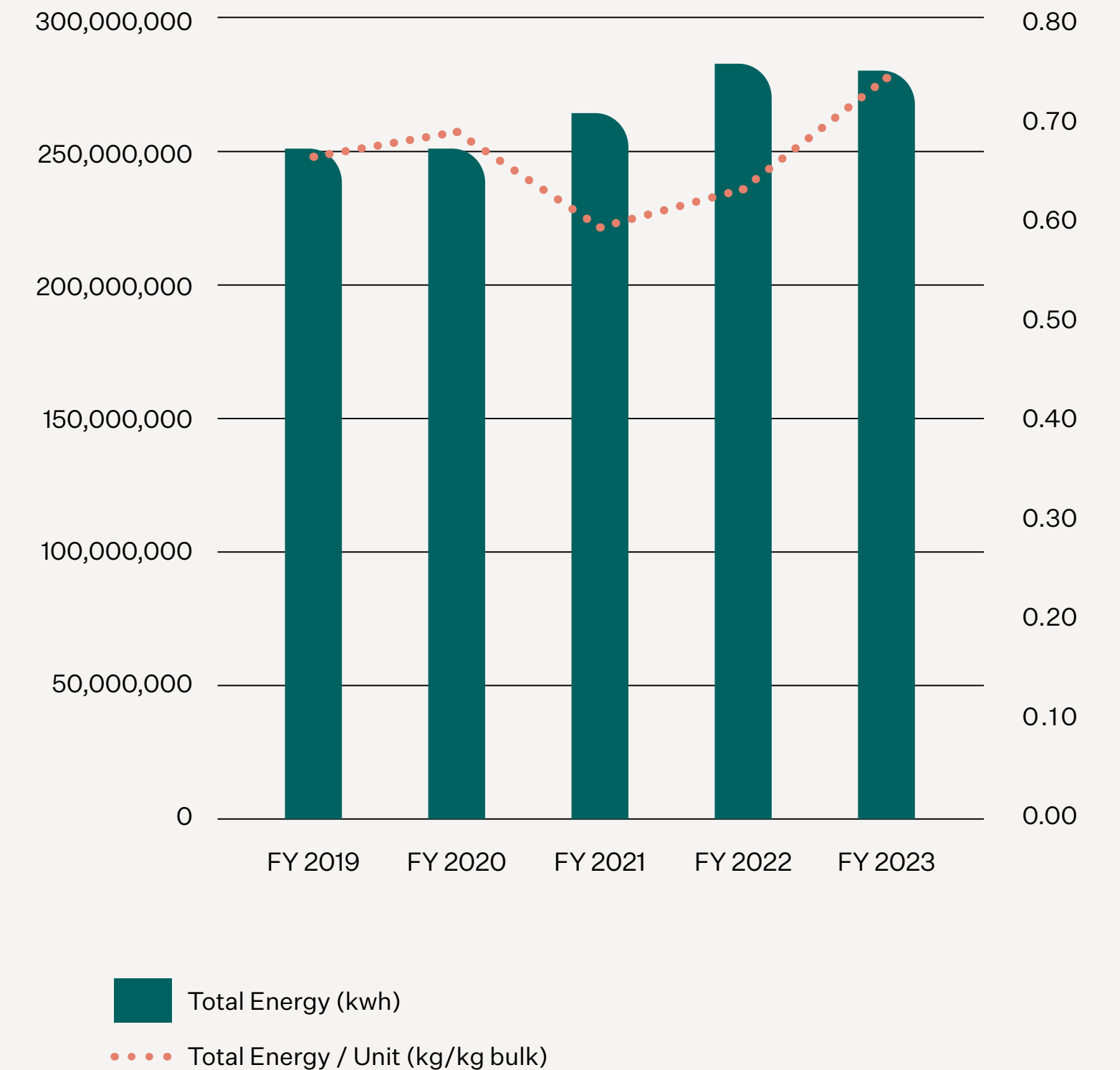
We have set an aggressive goal to reduce total energy consumption intensity by 20% by 2025, using 2019 as the baseline year. Examples of implemented projects include the installation of a cogeneration system, the reduction of compressed air leaks, the installation of timers to shut off equipment during off-shifts, the installation of LED lighting, and upgrades to chiller and compressed air systems.

FY23 was a challenging year for us in our journey to reduce our energy consumption intensity and stay on track with our 2025 energy reduction goals. Even though we reduced our absolute energy consumption by 1% compared to the previous year, our energy consumption intensity compared to our baseline (FY19) increased by 13%. Contributing

factors to this increase were a reduction in the volume of bulk manufactured at our sites and the start-up of a new operating facility that was not active during our baseline year. We have identified several energy reduction opportunities that we will implement over the next two years to continue to reduce our energy consumption. Features of our energy management program include:

- Development of a network-wide sustainability team focused on managing energy consumption at each of our manufacturing sites
- Implementation of several organizational key performance indicators and communication tools
- Increased awareness and communications about energy usage
- Use of continuous improvement tools to identify energy reduction opportunities
- Implementation of high-impact, easy-to-replicate reduction projects like LED lighting upgrades
- Site energy assessment and implementation of energy efficiency plans related to buildings, equipment and layout optimization
- Promotion of renewable energy usage

kdc/one Total Energy Consumption



1.3

# Waste Management and Recycling

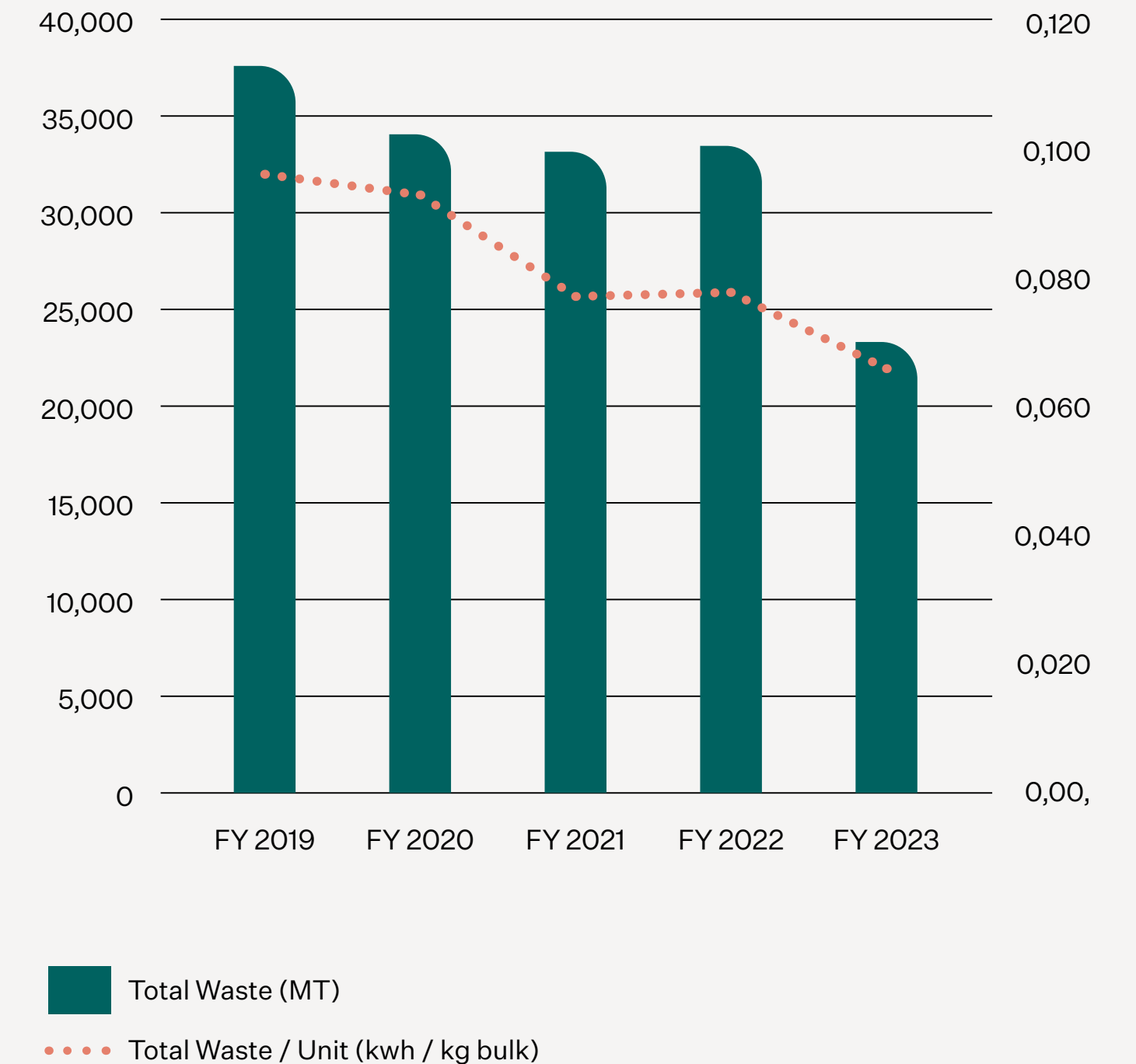
We are continuously looking for opportunities to reduce our impact on landfills by reducing the waste generated from our operations and increasing recycling. We closely track both hazardous and non-hazardous waste generated by our manufacturing operations and ensure that regulated waste is responsibly managed by our operations.

We have set a goal to reduce the total amount of waste generated per units of production by 25% by the end of fiscal year 2025. In fiscal year 2023, we reduced our total waste intensity (kg of waste / kg of bulk) by 35% compared to 2019. We recycled over 60% of our waste streams. Features of our waste management include:

- Company-wide recycling initiatives
- Change in transfer of bulk material, which resulted in an annual reduction of 70 metric tons of waste
- Program to recycle more than 1.5 million corrugated boxes
- Optimization of production processes to reduce waste materials
- Solutions to eliminate or reduce packaging materials (e.g. recyclable belts to replace packaging films, durable reusable pallets or materials boxes)

Our waste management practices comply with applicable regulations and waste recovery practices.

kdc/one Total Waste Generation



# 1.4

## Water Management

Water is an important resource for our operations, especially because many of the products we produce have a high water content.

We have reduced water consumption through production efficiency improvements, the reduction of water use in cleaning operations, the installation of low-flow equipment, leak detection studies, water balance studies, the collection of rainwater, and water recycling. We have established a goal of reducing water use by 25% by 2025 compared to 2019. In fiscal year 2023, we reduced our water consumption intensity (m<sup>3</sup> bulk produced) by 6% compared to 2019.



kdc/one Water Consumption



1.5

# Wastewater Discharge Indicators

We monitor wastewater discharge from our operating locations to ensure compliance with local regulatory requirements.

We have implemented various management best practices to prevent wastewater contamination, including secondary containment, employee training and operational controls. We are within the permitted discharge limits for chemical oxygen demand (COD), biological oxygen demand (BOD), and total suspended solids (TSS).



1.6

# *Air Emissions* Indicators

kdc/one regularly monitors relevant permitted air emissions from our operating locations to ensure compliance with regulatory requirements. Our emissions are well within the applicable allowable limits established by local operating permits and regulations.

<b>Volatile Organic Carbon Emissions</b>	Our volatile organic carbon emissions are well within applicable allowable limits established by local operating permits and regulations.
<b>Nitrogen Oxide (NOx) Emissions</b>	We have negligible nitrogen oxide emissions from our facilities. These emissions are primarily associated with fuel combustion for boiler operations and are unregulated at most of our locations due to the low levels of these emissions.
<b>Sulfur Oxide (SOx) Emissions</b>	We have negligible sulfur oxide emissions from our facilities. These emissions are primarily associated with fuel combustion for our steam boiler operations and are unregulated at most of the locations due to the low levels of these emissions.

1.7

# Biodiversity

kdc/one has facilities and offices in major cities and rural locations. We endeavor to ensure that risks associated with land use, operations and impact to biodiversity are identified and mitigated in compliance with applicable guidelines regarding biodiversity protection and preservation.

We agree with the principles included in the UN Convention on Biodiversity and strive to meet these principles. We support a program led by MUSE to preserve biodiversity in Udzungwa Mountains National Park in Tanzania. We continue to evaluate our existing practices against current state-of-the-art practices.



1.8

# Product, Packaging and *Formulation Development*

Innovation is a core strength that is critical to our value proposition for customers. We believe our innovation capabilities are industry-leading and that customers rely on our expertise to help drive groundbreaking product innovation for their brands.

Our integrated expertise in product development, packaging innovation and manufacturing—combined with superior service—supports the consistent delivery of leading solutions for our customers. Our teams are at the forefront of the latest trends and technologies, collaborating with our customers to offer relevant and meaningful solutions with an elevated approach that reflects each brand’s vision. The specific services we provide include product design and development, formula development, efficacy testing, sensory evaluation, packaging design and development, engineering, and tooling unit production. We also leverage techniques such as 3D printing and rapid prototyping to enhance customer collaboration and support faster speed-to-market.

Indeed, **technology innovation is a key driver of sustainability**. As experts in our categories, we pursue technologies and materials that can be launched in the market as new product solutions. Recent examples include natural insecticide formulations, biodegradable fragrance solutions, energy-efficient diffusion systems, and plant-based plastic alternatives, among others.

To support this approach, we **implemented a product innovation program**, which tackles some of the key sustainability topics in our industry: sustainability certification, sustainable formulations, use of recycled plastic, reduction of single-use plastic, and other waste reduction measures.



# Product, Packaging and *Formulation Development* (cont'd)

Through this program, we coordinate new sustainable product-related activities and funnel internal expertise across our teams. Ultimately, by having sustainability embedded in our innovation process and leveraging our expansive technical and expert network, we are able to identify and act on key challenges early on and lead the way to achieve best-in-class sustainable proposals for our customers.

In partnership with our customers, we co-develop high-performance formulations across a broad range of products. Our capabilities include creams, lotions, solid sticks, loose and pressed powder, hot fills and gels, oils, scrubs, aerosols, thin films, and more. Our expansive library contains over 24,000 formulations. We also specialize in the design and manufacturing of innovative, high-quality packaging solutions and handle virtually all packaging formats and substrates.

Customers have the option to choose from our comprehensive library of stock ranges, including over 700 options, or create completely custom designs and personalize specifications for all packaging solutions.

We are dedicated to delivering safe, environmentally conscious and sustainable formulations to our customers. Our two-tier formulation guideline approach allows proactive and innovative developments to be at the forefront of ingredient stewardship, ensuring we develop compliant formulas that deliver all the benefits consumers want while freeing them of materials that may be harsh, controversial or detrimental to our environment. “Clean at kdc/one” and “kdc/one Responsible Guidelines” offer transparent ingredient positioning and inspire more informed product choices with recognizable ingredients, providing clear communication on formula expectations.

kdc/one’s formulation and manufacturing capabilities support sustainability with ingredients, processing and unique delivery forms to help minimize the ecological and global footprint. Our talented teams collaborate to offer advancements in waterless technology, cold process manufacturing, and responsible ingredient sourcing to create more transparency for customers. Our collections include high-performance concentrated formats, solid shampoos and body washes, deodorants, and lotion bars paired with sustainable packaging to help preserve natural resources while reducing the environmental impact. Our Home Care segment studies cutting-edge innovative solutions that integrate sustainable formulations without compromising on performance or efficacy.



# Product, Packaging and *Formulation Development* (cont'd)

By engaging internal and external stakeholders and raising awareness around sustainability, we have been able to successfully incorporate employee's valuable inputs into the organization (new projects, technologies, etc.) while supporting the constant growth of our capabilities and the know-how that we ultimately put at the service of our clients. Examples of these efforts are highlighted in the success of activities such as:

- IdeaOne platform – launch of a digital challenge-based crowdsourcing platform to foster employee's engagement in sustainability
- Fragrance Innovation Summit – bringing our key stakeholders together to share ideas about technology improvements and cooperating on ESG goals
- kdc/one Innovation Roundtable – hosted by internal innovation key stakeholders to increase internal awareness and dialogue around sustainability
- Open innovation projects involving universities and start-ups

Waterless technologies are being applied to help clean hard surfaces. Our Home Care operations have developed multipurpose cleaning solutions for hard surfaces in a compact and concentrated format that is rehydrated by the end user. This technology saves plastic by relying on the reuse of the same dispenser and provides the increased benefits of a compact solution, making the product easier to store and transport. Moreover, sustainability as it relates to disinfection has been broadened to include formulations by studying solutions with vegetable-based lactic acid as a biocide and relying on vegetable sourcing instead of synthetic components. Waterless technologies are also being applied to laundry care, focusing research and innovation efforts on deploying smart and powerful solutions and contributing to promoting more sustainable laundry habits.

kdc/one has also made great efforts to deliver sustainable product packaging to our customers and their consumers, such as:

- Introducing packaging compliant with recognized sustainability certifications
- Promoting the use of recycled plastics, bioplastics and refillable solutions through our packaging designs
- Using recycled plastics whenever possible, no matter the packaging design
- Promoting mono-material construction to improve recyclability

To fully integrate such criteria within our entire product development process, we developed an ESG-dedicated assessment tool that was completed as part of the project deliverables. These assessment tools challenge and drive us to continuously improve our product impact. Introducing this assessment tool aims to promote a lifecycle thinking approach fostering reuse, recycling, and resource consumption reduction. We are working to further integrate lifecycle thinking through dedicated training and proper tool development.

**Animal Testing** – kdc/one's commitment to minimize harm to our environment includes our commitment to work with our customers and partners to avoid animal testing for our products unless specifically required by law. We are required by law to perform efficacy tests in support of certain pest control product registrations, which are performed on insects. As part of industry associations and programs (e.g., International Association for Soaps, Detergents and Maintenance Products (A.I.S.E.)), we contribute to progress and innovation at the service of the health and wellbeing of communities we serve, including by promoting the research into alternative testing methodologies to minimize or replace animal testing.

2.

*Social*

## 2.1

# Keeping our *Focus on Safety*

The success of our business is fundamentally connected to the safety and well-being of our employees. Accordingly, we are committed to the health, safety and wellness of our employees and the communities we engage with around the world. We provide our employees and their families with access to a variety of innovative, flexible, and convenient health and wellness programs.

We have focused our workplace safety efforts towards increasing employee and management engagement. One process for facilitating this engagement is our Good Observation program. We define good observations as safety observations that are communicated, documented, corrected and that help prevent incidents from occurring. In FY23, we increased the Good Observation rate (number of good observations per 100 employees) by over 200% in our manufacturing locations. Many of these good observations resulted in actions to reduce risk or make improvements to processes. We have implemented several programs to proactively identify workplace hazards and reduce employee incidents.

These prevention programs include:

- Establishing global standards to ensure consistent safety practices across our networks.
- Implementing web-based systems to facilitate real-time incident reporting and management.

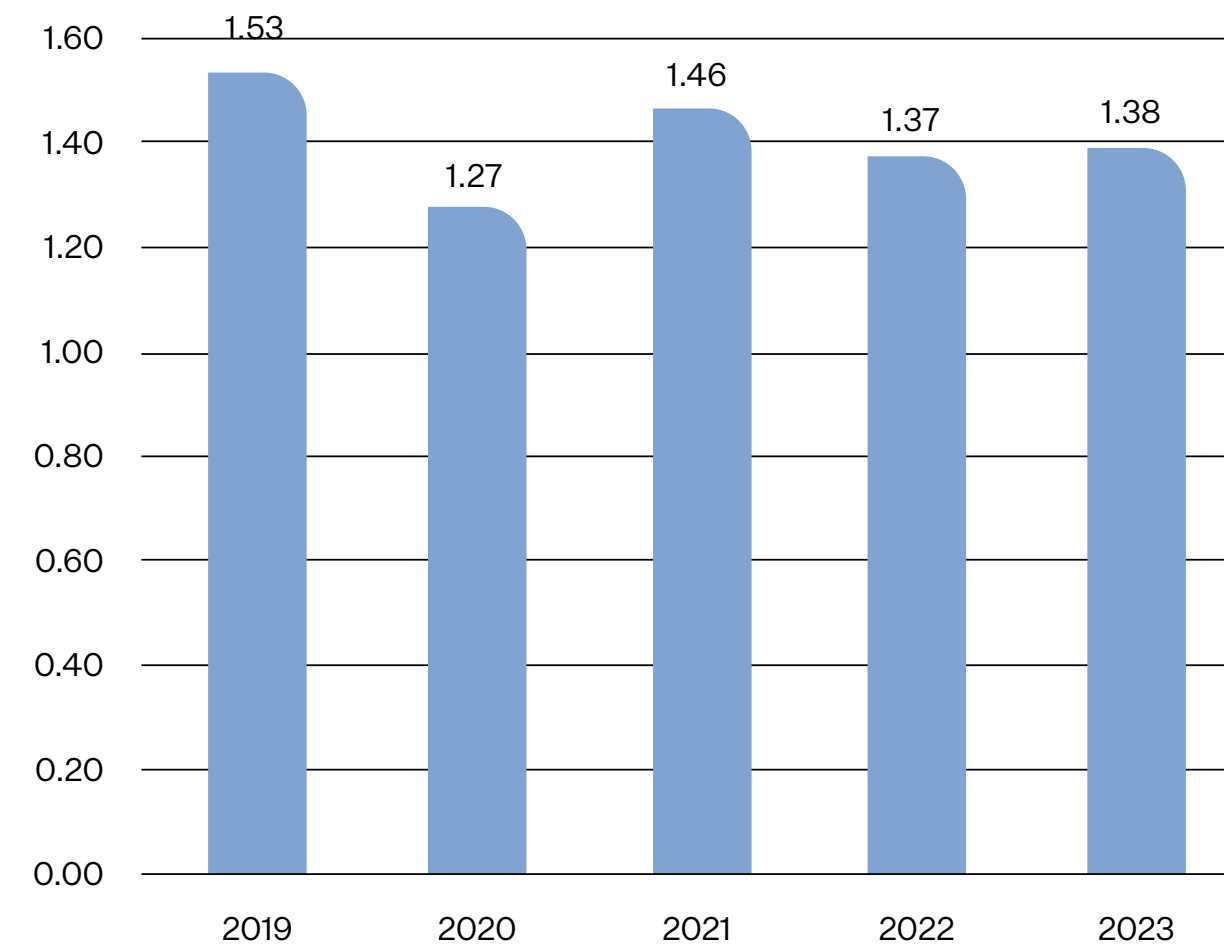
- Increasing awareness around critical safety risks, focusing on 8 factors that can result in a serious incident or fatality: process safety, confined space entry, fall protection, electrical safety, hazardous energy, machine guarding, powered industrial trucks, and hazardous atmosphere.
- Encouraging employees to identify EHS risks and notify management for consideration through our Good Observations program.
- Conducting weekly leadership inspections.
- Increasing organizational learning by issuing EHS alerts to share information on incidents.
- Forming learning teams to develop a deeper understanding of systemic failures associated with serious incidents and near-miss events.

# Safety (cont'd)

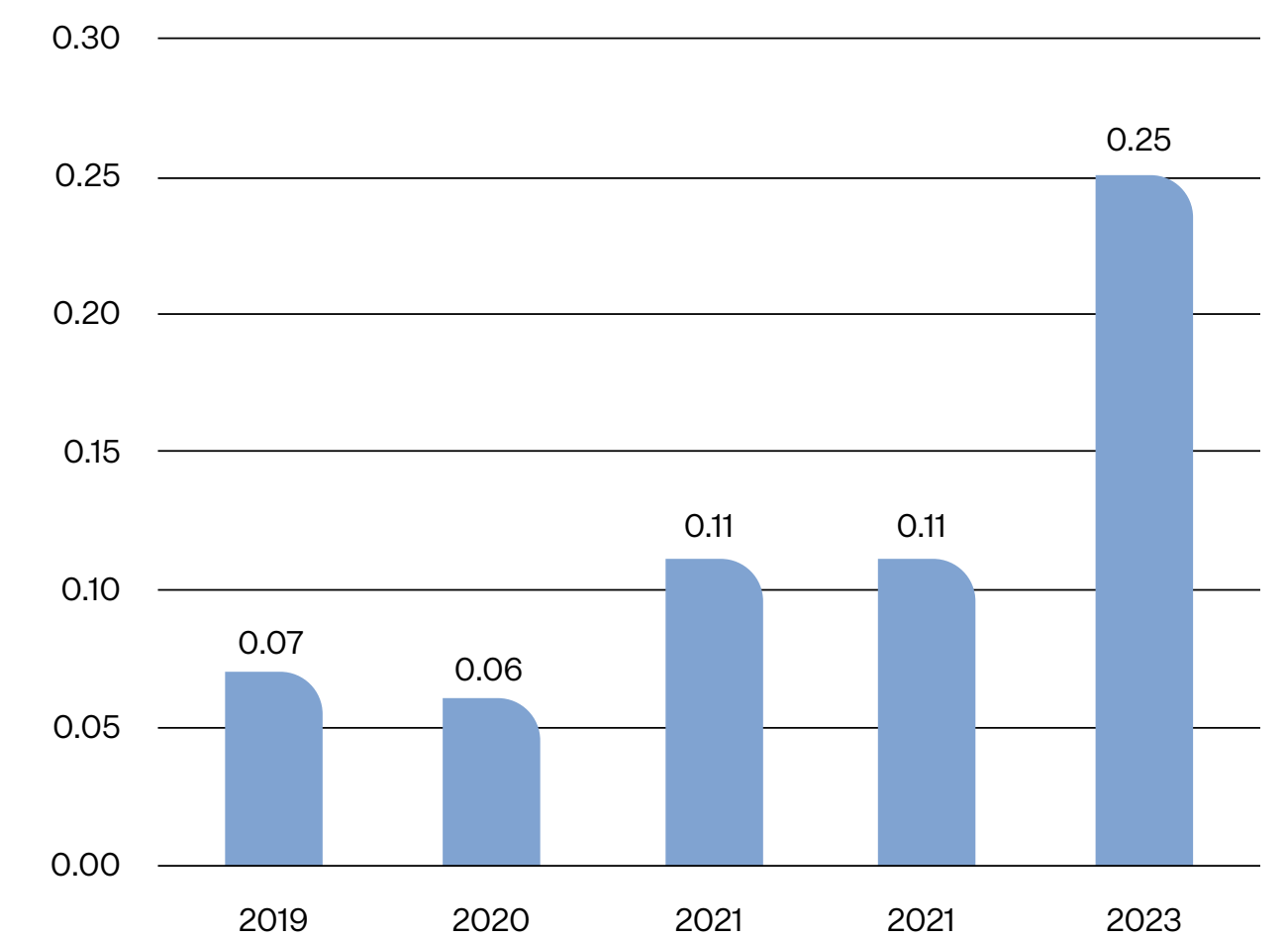
In FY23, our recordable injury rate was 1.38 incidents per 100 employees. This rate has been consistent over the past 3 years and is lower than the industry average.

The number of serious incidents (as defined by ASTM E2920 – 14: Standard Guide for Recording Occupational Injuries and Illnesses – Level 1A) for FY23 stands at 0.25 incidents per 100 employees. Our goal is to bring our serious incident rate down to zero by 2025.

Recordable Incidents per 100 employees (FY)



Serious Incidents per 100 employees (FY)



## 2.2

# People Strategy

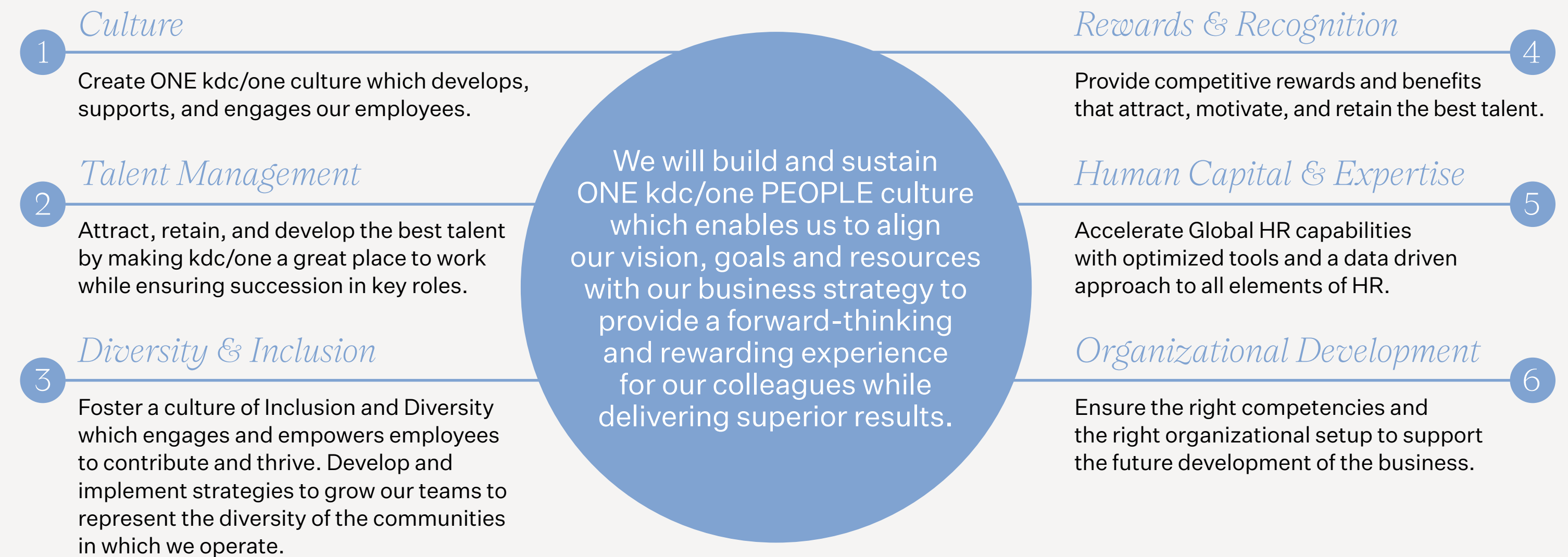
Our values of well-being, compassion and inclusion reflect our recognition that our employees are critical to our business success.

Key components of our strategy to support our employees include developing a culture that supports and engages employees, talent management programs, diversity and inclusion initiatives, rewards and recognition programs, and organization development. We provide competitive training and on-the-job development opportunities for our employees. We take a holistic approach to talent management that includes career development, training, succession planning, and internal mobility. We conduct surveys to measure employee engagement. We learned from our 2020 survey that culture was a priority. We have worked to create and establish a common kdc/one culture with a comprehensive vision, mission and values, with corresponding behaviors that are now also linked to our performance management process. In early 2023, we fielded another voluntary, confidential company-wide survey that resulted in valuable feedback and insights from more than 7,650 people, representing 78% of our full-time workforce.

We have activated action plans in key priority areas with a strategic focus on Employee Expectations and Meaningful Conversations. We have partnered with Gallup, an industry leader in workplace analytics and insights, to conduct our annual survey to benchmark and track our progress around

employee engagement. Gallup has studied over 2.7 million workers across 100,000+ teams across multiple industries worldwide. Their research has consistently shown that organizations with highly engaged employees have fewer safety incidents, lower turnover and higher productivity.

## One kdc/one People Strategy



## 2.3

# *Diversity, Equity and Inclusion*

As of December 31, 2022, we had roughly 10,300 full-time employees, 5,300 of whom were employed in connection with our Beauty and Personal Care segment and 5,000 in connection with our Home Care segment. Approximately 3,200 members of our total workforce were employed in the United States and 685 in Canada, with the remainder distributed throughout Asia, Europe and Latin America.

As of December 31, 2022, some 2,900 of our employees were represented by a union. We believe we have a good relationship with our employees and, to date, have never been faced with a strike or significant work stoppage.

We strive to attract, retain, and develop our employees, who are critical to our success. To succeed in a competitive labor market, we have developed key recruitment and retention strategies, objectives, and metrics, which we leverage in the overall management of our business.

# *Diversity, Equity and Inclusion*

## (cont'd)

### Diversity and Inclusion

Our commitment to diversity and inclusion is a defining feature of our culture. We believe that a diverse workforce is critical to our success, and we continue to focus on the hiring, retention and advancement of women and underrepresented groups. Our recent efforts have focused on four areas: maintaining an inclusive culture that emphasizes respect for all people; setting expectations and objectives and measuring results from an employee compliance, and accountability perspective; attracting, retaining, developing, and promoting diverse talent; and fully integrating inclusive priorities into our leadership team. These efforts are summarized in our kdc/one DE&I ambitions chart on the next page. We believe that diversity is critical across all populations, whether it is our employees, customers, consumers, or communities.

We have established working groups to identify key areas of impact, and initiate and promote diversity opportunities and stories. Across the organization, we conduct assessments to drive a company-wide strategy that will encompass the sharing of data and best practices. Our executive team members will sponsor key focus areas.

We have developed programs to train and educate management on diversity and inclusion, and these programs will soon be fully rolled out within our organization. These programs also aim to review and adapt hiring practices, and increase equitable pay and promotion practices, as well as create opportunities for employees to connect and share their stories. We have launched various communications initiatives, such as regular town halls, an internal social channel, a company-wide newsletter and intranet, and employee counselling, all of which contribute to the sense of community we are committed to fostering.

Some metrics to describe our organization and highlight our progress:

- 56% of all our employees are women
- 42% of our management positions are held by women, with BIPOC representation in 51% of these positions
- 45% of our US employees are ethnically diverse
- 31% of our US management positions are held by ethnically diverse employees

We recognize the importance and benefits of having a Board of Directors and senior management team composed of highly talented and experienced individuals who value fostering and promoting diversity in gender, ethnicity, cultural background, and other factors among their members. Four of our Directors are women, representing approximately 33% of our Board. We believe that having a diverse Board of Directors can offer a breadth and depth of perspectives that enhances our performance.



# Diversity, Equity and Inclusion (cont'd)

## Compensation and Pay Equity

The philosophy behind our compensation program is to provide an attractive, flexible, and market-based total compensation program that is tied to performance and aligned with shareholder interests. Our goal is to be competitive in recruiting and retaining talent through high-quality compensation practices. Our compensation guiding principles are to invest in talent and potential and reward strong performance. We are committed to fair pay and strive to be externally competitive while ensuring internal equity across our organization. We have an industry-leading compensation policy that includes (1) direct monetary compensation aimed at attracting, retaining and rewarding talent composed of a base salary and an annual performance bonus; (2) indirect monetary compensation aimed at employee satisfaction, composed of group benefits, paid time off and retirement savings plans; and (3) indirect non-monetary compensation aimed at creating an engaged workforce, composed of a recognition program and career development and advancement opportunities. We are conducting global pay equity assessments and compensation reviews, and we are actively working to improve our hiring practices, performance reviews, and career development opportunities to eliminate unconscious bias that could contribute to pay inequities.

## kdc/one DE&I Ambitions

<p><i>Diversity</i></p>	<p><b>Gender Equity</b></p> <p>Managerial Positions:</p> <ul style="list-style-type: none"> <li>• 33% Gender Diversity by 2024</li> <li>• 50% Gender Diversity by 2030</li> </ul>	<p><b>Diversity Mix</b></p> <p>Meet local labor law requirements and increase recruitment of people with disabilities – 5 years</p> <p>Ethnic Diversity for US: Achieve 33% or greater by 2024</p> <p>Global labels definition, sensitive information / data gathering/analysis – 2 years</p>	<p><b>Communication</b></p> <p>Internal and external Global Communication Campaign and local initiatives to promote DE&amp;I awareness</p> <p>Acknowledge and reward inclusive employees &amp; managers – “Inclusion Champions” – Rewards and recognition program</p> <p>Annually since 2021</p>
<p><i>Equity</i></p>	<p><b>Pay Gap</b></p> <p>Assess the local pay gap with a specific role analysis and build a realistic plan to close the gap over a 5-year period</p>	<p><b>Recruitment</b></p> <p>For each Recruitment at the Manager/Director level or higher, ensure slate includes a minimum of two candidates from underrepresented groups</p> <p>Ongoing</p>	<p><b>Talent Management</b></p> <p>Create assisted succession planning for underrepresented groups: Identify succession plan for senior roles inclusive of underrepresented groups of employees. Build development plans and identify talent gaps for proactive recruitment</p> <p>Since 2022</p>
<p><i>Inclusion</i></p>	<p><b>Inclusion Assessment</b></p> <p>Assess and monitor the Inclusion level through annual global surveys and local focus groups</p> <p>First Action: Sustainability Survey</p>	<p><b>Training</b></p> <p>Deploy anti-bias training across the organization (all levels) by 2024</p>	<p><b>Culture</b></p> <p>Promote generation mix, respect and knowledge sharing through specific local and global programs</p> <p>Online training, local initiatives, communications campaigns</p> <p>Ongoing</p>

## 2.4

# Philanthropy and Citizenship

We deeply care for people, our local communities and our world. We understand the connection between our employees, our sites and the communities where we operate.

We focus our collective energy and attention on making an impact where we work and live. Our sites have the autonomy to support local organizations and needs as they see fit.

They understand the dynamics better than our central office and can make a more lasting impact by delivering what is needed, where it is needed.

Over the past two years, our sites have provided local support through more than 100 activities.

The efforts of our employees and teams take many different forms including financial support through donations to charitable organizations, and employees volunteering their time. We are staunch supporters of first responders, the youth in our communities, and those in need. Example of our community support include:

- We have provided support for the arts around the world with sponsorships of the Museo delle Scienze and Museo di arte moderna e contemporanea di Trento e Rovereto in Italy, and the Wexner Center for the Arts in Ohio. This year, we sponsored a special corner at the MUSE Sustainability Gallery, a center for the dissemination of sustainability good practices implemented by the Museum of Science in Trento and by companies committed to Sustainable Development Goals and shared value creation. This project won the last edition of the Culture+Business Award, the most important Italian award for projects that see culture and companies team up to promote sustainability in their communities. We also sponsored the creation of tactile maps for the museum to foster a culture of accessibility.
- Our teams provide support to people who are suffering, as victims of armed conflict or natural disasters, through local and international humanitarian organizations, such as the Red Cross or UNHCR. We have given locally to assist our communities affected by flooding in Port Jervis, as well as to victims of the earthquake in Turkey and the ongoing refugee situation in Ukraine through our European sites. Our Italy site was recognized by the United Nations Human Rights Council (UNHRC) for its support of refugee integration and employment initiatives.
- In line with our Quality Education goal, our sites implemented projects to support underprivileged schoolchildren. One example is our contribution to the setting up of digital classrooms for SSBD Desai High School in India to facilitate a convenient and healthy study environment for more than 300 students. Our Mexican site contributed to the government, “Reactivate Your School” program to rehabilitate three local fundraising and our Bulgarian site participated in Career Days at the Personal Development Support Center – Plovdiv to provide career guidance for junior school students.

Our values set the course for our employees to feel empowered and show compassion. We will continue to follow their lead and focus on improving the quality of life in the communities where we operate.

3.

# *Governance*

We recognize that *good corporate governance* plays an important role in our *overall success* and in *enhancing stakeholder value*. Accordingly, we have adopted and will continue to follow *corporate governance policies and practices* that reflect this consideration.

### 3.1

# Board of *Directors* and *Director Independence*

Our Board of Directors is composed of 12 directors, five of whom are “independent” based on their current and prior relationship with kdc/one and its principal shareholders, as well as all other factors and circumstances our Board of Directors deemed relevant in determining their independence. The Board assesses the independence of its directors at least once a year.

kdc/one is committed to best-in-class governance structures and processes that ensure an appropriate balance of independent and non-independent directors, including an objective process for identifying, selecting and nominating independent directors and determining executive compensation. The Board of Directors has established a governance committee in accordance with best-in-class governance practices and process oversight.



## 3.2

# Board *Diversity*

Our commitment to diversity and inclusion is a defining feature of our culture. We recognize the importance and benefits of having a Board of Directors and senior management team composed of highly talented and experienced individuals who value fostering and promoting diversity in gender, ethnicity, cultural background, and other factors among their members.

We expect to adopt a formal policy for the nomination of directors and the appointment of our senior management team that promotes our commitment to diversity. Currently, four of our directors are women, including the Chair of the Board, representing 33% of our Board of Directors, and four of our executive officers are women.

We believe that having a diverse Board of Directors can offer a breadth and depth of perspectives that enhances our performance. Our Board of Directors and shareholders value diversity in abilities, experience, perspective, education, gender, background, race, and ethnicity. Recommendations concerning director nominees are based on merit and past performance as well as their expected contribution to the Board's performance and, accordingly, diversity is taken into consideration.

We anticipate that, in the future, the composition of the Board of Directors will be shaped by the selection criteria to be developed by our current Board of Directors, ensuring that diversity considerations are taken into account in senior management by monitoring the level of representation of women and underrepresented groups on the Board and in senior management positions, continuing to broaden recruiting efforts to attract and interview qualified female and underrepresented group candidates, and committing to retention and training to ensure that our most talented employees are promoted from within our organization, all as part of our overall recruitment and selection process to fill Board or senior management positions as the need arises.



### 3.3

# Code of *Business Conduct* and *Ethics Policy*

Building on our strong ethical foundation and the codes and policies in place across our legacy organizations, we have crafted a global kdc/one Code of Ethics that applies to all employees, officers, and directors across our network. The unified kdc/one Code of Ethics reiterates our existing commitment to ethics and integrity in all facets of our business and is supported by regional policies and practices.

We hold ourselves to the highest level of ethical conduct, and we have created this Code of Business Conduct and Ethics to clearly articulate the foundation for kdc/one's governing principles, culture and values.

These standards are designed to deter wrongdoing and promote honest and ethical conduct in accordance with applicable laws, such as the Whistleblowing Directive for European countries. Our business success and the confidence and trust of our customers, investors, and partners depend on our ability to foster a culture of honesty, integrity and accountability. We train all employees on matters of business and ethical conduct on an ongoing basis; employees must also acknowledge our Code of Ethics when onboarding, and again at regular intervals once in our employ.

Our unified Code of Ethics, and any companion policies and guidelines, will also be made available on our website at [kdc-one.com](https://kdc-one.com).

We take our commitments seriously in all that we do, including implementing a culture that permits whistleblowing and protects whistleblowers, through our global ethics and compliance programs. In 2021, we launched a phone- and web-based reporting system, EthicsPoint, that allows employees to confidentially report any issues, to foster a work environment that promotes safety, security, integrity, ethical behavior, and collective well-being. Any report to the hotline is forwarded to our Auditing, Legal and HR teams, and every complaint is fully investigated in accordance with established protocols, including confidentiality and safeguards to protect the identity of whistleblowers.

### 3.4

# Bribery and *Anti-Corruption*

As an organization, we are committed to adhering to all anti-corruption laws and regulations, and ensuring our employees do not engage in activities that put kdc/one at risk. To assure compliance with all relevant anti-corruption legislation while promoting sound business operations as required by best practices, we have committed to implementing an effective anti-bribery management system to help prevent, detect and address bribery. Our Trento site is ISO 37001 certified, and our Mexican and Chinese sites are implementing their certification roadmaps.

This system is intended to include a comprehensive global trade sanction procedure for all operations worldwide, as well as regular checks and controls, both before and after onboarding a new customer, supplier or vendor, and sufficient contractual obligations and additional indemnification when specific circumstances justify it.

We have also taken advantage of the UNGC Academy to step up training on business ethics, integrity and antibribery principles, and joined various UNGC-related initiatives (webinars, events, etc.).





### 3.5

# Data *Privacy* and *Security*

We maintain constant vigilance with regards to cybersecurity. Security strategy and action plans are reviewed and deployed on an ongoing basis, as are various firewalls and efforts to regularly assess the risks and potential impacts, as well as their mitigation strategies. kdc/one implements every measure possible to protect the information of its customers and other business partners, as well as its own information, against loss and theft.

Below is a summary of the major security measures currently in place:

<b>Security team</b>	kdc/one has a team dedicated to security that is responsible for maintaining security policies and overseeing the implementation and maintenance of security controls to reduce information security risks to an acceptable level.
<b>Risk assessment</b>	kdc/one uses the National Institute of Standards and Technology (NIST) framework in its security approach and has committed to deploying Center for Internet Security (CIS) controls. Risks are assessed from different angles with different strategies: <ul style="list-style-type: none"> <li>• Yearly internal and external penetration testing by external firms</li> <li>• Quarterly automated scans of external and internal networks</li> <li>• NIST and CIS assessment by external firms to confirm our position</li> </ul>
<b>Policies</b>	A complete set of policies was created and deployed according to Information Technology General Controls (ITGC) (governance principles). Governance ensuring compliance of these policies is in place, supported by a clear framework.
<b>Tools to identify, protect and detect</b>	An extensive set of overlapping and intelligent security tools enforce the security rules throughout kdc/one. These tools are constantly monitored, and alert mechanisms are in place in case of incident. All events are recorded, and their logs aggregated.
<b>Response</b>	The Incident Response Plan is communicated to all concerned parties and tested yearly with a tabletop exercise.
<b>Recovery</b>	kdc/one leverages its own international private cloud infrastructure to host its Disaster Recovery Strategy and safely store protected backups in case of possible cyberattacks. These daily monitored routines ensure that critical data may be recovered if needed.
<b>Training</b>	Regular training is provided to all employees with internet access to increase their awareness and understanding of procedures related to cybersecurity threats. Special security training modules are also provided to IT professionals.
<b>Extended expertise</b>	The kdc/one security team’s expertise is extended with specialized firms ensuring extra cybersecurity monitoring, responsiveness and expertise. These services cover both internal and external networks around the clock.

## 3.6

# Supply Chain *Management*

**We maintain a diverse supplier base and strategic relationships to ensure the stability of supply as well as leading-edge, cost-effective solutions, with relationships often built over many years.**

We understand that our social and environmental impacts include not only our operations, but also the activities of our suppliers and other business partners. Environmental, social and governance factors are considered in sourcing decisions, along with quality and serviceability. We seek to improve our supply chain processes while providing proactive support to the Sales, Operations and R&D teams.

Using a risk-based approach, our key suppliers undergo qualification processes and audits to ensure adherence to environmental, ethical, labor, and human rights requirements. Supplier compliance with the principles stated in our Code of Conduct and Responsible Sourcing policy are an integral part of contracts. We use the EcoVadis platform to assess the ESG programs of our key suppliers, which are taken into account on the scorecard we use to evaluate all suppliers. We have engaged more than 50 suppliers who represent 80% of our direct material expenses.

Our responsible sourcing program includes the sharing of best practices and the training of our procurement teams using various resources, including the UNGC Academy. We collaborate with our key stakeholders to continuously improve our responsible purchasing practices.

We strive to ensure diversity and inclusion in our supply chain—as a pilot project, we completed a third-party assessment of our inclusive supplier efforts, to evaluate our best practices and identify improvement areas. Our EthicsPoint program is being introduced to our suppliers and partners to allow them to submit feedback so that buyers are aware of any risks or improvement suggestions.

In addition, under the UK's Modern Slavery Act 2015, kdc/one's subsidiary based in that country publishes a Slavery and Human Trafficking Statement every fiscal year, describing what steps have been taken to address the risk of slavery and human trafficking occurring in our operations or in our supply chains.



## 3.7

# Product Quality

We maintain high standards of product quality and regulatory compliance with strict policies and procedures that are monitored and enforced across all our manufacturing facilities. Our comprehensive Quality Assurance program monitors compliance throughout the production cycle to ensure operational and quality excellence.

The quality assurance organizations at our manufacturing facilities oversee self-improvement audits on a weekly, monthly and quarterly basis to ensure the compliance of our manufacturing, packaging and testing processes with our standard operating procedures. Audits are also conducted annually by many customers and/or third-party auditors.

Our standard operating procedures ensure the safety and effectiveness of the products we manufacture, in accordance with customer specifications and industry standards.

Any deviations from these established procedures are investigated immediately to determine the root cause of the deviation so that corrective and preventive action can be taken to avoid a recurrence, and are subjected to a documented assessment that evaluates the potential impact of the deviation on product quality and safety. We have increased awareness around consumer health and safety by facilitating internal information sessions and working groups. Topics discussed include product innovation, risk prevention and management, and regulatory trends.

Consistent with our long-standing commitment to people's health and well-being, we cooperate with institutions and category associations to be at the forefront of the fast-evolving regulatory landscape.



*Thank you*

A-C

*Appendix*

# Appendix A – Data

(historical data updated to include recent acquisitions)



ESG Performance Indicator <sup>(1,2)</sup>	2019	2020	2021	2022	2023
<b>SAFETY MANAGEMENT</b>					
Serious Occupational Injury and Illness Incident Frequency Rate (200,000 hours worked)	0.07	0.06	0.12	0.12	0.25
Occupational Injury and Illness Incident Frequency Rate Incidents (200,000 hours worked)	1.53	1.27	1.46	1.37	1.38
Employee Engagement (Number of Observations Submitted per 100 employees)	0	0.79	6.75	21.53	71.62
<b>WASTE MANAGEMENT</b>					
Hazardous Waste Incinerated/Autoclaved (tonnes)	4,582	4,285	4,534	4,286	3,569
Non-Hazardous Waste Landfill (tonnes)	11,623	11,695	10,903	10,167	7,003
Non-Hazardous Waste Landfill per unit (kg/kg)	0.035	0.036	0.029	0.027	0.019
Waste Recycled/Waste to Energy (tonnes)	19,449	17,336	17,305	18,420	16,102
Waste Recycled/Waste to Energy (kg/kg)	0.059	0.053	0.045	0.048	0.043
Percent Waste Recycled/WTE	53%	51%	52%	55%	69%
Total Waste (tonnes)	36,409	34,150	33,450	33,707	23,353
Total Waste per Unit (kg/kg)	0.095	0.093	0.077	0.077	0.062
Total Waste per Unit (kg/kg)	0.095	0.093	0.077	0.077	0.062
<b>ENERGY MANAGEMENT</b>					
Electrical Energy (kwh)	155,755,732	149,351,053	156,549,043	170,519,769	165,282,345
Electrical Energy per unit (kWh/kg)	0.41	0.41	0.36	0.39	0.44
Fuel Consumption (kWh)	93,831,355	98,475,392	103,891,524	111,851,591	113,215,093
Fuel per unit (kWh/kg)	0.25	0.27	0.24	0.26	0.30
Total Energy Consumption (kWh)	249,587,088	247,826,445	260,440,567	282,371,360	278,497,438
Total Energy per unit (kWh/kg)	0.65	0.68	0.60	0.65	0.74

1. Historical data updated to include recent acquisitions.  
 2. Safety, Energy, Water, and waste data for manufacturing and R&D operations

# Appendix A – Data

(historical data updated to include recent acquisitions)



ESG Performance Indicator <sup>(1,2)</sup>	2019	2020	2021	2022	2023
<b>WATER MANAGEMENT</b>					
Water M <sup>3</sup>	1,715,841	1,666,043	1,637,461	1,573,038	1,583,109
Water per unit m <sup>3</sup> /tonne	4.49	4.56	3.76	3.60	4.20
<b>COMPLIANCE MANAGEMENT</b>					
Remediation Settlements \$	0	0	0	0	0
Significant Spills	0	0	0	0	0
<b>CARBON MANAGEMENT</b>					
Scope 1 Greenhouse Gas Emissions MTCO <sub>2</sub> E – Direct from Fuel Combustion	17,072	17,954	18,942	19,515	22,879
Scope 2 Greenhouse Gas Emissions MTCO <sub>2</sub> E – Indirect from Electrical Consumption Market-Based	62,480	61,362	153	146	910
Total Greenhouse Gas Emissions MTCO <sub>2</sub> E – Total	79,552	79,316	19,095	19,661	23,789
Total Greenhouse Gas Emissions per Unit MT CO <sub>2</sub> E/kg	0.208	0.217	0.0439	0.0450	0.0631
<b>DIVERSITY</b>					
Board Diversity – Women %	33%	33%	33%	33%	33%
Gender Diversity – Management % Female	NA	NA	NA	41%	42%
Gender Diversity % Female	NA	NA	NA	57%	56%
Ethnic Diversity – Manager and Above with Ethnicity – US Only %	NA	NA	NA	NA	31%
<b>PRODUCTION VALUE</b>					
Bulk Produced kg	382,302,039	365,315,299	434,942,433	437,491,636	377,156,416
<b>HEAD COUNT</b>					
Head Count	6,000	8,170	11,788	11,500	10,300

1. Historical data updated to include recent acquisitions.  
 2. Safety, Energy, Water, and Waste data for manufacturing and R&D operations

# Appendix B – GRI content index



<i>Statement of use</i>	kdc/one has reported the information cited in this GRI content index for the period May 1, 2022 – April 30, 2023, with reference to the GRI Standards.	
<i>GRI 1 used</i>	GRI 1: Foundation 2021	
<b>GRI STANDARD</b>	<b>DISCLOSURE</b>	<b>LOCATION</b>
GRI 2: General Disclosures 2021	2-1 Organizational details	kdc-one.com
	2-2 Entities included in the organization’s sustainability reporting	ESG Report, “Introduction of ESG Programs”
	2-3 Reporting period, frequency and contact point	ESG Report, “Introduction of ESG Programs”
	2-4 Restatements of information	Not applicable / First ESG Report
	2-5 External assurance	ESG Report, “ESG Structure and Reporting Relationships”
	2-6 Activities, value chain and other business relationships	kdc-one.com
	2-7 Employees	ESG Report, “Appendix A - Data”
	2-9 Governance structure and composition	ESG Report, “Board of Directors and Director Independence”
	2-10 Nomination and selection of the highest governance body	ESG Report, “Board Diversity”
	2-11 Chair of the highest governance body	<a href="https://www.kdc-one.com/en/who-we-are#executive-team">https://www.kdc-one.com/en/who-we-are#executive-team</a>
	2-12 Role of the highest governance body in overseeing the management of impacts	ESG Report, “Impacts, Materiality, Risks and Opportunities”
	2-13 Delegation of responsibility for managing impacts	ESG Report, “ESG Structure and Reporting Relationships”
	2-14 Role of the highest governance body in sustainability reporting	ESG Report, “ESG Structure and Reporting Relationships”
	2-15 Conflicts of interest	ESG Report, “Board of Directors and Director Independence”
	2-16 Communication of critical concerns	ESG Report, “Code of Business Conduct and Ethics Policy”
	2-17 Collective knowledge of the highest governance body	ESG Report, “Code of Business Conduct and Ethics Policy”
	2-18 Evaluation of the performance of the highest governance body	ESG Report, “Code of Business Conduct and Ethics Policy”
	2-19 Remuneration policies	ESG Report, “Diversity, Equity and Inclusion (cont’d) - Compensation and Pay Equity”
	2-20 Process to determine remuneration	ESG Report, “Diversity, Equity and Inclusion (cont’d) - Compensation and Pay Equity”



# Appendix B – GRI content index



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<i>GRI 1 used</i>	GRI 1: Foundation 2021	
<b>GRI STANDARD</b>	<b>DISCLOSURE</b>	<b>LOCATION</b>
GRI 2: General Disclosures 2021	2-21 Annual total compensation ratio	not disclosed - confidential info
	2-22 Statement on sustainable development strategy	ESG Report
	2-23 Policy commitments	ESG Report, “Message from the CEO”
	2-24 Embedding policy commitments	ESG Report, “Message from the CEO”
	2-25 Processes to remediate negative impacts	ESG Report, “Code of Business Conduct and Ethics Policy”
	2-26 Mechanisms for seeking advice and raising concerns	ESG Report, “Code of Business Conduct and Ethics Policy”
	2-27 Compliance with laws and regulations	ESG Report, “Code of Business Conduct and Ethics Policy”
	2-28 Membership associations	ESG Report, “Message from the CEO”
	2-29 Approach to stakeholder engagement	ESG Report
	2-30 Collective bargaining agreements	ESG Report, “Code of Business Conduct and Ethics Policy”
GRI 3: Material Topics 2021	3-1 Process to determine material topics	ESG Report, “Impacts, Materiality, Risks and Opportunities”
	3-2 List of material topics	ESG Report, “Impacts, Materiality, Risks and Opportunities”
	3-3 Management of material topics	ESG Report, “Impacts, Materiality, Risks and Opportunities”
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	ESG Report, “Management of Supply Chain”
	203-2 Significant indirect economic impacts	ESG Report, “Management of Supply Chain”
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	ESG Report, “Management of Supply Chain”
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	ESG Report, “Bribery and Anti-Corruption”
	205-2 Communication and training about anti-corruption policies and procedures	ESG Report, “Bribery and Anti-Corruption”
	205-3 Confirmed incidents of corruption and actions taken	ESG Report, “Bribery and Anti-Corruption”

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<i>GRI 1 used</i>	GRI 1: Foundation 2021	
<b>GRI STANDARD</b>	<b>DISCLOSURE</b>	<b>LOCATION</b>
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	ESG Report, “Code of Business Conduct and Ethics Policy”
GRI 207: Tax 2019	207-1 Approach to tax	ESG Report, “Code of Business Conduct and Ethics Policy”
GRI 301: Materials 2016	301-1 Materials used by weight or volume	ESG Report, “Product, Packaging, and Formulation Development”
	301-2 Recycled input materials used	ESG Report, “Product, Packaging, and Formulation Development”
GRI 302: Energy 2016	302-1 Energy consumption within the organization	ESG Report, “Energy Management”, “Appendix A - Data”
	302-2 Energy consumption outside of the organization	ESG Report, “Energy Management”, “Appendix A - Data”
	302-3 Energy intensity	ESG Report, “Energy Management”, “Appendix A - Data”
	302-4 Reduction of energy consumption	ESG Report, “Energy Management”, “Appendix A - Data”
	302-5 Reductions in energy requirements of products and services	ESG Report, “Product, Packaging, and Formulation Development”
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	ESG Report, “Water Management”, “Appendix A - Data”
	303-2 Management of water discharge-related impacts	ESG Report, “Water Management”, “Appendix A - Data”
	303-3 Water withdrawal	ESG Report, “Water Management”, “Appendix A - Data”
	303-4 Water discharge	ESG Report, “Water Management”, “Appendix A - Data”
	303-5 Water consumption	ESG Report, “Water Management”, “Appendix A - Data”
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	ESG Report, “Biodiversity”
	304-2 Significant impacts of activities, products and services on biodiversity	ESG Report, “Biodiversity”
	304-3 Habitats protected or restored	ESG Report, “Biodiversity”
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	ESG Report, “Appendix A - Data”

# Appendix B – GRI content index



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<i>GRI 1 used</i>	GRI 1: Foundation 2021		
<b>GRI STANDARD</b>	<b>DISCLOSURE</b>	<b>LOCATION</b>	
GRI 305: Emissions 2016	305-2 Energy indirect (Scope 2) GHG emissions	ESG Report, “Appendix A - Data”	
	305-3 Other indirect (Scope 3) GHG emissions		
	305-4 GHG emissions intensity	ESG Report, “Appendix A - Data”	
	305-5 Reduction of GHG emissions	ESG Report, “Appendix A - Data”	
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	ESG Report, “Appendix A - Data”	
	GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	ESG Report, “Appendix A - Data”
		306-2 Management of significant waste-related impacts	ESG Report, “Appendix A - Data”
306-3 Waste generated		ESG Report, “Appendix A - Data”	
306-4 Waste diverted from disposal		ESG Report, “Appendix A - Data”	
306-5 Waste directed to disposal		ESG Report, “Appendix A - Data”	
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	ESG Report, “Management of Supply Chain”	
	308-2 Negative environmental impacts in the supply chain and actions taken	ESG Report, “Management of Supply Chain”	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	ESG Report, “People Strategy”, “Diversity, Equity & Inclusion”	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	ESG Report, “People Strategy”, “Diversity, Equity & Inclusion”	
	401-3 Parental leave	ESG Report, “People Strategy”, “Diversity, Equity & Inclusion”	
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	ESG Report, “Code of Business Conduct and Ethics Policy”	
GRI 403: Occupational Health and Safety 2018	402-1 Minimum notice periods regarding operational changes	ESG Report, “Code of Business Conduct and Ethics Policy”	

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<i>GRI 1 used</i>	GRI 1: Foundation 2021	
<b>GRI STANDARD</b>	<b>DISCLOSURE</b>	<b>LOCATION</b>
GRI 403: Occupational Health and Safety 2018	403-2 Hazard identification, risk assessment, and incident investigation	ESG Report, “Safety”
	403-3 Occupational health services	ESG Report, “Safety”
	403-4 Worker participation, consultation, and communication on occupational health and safety	ESG Report, “Safety”
	403-5 Worker training on occupational health and safety	ESG Report, “Safety”
	403-6 Promotion of worker health	ESG Report, “Safety”
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	ESG Report, “Safety”
	403-8 Workers covered by an occupational health and safety management system	ESG Report, “Safety”
	403-9 Work-related injuries	ESG Report, “Safety”
	403-10 Work-related ill health	ESG Report, “Safety”
	GRI 404: Training and Education 2016	404-2 Programs for upgrading employee skills and transition assistance programs
404-3 Percentage of employees receiving regular performance and career development reviews		ESG Report, “People Strategy”, “Diversity, Equity & Inclusion”
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	ESG Report, “Board Diversity”, “Diversity, Equity & Inclusion”
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	ESG Report, “Code of Business Conduct and Ethics Policy”
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	ESG Report, “Code of Business Conduct and Ethics Policy”
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	ESG Report, “Code of Business Conduct and Ethics Policy”
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	ESG Report, “Code of Business Conduct and Ethics Policy”

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<i>GRI 1 used</i>	GRI 1: Foundation 2021	
<b>GRI STANDARD</b>	<b>DISCLOSURE</b>	<b>LOCATION</b>
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	ESG Report, “Code of Business Conduct and Ethics Policy”
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	ESG Report, “Code of Business Conduct and Ethics Policy”
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	ESG Report, “Code of Business Conduct and Ethics Policy”
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	ESG Report, “Management of Supply Chain”
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	ESG Report “Product Quality”
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	ESG Report “Product Quality”
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	ESG Report, “Data Privacy and Security”

# Appendix C – Data Verification Certificate

Statement US23/00000324



## KDC/ONE Development Corporation, Inc.

250 Pehle Ave Plaza II Saddle Brook, NJ, 07663 - United States of America.  
The 2023 Greenhouse Gas Emissions Inventory has been verified in accordance with the requirements of

### ISO 14064-1:2006

For the Following Activities  
"Formulation, design, manufacturing and packaging of beauty, personal care, and home care products".

Disclosing emissions of:  
22,879 metric tonnes of CO2 equivalent Scope 1  
62,033 metric tonnes of CO2 equivalent Scope 2 (Location based)  
910 metric tonnes of CO2 equivalent Scope 2 (Market-based)

Lead Auditor: Ursula Antunez de Mayolo Corzo.  
Support Auditor: Riham Abdel Mohsen  
Technical Reviewer: Bruno França da Silva.


Statement date: July 25th, 2023



Authoritative by  
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### Brief Description of Verification Process

SGS North America Inc. has been contracted by KDC/ONE Development Corporation, Inc. for the verification of direct and indirect carbon dioxide equivalent (CO2e) emissions as provided by KDC/ONE Development Corporation, Inc., in their "Environmental, Social, Governance Report" covering CO2e emissions and environmental KPI (energy and water use).


### Roles and responsibilities

The EHS & Sustainability Team of KDC/ONE Development Corporation, Inc. are responsible for the organization's GHG information system, the development and maintenance of records and reporting procedures in accordance with that system, including the calculation and determination of GHG emissions information and the reported GHG emissions. It is SGS' responsibility to express an independent GHG verification opinion on the emissions as provided in KDC/ONE Development Corporation, Inc. GHG assertion for the period 01/05/2022 - 30/04/2023. SGS conducted a third-party verification following the requirements of ISO 14064-3:2006 of the provided GHG assertion. The verification was based on the verification scope, objectives and criteria as agreed between KDC/ONE Development Corporation, Inc. and SGS. The assessment included on-site visits for their Saddle Brook Corporate Office (USA) and the Port Jervis factory (USA). Also, there was a virtual audit for their Hermosillo factory (Mexico). Data, calculations, and evidence for all other locations was reviewed centrally at the Saddle Brook Corporate Office.

### Scope

KDC/ONE Development Corporation, Inc. has commissioned an independent verification by SGS of reported CO2e emissions arising from their operations, to establish conformance with the requirements of ISO 14064-1:2006 within the scope of the verification as outlined below. Data and information supporting the CO2e assertion were historical in nature, projected, and proven by evidence. This engagement covers verification of emissions from anthropogenic sources of GHG included within the organization's boundary and meets the requirements of ISO 14064-1:2006.

- Organizational boundary: Operational Control approach.
- Description of activities: "Formulation, design, manufacturing and packaging of beauty, personal care, and home care products"
- Location of the activities: Global operations. 40 main sites (28 manufacturing sites and 12 offices). Site locations: Italy, UK, Bulgaria, Czech Republic, France, USA (California, New Jersey, New York, Ohio, Texas, Missouri, Wisconsin), Mexico, Brazil, Canada, China, India.
- Physical infrastructure, activities, technologies & processes: Manufacturing, offices, and warehousing.
- GHG sources included:
  - Scope 1 - Direct GHG emissions: Stationary/mobile combustion, fugitive, and process emissions. There are no removals.
  - Scope 2 - Indirect GHG emissions: Purchased electricity.
- GHGs included: CO2, N2O, CH4, HFCs, PFCs, SF6 and NF3. GHG emissions from non-Kyoto gases were not included in the GHG assertion.
- GHG information for the following period was verified: 01/05/2022 - 30/04/2023.
- Intended user of the verification statement: Internal and General Public.
- Global Warming Potentials (GWPs): IPCC AR5, 2014.
- Directed actions: Renewable Energy Certificates (RECs) purchased for all their Manufacturing and R&D sites. 165,282 MWh of renewable electricity purchased from the total consumption of 166,924.561 MWh. The instruments provided are Certificates NewMix®, STX, Green-e, and Guarán-tees of Origin.



### Objective

The purposes of this verification exercise are, by review of objective evidence, to independently review:

- Whether the CO2e emissions are as declared by the organization's GHG assertion.
- That the data reported is accurate, complete, consistent, transparent and free of material error or omission.

### Criteria

Criteria against which the verification assessment is undertaken are the requirements of ISO 14064-1:2018, with methodology of "Greenhouse Gas Protocol - The Corporate Accounting and Reporting Standard" of the WBCSD/WRI.

### Level of Assurance

The level of assurance agreed is Limited.

### Materiality

The materiality required of the verification was considered by SGS to be below 10% for limited level of assurance, based on the needs of the intended user.

### Conclusion

KDC/ONE Development Corporation, Inc. provided their GHG assertion based on the requirements of ISO 14064-1:2006. The GHG emissions for the period 01/05/2022 - 30/04/2023 disclosed were verified by SGS to a limited level of assurance, consistent with the agreed verification scope, objectives, and criteria, for the following:

- 22,879 metric tonnes of CO2 equivalent Scope 1
- 62,033 metric tonnes of CO2 equivalent Scope 2 (Location based)
- 910 metric tonnes of CO2 equivalent Scope 2 (Market-based)
- Separately, 80 metric tonnes of CO2 equivalent due to non-Kyoto gases (HFCs)

### Environmental KPI's - Data and evidence for the following environmental KPI's were also verified as they were included in the scope:

- 1,583,109 cubic meters of potable water withdrawn
- 166,925 MWh of electricity consumed
- 113,215 MWh of natural gas

SGS' approach is risk-based, drawing on an understanding of the risks associated with modeling GHG emission information and the controls in place to mitigate these risks. Our examination included assessment, on a sample basis, of evidence relevant to the emissions reporting.

SGS concludes with a limited level of assurance that the presented CO2e assertion is materially correct, is a fair representation of the CO2e data and information and is prepared following the ISO 14064-1:2006 requirements. We planned and performed our work to obtain the information, explanations, and evidence that we considered necessary to provide a limited level of assurance that the CO2e emissions are fairly stated.

Remark: For next period, consider following the ISO 14064-1:2018 version.  
This statement shall be interpreted with their "Environmental, Social, Governance Report", as a whole.

Note: This statement is issued on behalf of the client by SGS do Brasil Ltda ("SGS") in accordance with its General Conditions for Verification of Gases of Effect Greenhouse Available in [http://www.sgs.com/terms\\_and\\_conditions.htm](http://www.sgs.com/terms_and_conditions.htm). The results Reported herself Based in the audit Performed by SGS. One copy complete of this declaration the results and the declaration of GHG of backrest herself Can consult with KDC/ONE Development Corporation, Inc. This declaration No Exempts to the customer of the compliance of the charter and Regulations Federal National or Regional or of any directive Issued of conformity with These Regulations. The definitions in contrary No are Binding for SGS and SGS No Have no responsibility forehead to his Customer.