Environmental Report 2023

JDA

cosmetic group

CONTENTS

1. ECOLOGY AS PART OF OUR SUSTAINABILITY STRATEGY

At the JDA cosmetic group, we are committed to delivering active cosmetics at the highest level. That is why we not only distribute our own premium brand JEAN D'ARCEL, but also develop and produce high-quality facial cosmetics on behalf of renowned cosmetic brands as CARECOS Kosmetik GmbH.

As a modern family business, we want not only to be the best partner for our customers, but also to take social, environmental, and corporate responsibility.

We want to preserve the beauty of the world.

To achieve this aim, we have implemented a sustainability strategy in the company, one that goes beyond what is merely required of us by law.

That is why we are particularly proud to be able to publish our first environmental report as part of this sustainability strategy. We are conscious that our products can have a direct impact on the environment, so it is really important to us to minimise this impact as far as possible. To do this, we need to carefully balance opportunities and risks to make sure that we are also living up to our corporate responsibility and achieving our company objectives.

The publication of this report is another step on our journey towards sustainability, and a particularly important one, because by reducing our emissions we can directly protect the environment.

And this is why we are transparently sharing our environmental data with you.

2. GENERAL INFORMATION ABOUT THIS REPORT

Our aim is to protect the environment and preserve nature, and the first step towards achieving this is to ascertain the emissions generated by our company so that we can then minimise them.

This environmental report presents all recorded figures, data, and facts relating to our environmental impact. Energy consumption and emissions are presented by calendar year.

The emission values have been calculated based on conversion factors taken from an overview table from the International Institute for Sustainability Analysis and Strategy (IINAS). The overview table used is an excerpt from the GEMIS 5.0 database. GEMIS does not perform life cycle assessments in accordance with DIN-ISO requirements – it is a data server for material flow analyses, carbon footprints, and business and municipal/regional environmental and climate reporting. The conversion factors/values have been taken from the latest available data or requested directly from the provider (electricity and process gases).

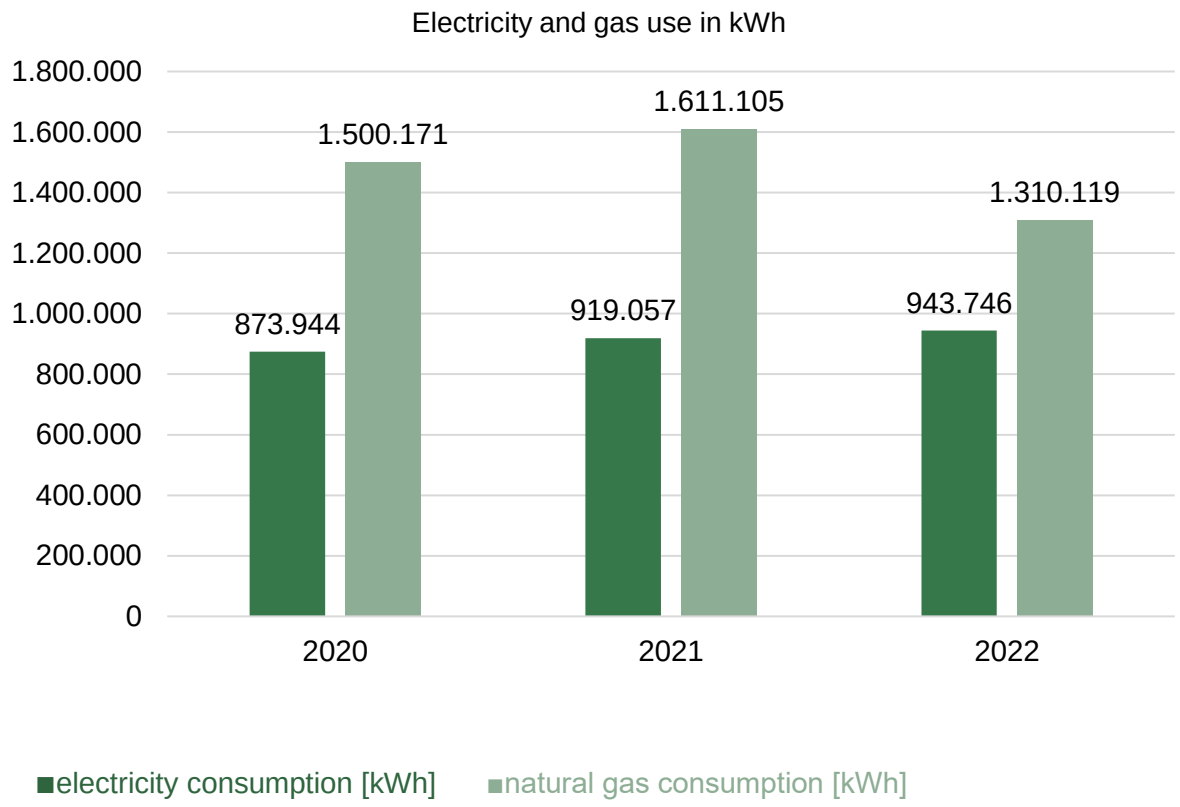
3. ENERGY

Companies that take action to improve energy efficiency, reduce CO_2 emissions and protect the environment can make an active contribution to environmental and climate protection. To ensure that energy is used sparingly and wisely, we must first determine the company's energy consumption.

General overview

At the JDA cosmetic group, the main sources of energy are electricity and natural gas. Natural gas is used for heating and to produce steam. The electricity consumption comprises the demand of all buildings (administration and production), as well as the facilities used to produce our products and all associated processes.

The following graph shows the annual total consumption of electricity and (natural) gas in each case for the years 2020, 2021 and 2022. The dark green bar represents the annual electricity consumption and the light green bar the annual gas consumption.



This data shows that the use of gas has decreased between 2020 and 2022 while the demand for electricity has slightly increased.

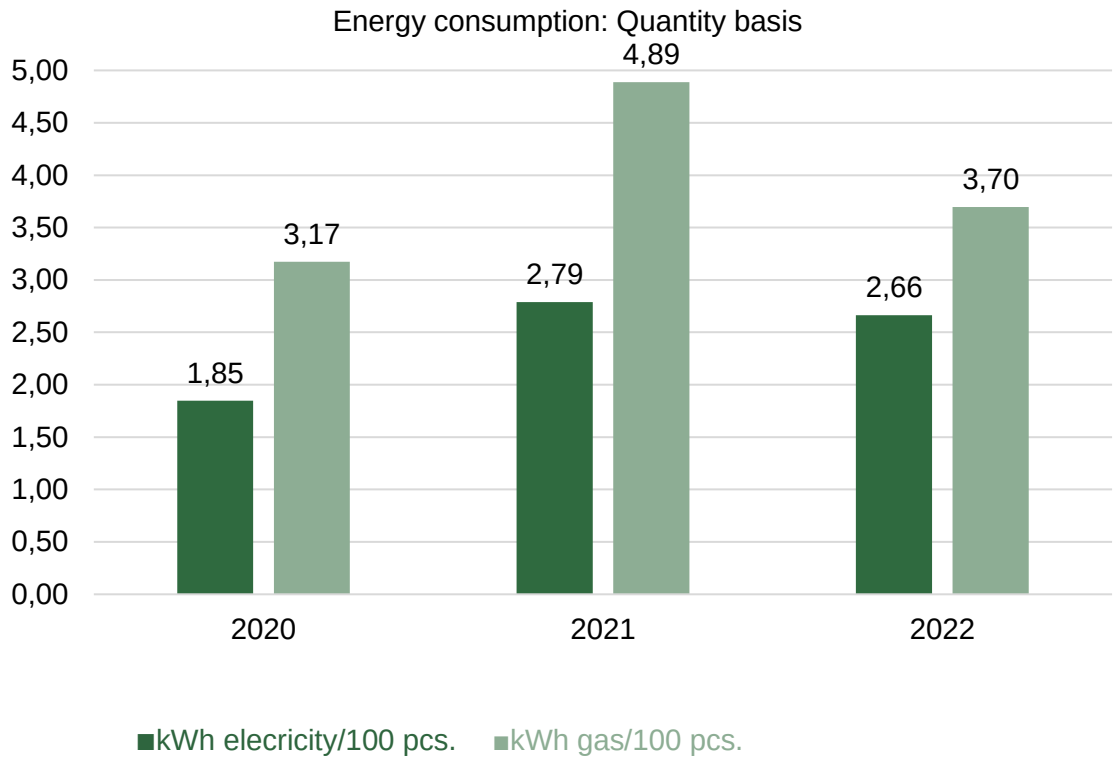
The high level of gas consumption in 2021 can be attributed to an unusually cold year. The average temperature that year was more than 1°C below the following year and the previous year (compare the mean annual temperature of 10.5°C for 2020 and 2022 with 9.1°C in 2021).

Product-related overview

As any increase in production also results in an increase in energy consumption within the overall group, it is essential to show energy consumption in relation to production output.

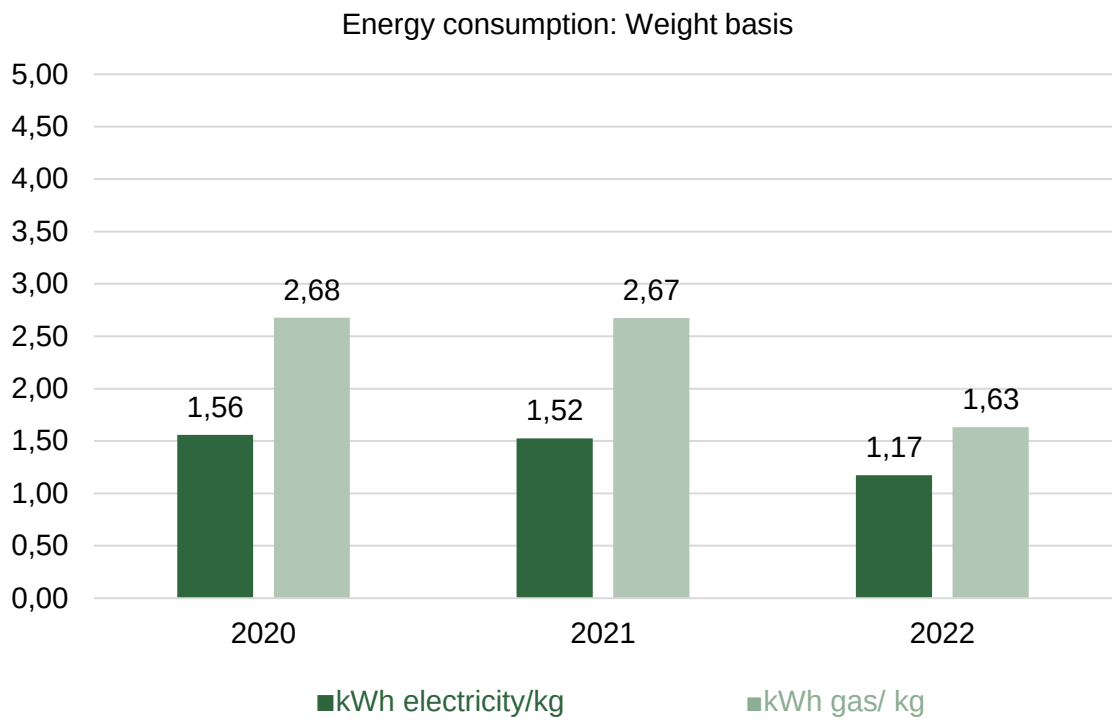
To that end, the first graph shows the quantity-based consumption of electricity and gas as a quotient of the total electricity or gas consumption respectively for 2020 to 2022 in relation to the total quantity produced. To obtain figures that are easier to work with, the consumption always relates to a production output of 100 units.

The dark green bar represents the electricity consumption per 100 products manufactured and the light green bar represents the gas consumption per 100 products manufactured.



The graph shows that the product-based consumption of electricity and gas (in kWh per 100 units) was lowest in 2020 and highest in 2021. Both values decreased in 2022 compared to the previous year.

Since the cosmetic products are manufactured in different sized containers, it is useful to show the energy consumption values in relation to the total (bulk) weight produced.



The graph shows a decrease in the weight-based consumption of electricity and gas over the years, although this trend does not correlate with the quantity-based figures, which show a peak in 2021.

However, the production output for the years in which the data was collected also differs. In particular, the container size per product (ratio of bulk product to quantity produced) increases over the years. The ratio was 11.9 g/unit in 2020, 18.3 g/unit in 2021 and 22.7 g/unit in 2022.

The product quantity is lowest in 2021 compared to the previous year and following year, which means that the total consumption is spread over fewer products.

4. ENERGY EFFICIENCY

Over the past five years, a range of energy efficiency measures have been implemented that are having a positive impact on the company's energy consumption. These include the following:

Building services

I. Modernisation of underfloor heating in the Production 2 area: Zone and line section control has been introduced and the heating control centre has been upgraded
II. All lighting in the production area has been switched to LEDs

Plant engineering

I. Modernisation of the following production lines: Monoline 1, Monoline 2: The machines have been switched to servo control
II. The old Kugler filling machines have been replaced (IWKFP101and IWKFP192)
III. The old mixer has been replaced with the Symex300
IV. New steam generator for bulk production

Looking ahead

I. New measuring technology
II. Review of the compressors
III. Air-conditioning system for production

5. EMISSIONS

A company's carbon footprint is an important tool when measuring the impact of the company's activities on the climate. The carbon footprint also indicates the areas where the most greenhouse gases are released and can therefore identify potential for efficiency measures.

The sources of greenhouse gases can be divided into different categories, called "scopes".

Scope 1 describes the emissions generated *directly* by the company through the consumption of fuel in operations (primary energy), through transportation and through other emissions, such as unintended leaks. An example of Scope 1 emissions is a machine that burns natural gas on company premises.

Scope 2 describes emissions generated *indirectly* through the use of purchased energy – electricity, steam, heat or cold. A plant that uses electricity from a nearby power plant, for example, includes the secondary energy emissions in the Scope 2 calculation.

Scope 3 includes all other indirect emissions generated through other activities of the company within the *value chain*. This includes emissions caused by employees commuting to work, for example.

Greenhouse gas emissions are measured in tonnes of carbon dioxide equivalent. A tonne of CO_2 equivalent indicates the warming potential of all greenhouse gases, but with the warming potential of these greenhouse gases referenced to carbon dioxide. For example, burning methane is around 25 times more harmful to the environment than a tonne of CO_2. One tonne of methane is therefore equivalent to approximately 25 tonnes of CO_2 equivalent.

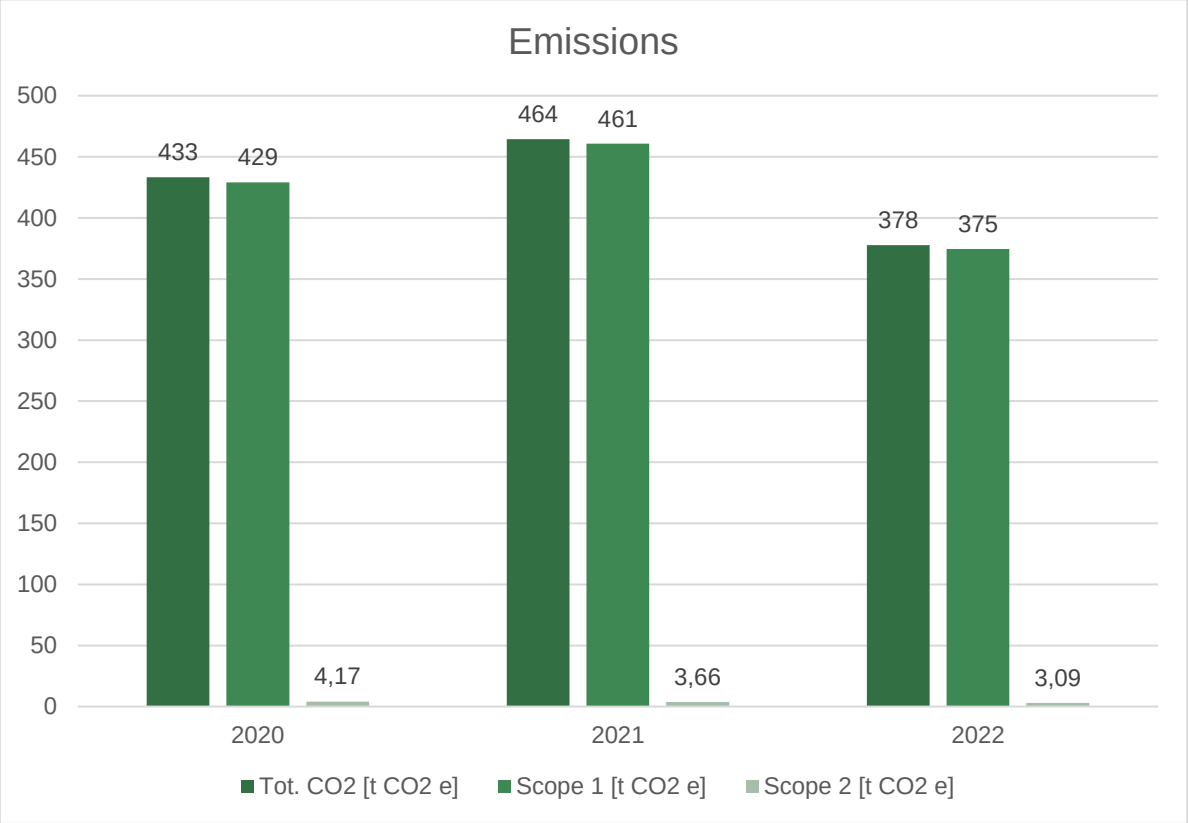
General overview

Energy is used in the form of natural gas and various process gases in the group.

ENERGY INPUT	t CO_2E (CO_2 EQUIVALENT)		
Energy sources	**2020**	**2021**	**2022**
Electricity (100% green electricity from hydropower)	2.62	2.76	2.83
Thermal energy sources			
Heating oil (light)	*Potentially additional demand in event of natural gas shortage*		
Natural gas	429.5	460.78	374.69
Process gases			
Argon	0.00	0.01	0.00
Oxygen	0.45	0.23	0.06
Liquefied petroleum gas/propane gas	1.09	0.66	0.20
Petrol			
Renewable energies			
Renewable energy generated in house	*May be relevant in future*		

The table clearly shows that CO_2 emissions are mainly generated through the use of natural gas, because our electricity demand is covered by 100% green electricity. The biggest potential in terms of avoiding emissions therefore lies in reducing our gas consumption.

Scope 1 emissions are generated by the burning of natural gas for heating purposes and for the use of steam in production. Scope 2 emissions arise from the demand for electricity for the entire site and the use of various process gases for production.

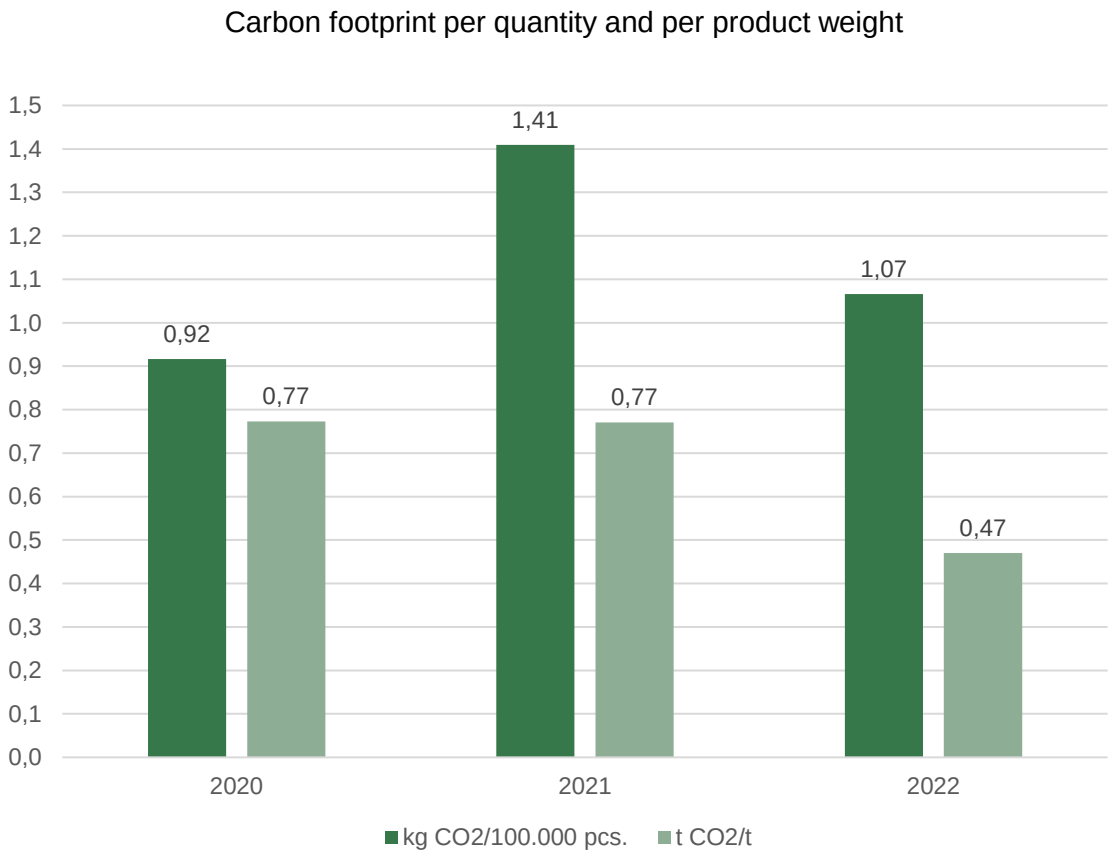


A decreasing trend can be seen in both Scope 1 and Scope 2 emissions, as well as total emissions.

However, Scope 1 emissions were at their highest level in 2021, which coincides with the peak in gas consumption. As already explained in "3. Energy: General overview", this is due to a very low average temperature that year.

Product-related overview

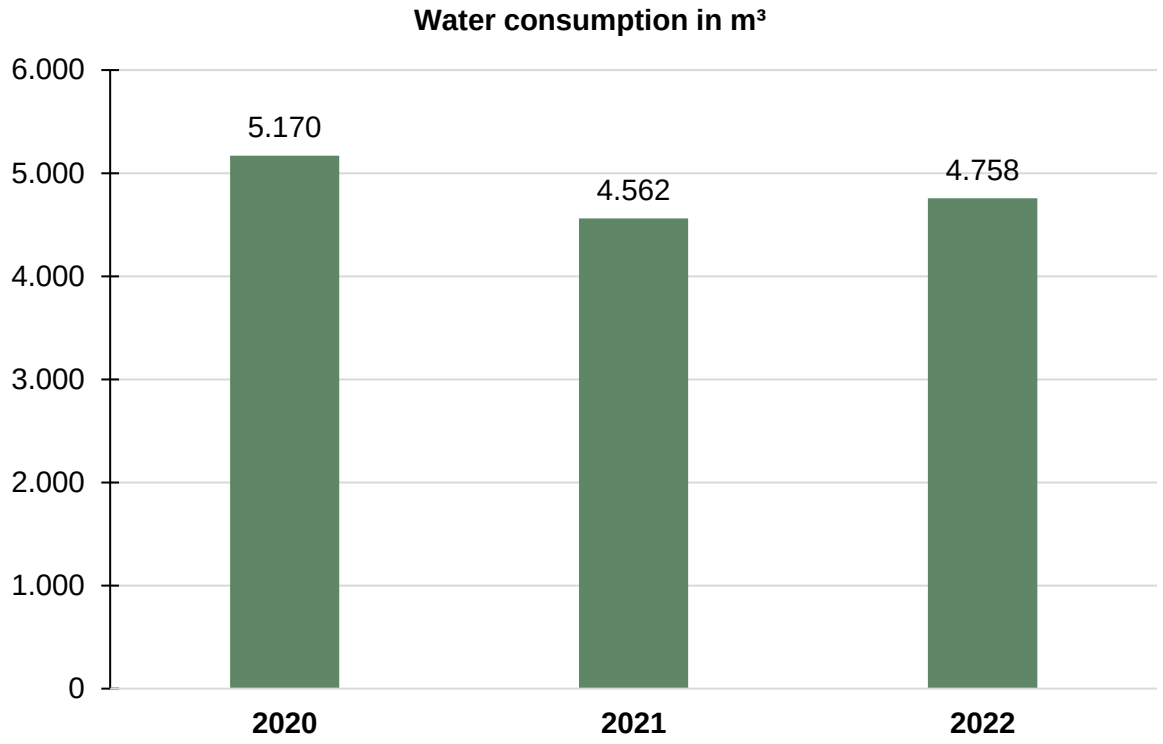
The graph below shows the CO_2 equivalents emitted in relation to the production weight (light green bar) and in relation to a production output of 100,000 units (dark green bar).



There is a declining trend in emissions when considered based on weight. However, the quantity-based emissions do not take into account the container sizes and are therefore less meaningful.

6. WATER

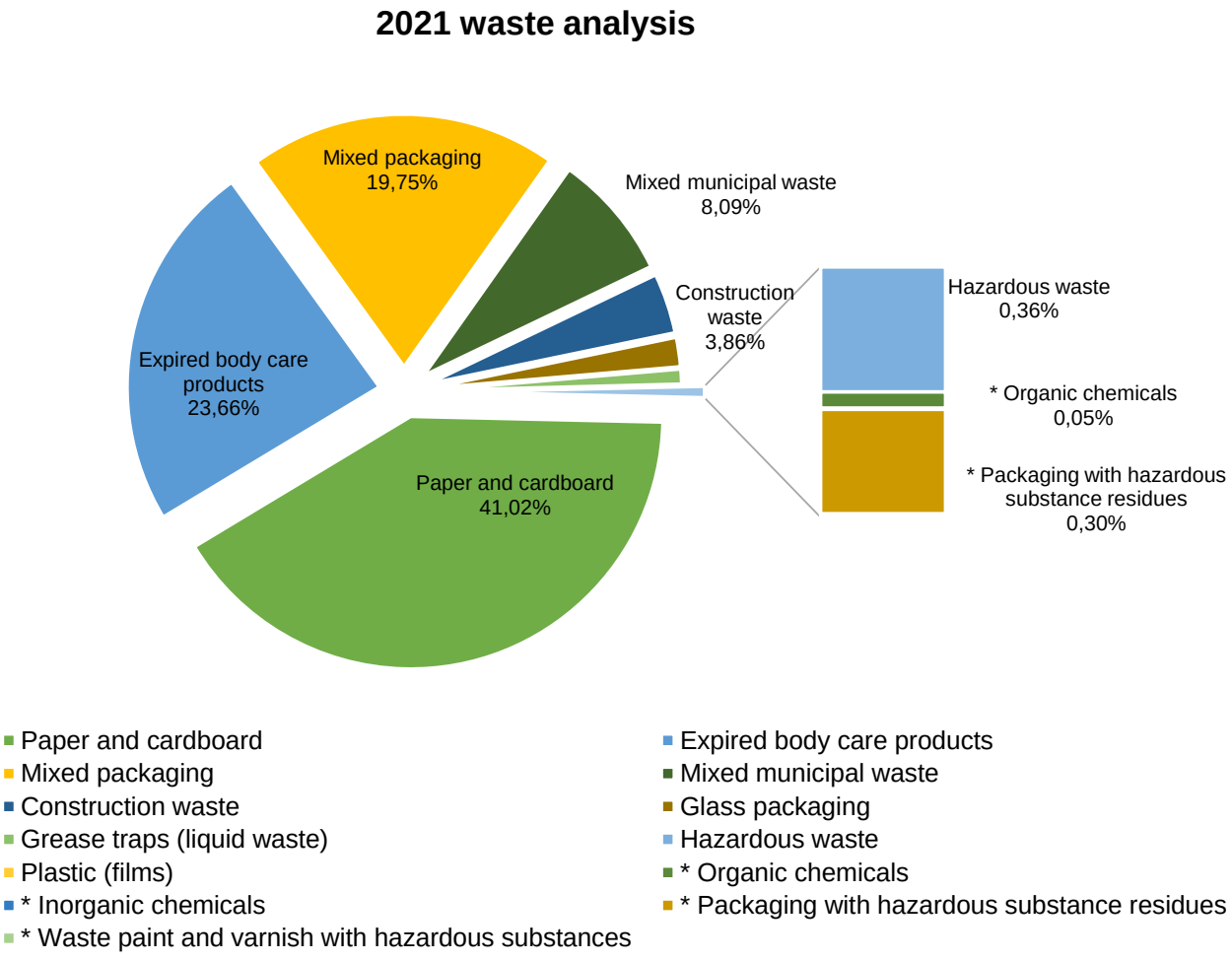
Water is not just a major component of our products – we also use it for cleaning, for steam sterilisation in production and for sanitary facilities.



Water consumption was at its lowest level in 2021 because many employees were working on short time. It is also evident from the 2022 figure that employees took advantage of the opportunity to work from home, meaning that water demand was again lower.

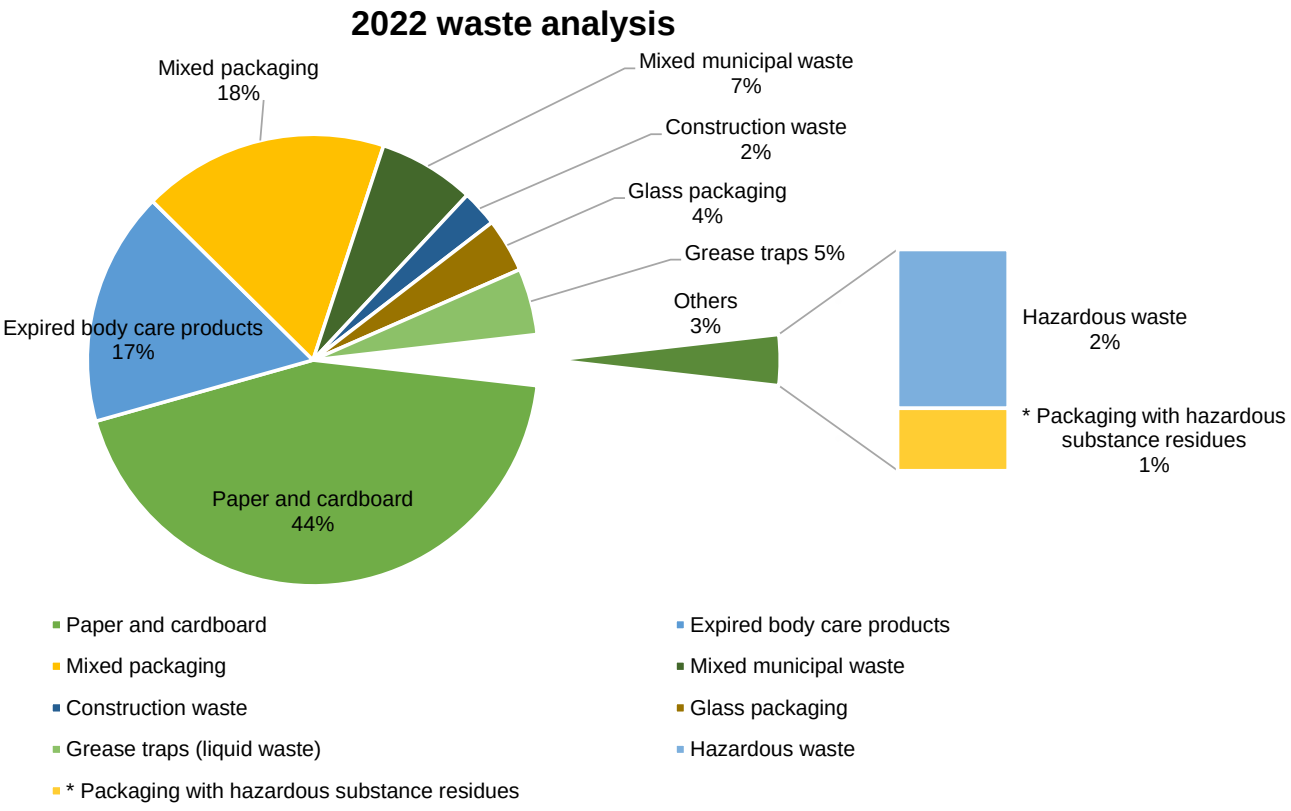
7. WASTE

A total of **181.49** t of waste was generated in 2021.



Significantly more waste was generated as a result of the Covid-19 pandemic (e.g. due to sluggish sales).

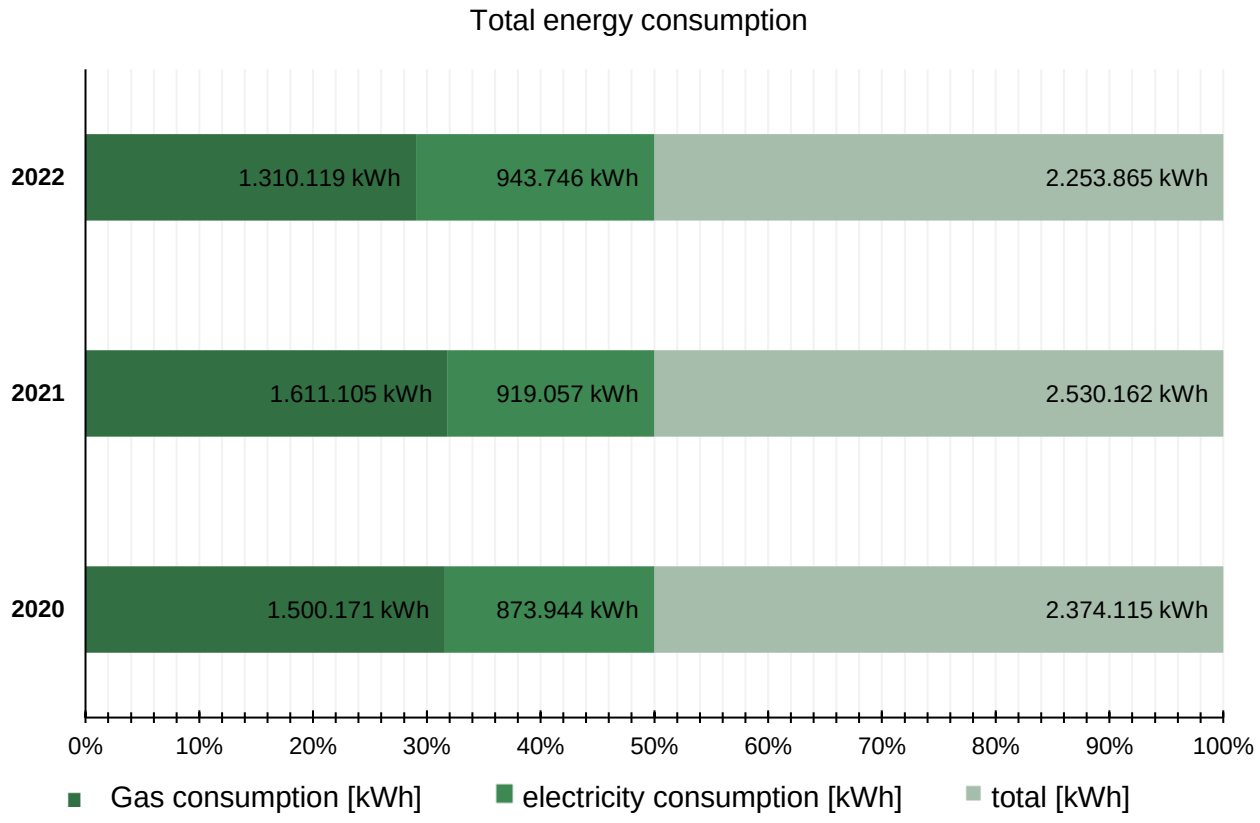
Meanwhile, only **106.62 t** of waste was produced in total in 2022.



This represents an absolute decrease in waste of 75 tonnes. The composition of the individual components of waste varied only slightly.

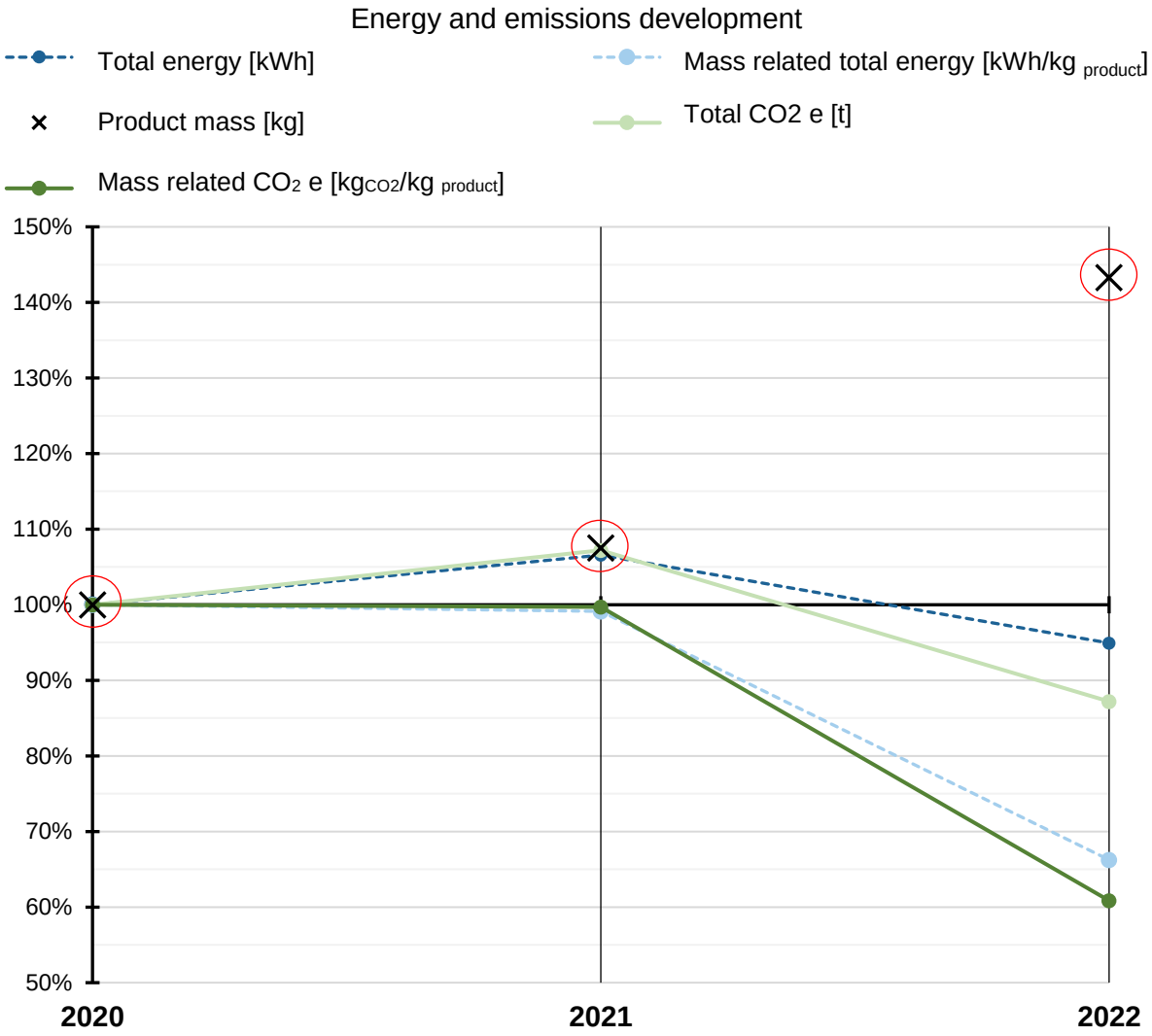
8. SUMMARY AND LOOK AHEAD

The JDA cosmetic group's total energy consumption decreased in 2022 compared to the two previous years. Overall, the electricity demand increased slightly over all three years while gas consumption decreased slightly (except for 2021).



The increase in electricity consumption can be easily explained by the *increase in production*, which can be derived from the total product weight produced (+7.52% in 2021 compared to the previous year and +33.28% in 2022 compared to the previous year).

However, the electricity consumption does not develop in a linear fashion in line with the increase in production output Gas consumption [kWh] nsumption in 2021 compared to the previous year and +2.69% in 2022 compared to the previous year). The fact that *electricity consumption does not increase linearly with the production output* shows that the various efficiency measures implemented within the company have borne fruit (see 4. Energy efficiency, page 9).



Four low values are immediately evident when looking at the 2022 calendar year: Not only have the total energy and emissions decreased compared to previous years, but also the product-specific energy demand and product-specific emissions.

There was a continual increase in production capacity over the three years based on the (bulk) weight produced (indicated by a black cross). At the same time, both the *product-specific energy demand* (light blue) and *product-specific emissions* (dark green) have significantly decreased.

The path to (even more) sustainable products is therefore still via efficient process technology and plant engineering using the latest, high-level technology.

However, in future, we want to be able to break down our energy consumption even further and allocate it to each product. To facilitate this, we are implementing multiple measuring

points over the course of 2023 with the primary aim of separating the energy demand for production and administration.

We are also facing the challenges brought about by climate change. Higher temperatures will require higher cooling system performance in the summer to ensure our employees' well-being and safeguard the quality of our products. We will again invest in the most efficient technology possible here.

We are also currently examining the potential to minimise our energy consumption using new compressors.

It is striking that the total energy consumption was highest in 2021. This shows that the Covid-19 pandemic with its short-time work and other measures did not lead to lower energy consumption. In particular, the higher electricity demand coupled with the lowest quantity produced shows that intermittent work processes and operations are inefficient. An increase in primary energy use triggered by intermittent work processes seems to be a significant finding. This also tallies with the fact that there are always power peaks during the working day when the production equipment starts up.

The high level of gas consumption in 2021 can be explained by the low average temperatures and the fact that operations could not be coordinated as efficiently due to short-time work.

In general, new planning concepts introduced since 2022 for bulk production are resulting in lower gas demand because there is no need for intermediate cleaning and larger quantities tend to be produced in one go.

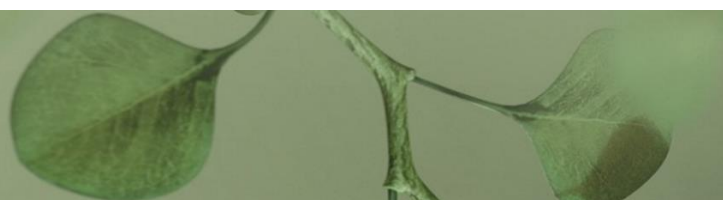
The updating of the underfloor heating zone control and other energy-saving measures introduced at the end of 2022 (lowering the heating and hot water temperature in the administration area) have also lowered gas consumption.

The use of natural gas in particular results in a high level of emissions, which is why we are endeavouring to minimise the use of this gas as far as possible. We are optimistic that we will be able to reduce our gas consumption and therefore our emissions in 2023 too if the energy-saving measures have a noticeable impact and the installation of the new steam generator is completed.

As our electricity demand is already covered by 100% green electricity, the potential for improvement in this area lies in the generation of our own renewable energy. This option is still under review this year.

The production situation is shaped by the trend towards larger filling quantities/container sizes. It is therefore possible to reduce the energy use per product weight manufactured by employing clever production strategies.

This method has consistently reduced absolute product emissions and thus our carbon footprint over the last three years. Since the production quantity has increased at the same time, the reduction in the carbon footprint is even more remarkable when considered in relation to production output.



9. About this report

This environmental report presents the data on the environmental impact of the JDA cosmetic group. We will continue to share our commitment, our visions for the future and our leadership principles transparently with the public. For that reason, this environmental report will soon form part of our comprehensive *sustainability report*.

The sustainability report will provide information on our sustainability goals and related KPIs and will be another means of involving our internal and external stakeholders in the process and continuing our journey towards sustainability.

Thank you

for taking the time to read our first environmental report. We are all in the midst of a transition towards greater sustainability and, as a company, we want to make an important contribution to the establishment of a sustainable society.

Please feel free to visit our website https://jda-cosmetic-group.com, where you can find further information on our sustainability strategy among other things.

Published by: JDA cosmetic group ▪ Im Fuchseck 10-12 ▪ D-77694 Kehl-Bodersweier

Coordination & conception:
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Publication: July 2023

Version 2 (adaption of the Co_2-factors): October 2023

Graphics: Stella Pohl ▪ Pictures: © Shutterstock


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