



FY21 SUSTAINABILITY REPORT ▶





Welcome

Kia ora koutou and welcome to our FY21 Sustainability Report. This is our second sustainability report (read our FY20 report [here](#)) as we continue to openly and transparently share our issues, successes and impacts as we work towards our goal of becoming a complete circular business.

FY21 was dominated by the unprecedented disruptions of the COVID-19 global pandemic which created significant difficulties with our global supply chain, demand variability from international markets and overnight changes to our ways of working. I am immensely proud of the fantastic agility and brilliant teamwork demonstrated by our team that kept our key projects and day to day business on track despite the challenging and disruptive circumstances. These global events showed us both the benefits and challenges of being a business located at the bottom of the South Pacific Ocean.

Given these challenges which were felt across our entire team I am delighted that FY21 saw the implementation of our new Health & Wellbeing Committee along with our involvement in the Massey University Healthy Work Project. I would like to thank the volunteers who stepped forward to play their role in ensuring all Essano Limited staff remain supported and cared for. I'm also very pleased that we were able to support our local community when they needed it most as COVID-19 placed additional pressure on already stretched community services; we donated almost three times our annual target in FY21.

Despite the challenges we faced in FY21, I am proud that we have been resolute in our commitment to finding solutions for our ongoing sustainability journey. Highlights for me include:

- Transitioning to a sustainable source of Rosehip Oil that supports its local community in southern Chile.
- Continuing to support the circular economy by increasing our use of 100% recycled PET by 17%.
- Redesigning our heritage brand Dominate, to transition away from Polystyrene (PS) Plastic (6).
- Creation of a Supplier Code of Conduct.

Along with other like-minded businesses and consumers around the world, we are continuously looking to see what we can do to solve these complex challenges one step at a time. Sustainability continues to be a core part of our business and we are well aware we have more work to do to further improve our impact within our local community and on our planet; at this stage of journey we are striving for progress over perfection.

I want to take this opportunity to thank our passionate whānau here at Essano Limited, our wider team that includes our suppliers and our retailers and finally, but most importantly our consumers for their ongoing support of our business.

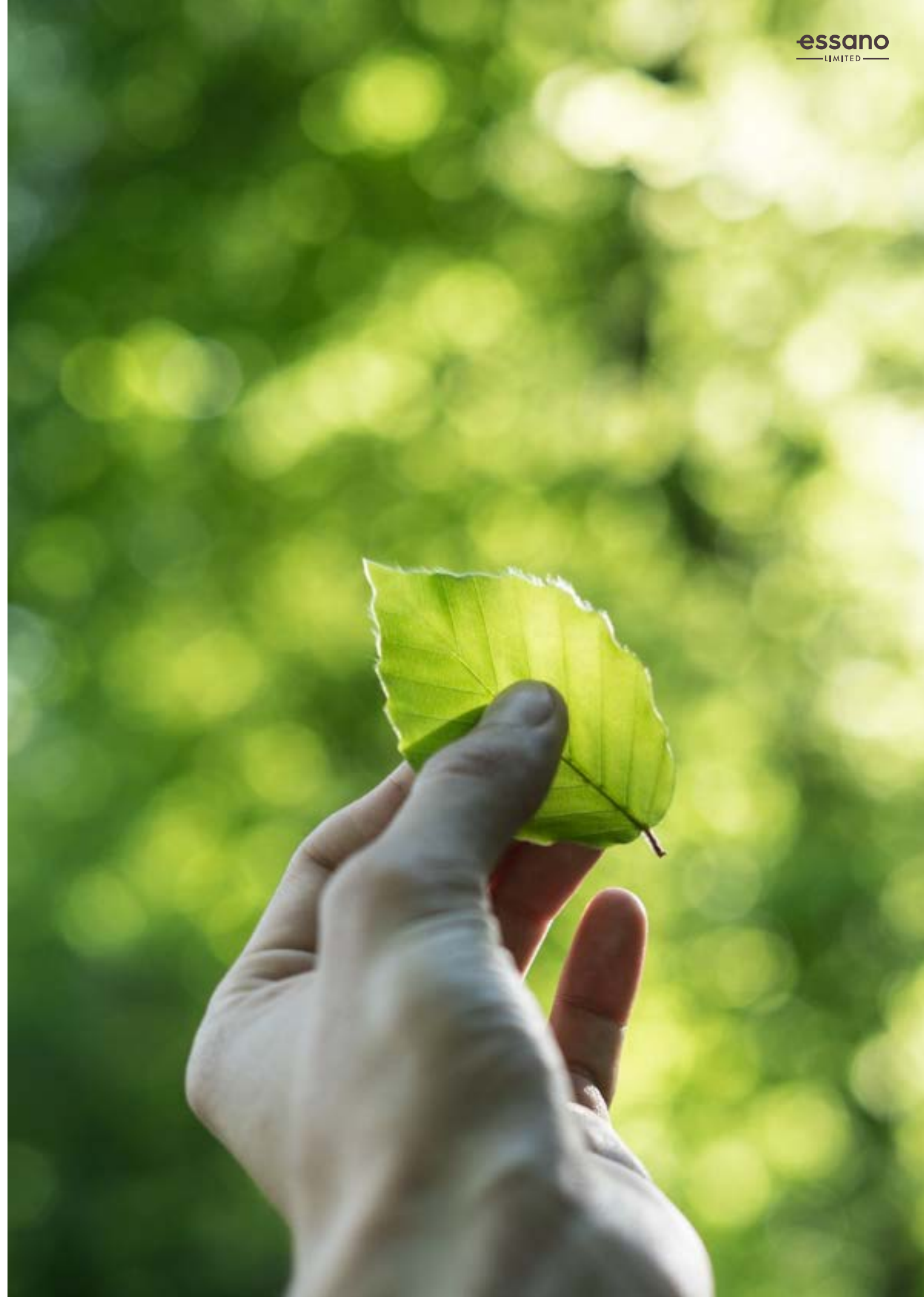
Ngā mihi
Craig
CEO





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INTRODUCTION

About this report

As with our last sustainability report, we have referenced the (Global Reporting Initiative) GRI framework and its reporting principles to help guide the content and structure of this report. You can see the specific disclosures we referenced in the section "[Referencing GRI](#)" on page 58. We have also continued to be guided by the United Nations Sustainable Development Goals (UN SDGs).

We did not undertake any direct stakeholder engagement in preparing this report but are continually in dialogue with our various stakeholder groups as part of our business as usual. For consistency with our previous report, we have reported on the same material topics again which we have grouped using two of the same key pillars.

1

Social Impact

2

Environmental

Unless otherwise stated, the information in this report refers to the operations within our business during the period of 1 April 2020 to 31 March 2021 (FY21) and includes our entire global operations at Essano Limited.

We value our stakeholder feedback, so please contact us at sustainability@essano.co.nz with any questions, ideas or feedback you have relating to this report or our business in general.

In FY20, we identified six UN SDGs that we felt we could most notably contribute to. The table on the next page outlines the actions we have taken during FY21 in line with these goals and the impacts they have had on our business.



SDG	ACTIONS TAKEN
	<ul style="list-style-type: none"> Created Wellbeing Committee. Signed up to take part in the Healthy Work Project with Massey University. The project's aim is to improve conditions for health and wellbeing in small and medium enterprises (SMEs) in Aotearoa.
	<ul style="list-style-type: none"> We measured our water usage and set goals to reduce wastage. We planned to utilise rainfall collection to reduce water consumption, however, this project was de-prioritised due to COVID-19.
	<ul style="list-style-type: none"> We pivoted during COVID-19 to use items on hand to make Hand Sanitiser - doing our bit to meet a national demand in unprecedented circumstances.
	<ul style="list-style-type: none"> We secured a source of Rosehip Oil that is certified organic and Fair for Life as part of the Ecocert certification. We redesigned our DOMINATE packaging to shift from (6) polystyrene plastic to an (2) HDPE base (containing 10% rHDPE) and an aluminium lid. We developed our Supplier Code of Conduct. We created our second sustainability report.
	<ul style="list-style-type: none"> The impact of COVID-19 forced us to reduce and re-evaluate our staff travel.
	<ul style="list-style-type: none"> We continued to create products that are deemed grey water safe. To date, we have never used plastics in our products.

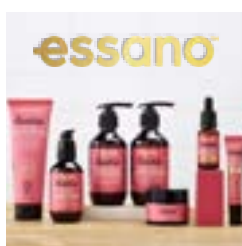


About Essano Limited

We are an agile fast-moving consumer goods company (FMCG) located at 127 Montgomerie Road, Airport Oaks, Auckland, New Zealand. Founded in the year 2000, Essano Limited (formerly Mix Limited) has grown to become New Zealand's largest natural skincare brand.¹

We are still proudly 100% locally owned and operated.

We manufacture 166 products under three brands; essano^{DM}, DominateTM, ShockwavesTM:



Rosehip



Collagen Boost



Vitamin C Brightening



Concentrated Serums



Clear Complexion



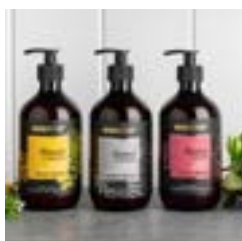
Superfoods



Man



Oil Control



Bodycare



Natural Deodorant



Home & Gifting



Haircare

DOMINATE[®]



shock waves[®]



Being New Zealand owned and operated with our own on-site factory means we are able to control the entire production process from concept to final product, ensuring every supplier meets our product promise as well.

100% CRUELTY-FREE

As is required by law in New Zealand, we have never tested our products on animals and are proudly 100% cruelty-free. This remains a key value for us and underpins everything we do as a company. To read more about this, please see our [FY20 Sustainability Report](#).



PRODUCT PROMISE

At the heart of Essano Limited's products is the vision to pioneer natural beauty that is good for you and the planet. This led us to create the essano product promise, which is one of the strongest around the world and provides the foundation for all the products we create. To read more about this, please see our [FY20 Sustainability Report](#).



ECOCERT

We have the largest percentage of certified organic products of any leading skincare brand in New Zealand. Our organic products are certified organic by Ecocert - the world's largest inspection and certification body, and the benchmark in organic certification.



PLASTIC PACKAGING DECLARATION

We have signed the New Zealand Plastic Packaging Declaration which means by 2025 all our packaging will be 100% reusable, recyclable or compostable.

We were the first Australasian brand to launch body and haircare bottles made completely out of recycled plastic (rPET). In addition to using rPET we designed these bottles to use around 25% less plastic than standard haircare bottles. We were also the first skincare brand to launch deodorants in 100% Post Consumer Recycled (PCR) (2) HDPE helping to drive more demand for recycled plastics.

GOVERNANCE

Essano Limited is owned 50% by private equity and 50% by the original shareholders and governed by a Board of Directors and CEO, Craig Langley. See our [FY20 Sustainability Report](#) for more information. There were no changes to our leadership personnel or Board in the reporting period, however, we temporarily added and have since removed a GM Digital role to the Senior Leadership team. Our Supply Chain General Manager has since left the business and we are now recruiting for this role.

Our governance approach remains the same for FY20. We have the same transparent approach to our communication, as outlined in our [FY20 Sustainability Report](#). This proved to be even more important as our company faced the challenges of COVID-19.



Timeframe





About our operations

OUR PRODUCT RANGE	NO. OF PRODUCTS
essano Skincare	80
essano Haircare	29
essano Body	23
essano Deodorant	3
essano Home	12
essano Man	7
essano Gift Sets	3
Dominate	8
Shockwaves	1
Total	166

In FY20 we made approximately 6.0m units and in F21 we made approximately 5.7m units.

In FY17 we had a turnover of approximately \$30m, in FY20 our turnover was approximately \$43m and our budget for FY21 is approximately \$50m.

External initiatives and membership organisations we are involved with:



OUR VALUES



Agile



Better together



Doing our bit

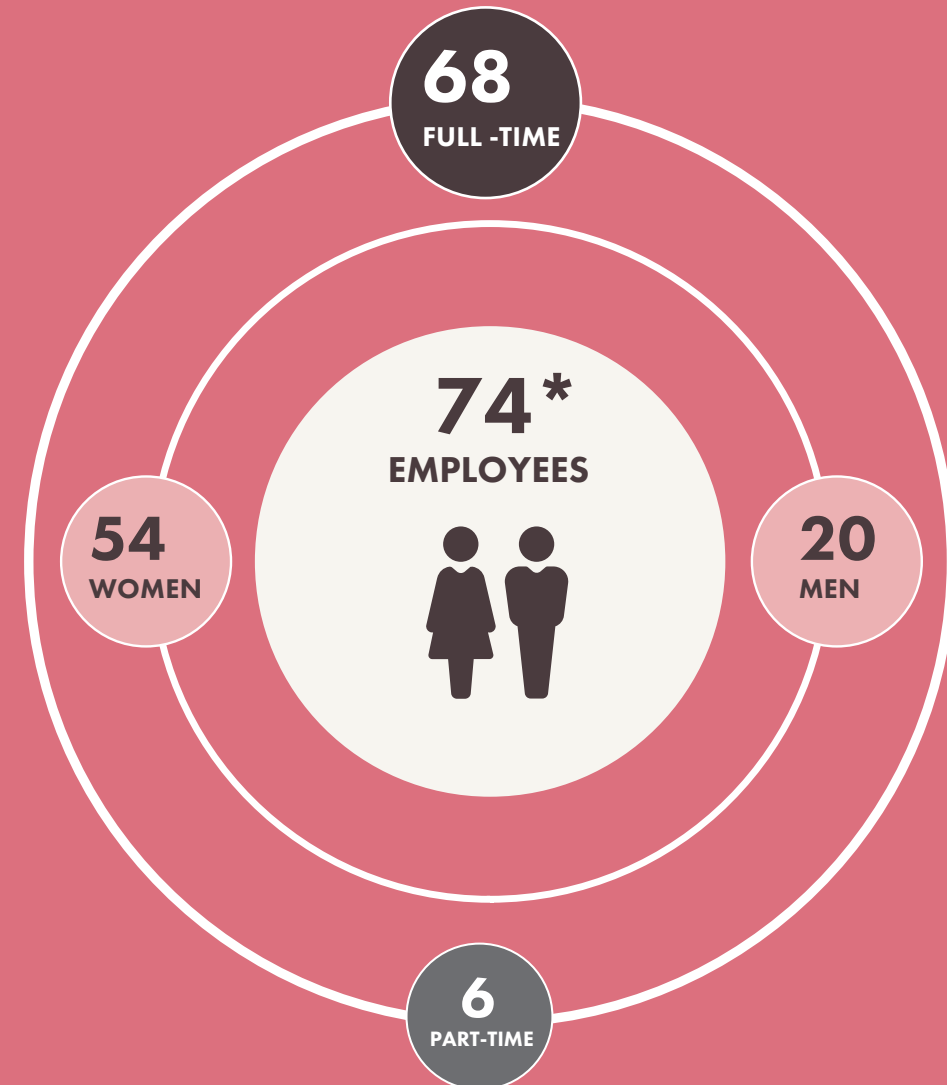


Own it



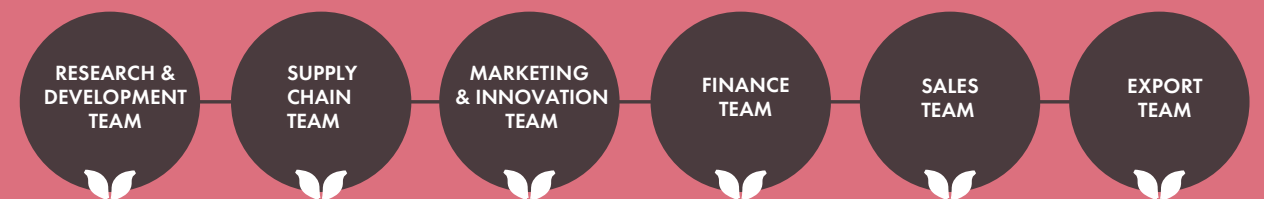
Relentless

OUR TEAM



* As of August 2021

Essano Limited is made up of six key operational departments:





39%

New Zealand Increase from 34% in FY20

Rest of the world Decrease from 66% in FY20 due to the impact of COVID-19 on export markets

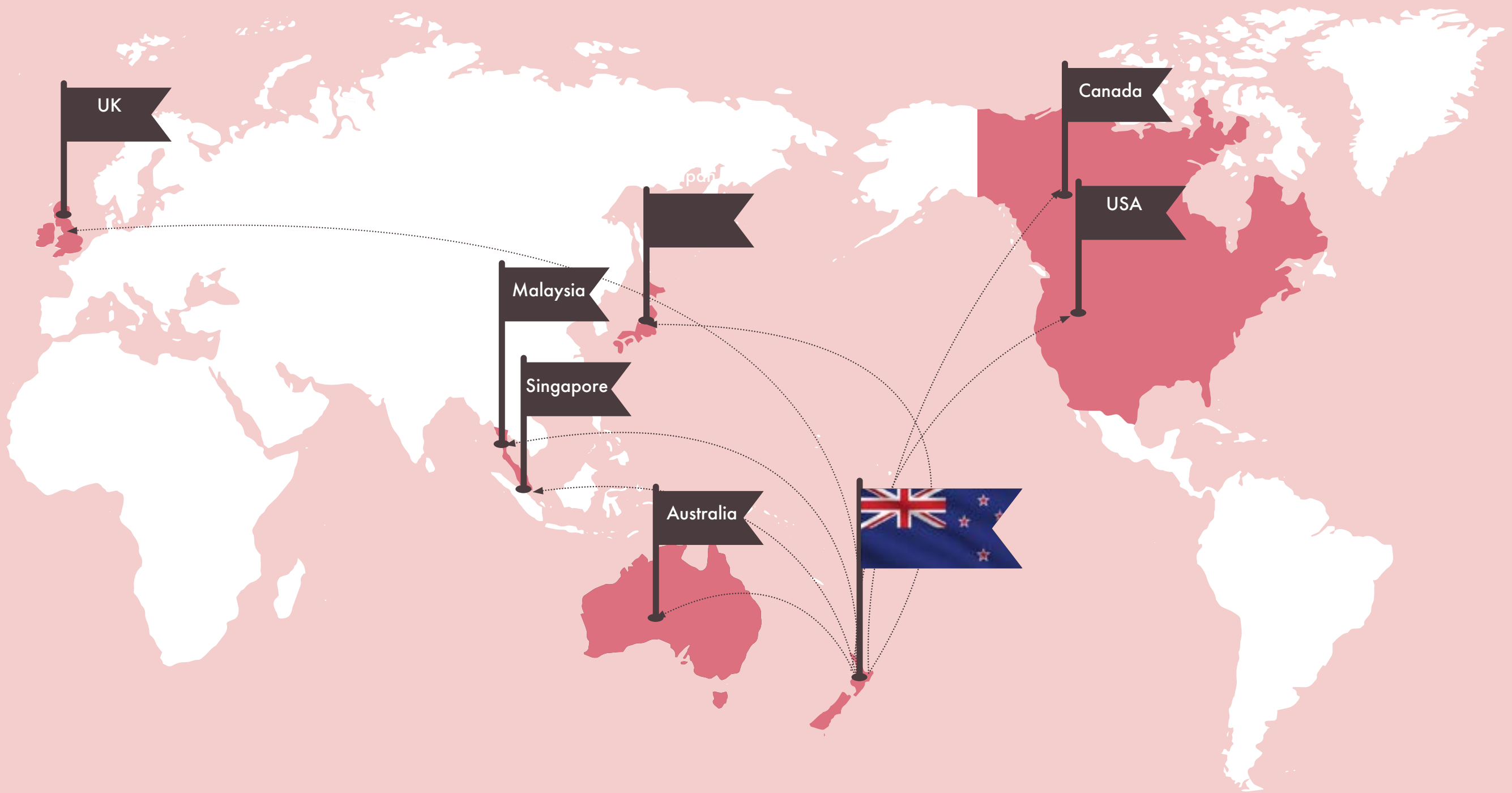
Where we sell to

New Zealand is our home and continues to be a priority for us.

In the last year, we secured ranging in over 4,000 stores in the USA, and to date, we are proudly available in more than 10,000 stores around the globe.

Since our [FY20 Sustainability Report](#), we have decided to leave the Chinese market (we were online-only) to focus on larger opportunities elsewhere in the world.

61% 34 + 66





Our supply chain

We used 273 different suppliers in FY21 for both goods and services.

The efficacy of our products is critical to our success. To achieve this, we source the very best products from around the globe to ensure we create world-class products.

The map below indicates the geographical spread of our suppliers and highlights some of the key ingredients and packaging we use.



SUSTAINABLY SOURCED ROSEHIP

Since the FY20 Report, we have transitioned to a sustainable source of Rosehip Oil from a single supplier based in Patagonia Austral. The process of growing and extracting Rosehip Oil is Fair for Life certified by Ecocert, ensuring safe and equitable working conditions for all the farmers involved. You can find out more about this on [page 34](#).



Significant changes to our supply chain

The global pandemic has resulted in substantial changes to our supply chain in FY21 impacting our daily operations. Being a business located at the bottom of the South Pacific Ocean, we are critically reliant on international freight.

Global demand for container tonnage is now exceeding the available number of ships and containers. This has seen significant increases in shipping costs and deliveries are being delayed and occasionally cancelled. These difficulties have been exacerbated by additional hygiene procedures and workforce constraints in many ports due to COVID-19, triggering processing delays and huge congestion at the terminals.

These logistics issues have affected every part of the business; the daily impact for our Supply Chain team has been unprecedented. What was once a simple job to book a container has now become a complex and tedious task to ensure that the container arrives on time, remains booked and leaves when agreed.

When a container does not arrive in a timely fashion, our products run the risk of being out of stock at our retailers - this has a significant negative impact on our relationships, our business and the essano brand. The loss of sales for products we have already produced leads us to miss financial budgets and creates further work for us to find the budget elsewhere. We also lose consumers as they cannot find our products on the shelf, and we risk losing retailers completely due to unreliability of supply.

Overall, the availability of shipping capacity and empty containers is in a critical state and we expect these challenges to continue for another 6-18 months.



PIVOTING TO ANSWER A COUNTRY NEED

We pivoted during COVID-19 to use ingredients on hand to make hand sanitiser.

The strategy behind the creation of the hand sanitiser was to answer a retailer and country need – there was a dire shortage of hand sanitiser in New Zealand.

This was a challenging but very rewarding project - within five weeks, we created a new brand, two new products and sold 60,000 units of hand sanitiser. We were able to use packaging already on hand which we had no other use

for, so it was also a successful project that helped us use up excess plastic.





2025 Essano Limited Sustainability Road Map

TARGET	FY20 ACTUAL	FY21 ACTUAL	FY22 AIM	FY23 AIM	FY24 AIM	FY25 AIM
SOCIAL IMPACTS: INSIDE OUR ORGANISATION						
• Completion of independent safety audit to take place annually (This supports comprehensive H&S plan that is reviewed at monthly meetings and with an annual external audit)	Completed	Completed				
• Be consciously focused on increasing the mental wellbeing of our team, prioritising inclusiveness and welcoming diversification		• Creation of Wellbeing Committee	• Partner with Massey University's Healthy Work Project	• Implement Wellbeing strategy guided by Massey University • Wellbeing Committee to create a diversity & inclusion guide	• Review recruitment process to avoid unconscious bias	
• Increase company participation in Wellbeing Survey to 95%+ • Overall engagement in company at 80% or above • Wellness measure at 75% or above	Unmeasured	• Participation rate: 60% • Overall engagement: 75% • Wellbeing: 72%	• Participation rate: 60% • Overall engagement: 76% • Wellbeing: 73%	• Participation rate: 65% • Overall engagement: 77% • Wellbeing: 74%	• Participation rate: 80% • Overall engagement: 78% • Wellbeing: 74%	• Participation rate: 95% • Overall engagement: 80% • Wellbeing: 75%
SOCIAL IMPACTS: COMMUNITY						
• 240 hours donated on annual basis by FY25	180 hours	0 hours (for the safety of our people and to restrict exposure to COVID-19)	180 hours	200 hours	220 hours	240 hours
• \$50,000 worth of product or money to be donated on annual basis	Unmeasured	\$149,5641	\$50,000	\$50,000	\$50,000	\$50,000
• 100% supplier compliance with our Supplier Code of Conduct		Creation in Q4	75% suppliers agreement	85% suppliers agreement	95% suppliers agreement	100% suppliers agreement
ENVIRONMENTAL IMPACTS: PACKAGING & PLASTIC						
• 100% of all packaging to be reusable or recyclable by 2025 (The declaration refers to compostable however as a business we do not think compostable with biodegradable packaging is a relevant solution)	(6) from our production • 92% of bases are collected for recycling • 95% of our bases are currently collected for recycling	• Remove polystyrene plastic	• Investigate recycling of amber bottles and pumps that can be recycled	• Investigate alternatives to sheet masks and wipes • Test alternatives with consumers	• Commence transition plan for all difficult to recycle plastics	
• Support circular economy by having 80% of our PET bottles to be made with recycled material	32% 49%		60%	70%	75%	80%
• Production of 90% of cardboard inners to be made in New Zealand by 2023 (8% of inners will continue to be made overseas for product safety for transit)	49%	69%	80%	90%		
ENVIRONMENT IMPACTS: WASTE & ENERGY						
• Reduce volume of materials to landfill to 25% of total discarded materials. (By default this will increase the amount of material we are able to recycle)	45.44%	42%	39%	35%	30%	25%
• Reduce water used to produce 1000 units to 300 litres	Unmeasured	580 litres / 1000 units	500 litres / 1000 units	400 litres / 1000 units	350 litres / 1000 units	300 litres / 1000 units
• Increase efficiency of gas and electricity per 1000 units produced	Unmeasured	1.21 litres / 1000 units 50.17 kWh / 1000 units	Create 3 year road map			
• Create a carbon reduction plan	Unmeasured	Unmeasured	Unmeasured	Map baseline measures	Deliver a reduction plan	

¹We responded to the larger community need created by COVID-19



SOCIAL IMPACT OUR PEOPLE





Safety, health & wellbeing

Essano Limited aims to have a workplace that is safe, supportive and inclusive, prioritising our team's overall wellbeing. FY21 has highlighted the importance of all aspects of health and safety to our business more than ever. From FY20, we already had a robust and proactive approach to health and safety (you can read more in our [FY20 Sustainability Report](#)) which provided the foundations we needed to deal with the unexpected challenges of COVID-19.

Essano Limited was deemed an essential service by the New Zealand Government due to the fact that we supply products to supermarkets. It was important for supermarkets to continue to have as much stock on the shelves as possible to avoid additional 'panic buying'.

This allowed our factory to keep operating throughout the numerous lockdowns, even at Level 4. We were very grateful for this, however, we were also aware of the huge responsibility to keep our staff as safe as possible during this time.

To ensure staff safety, we:

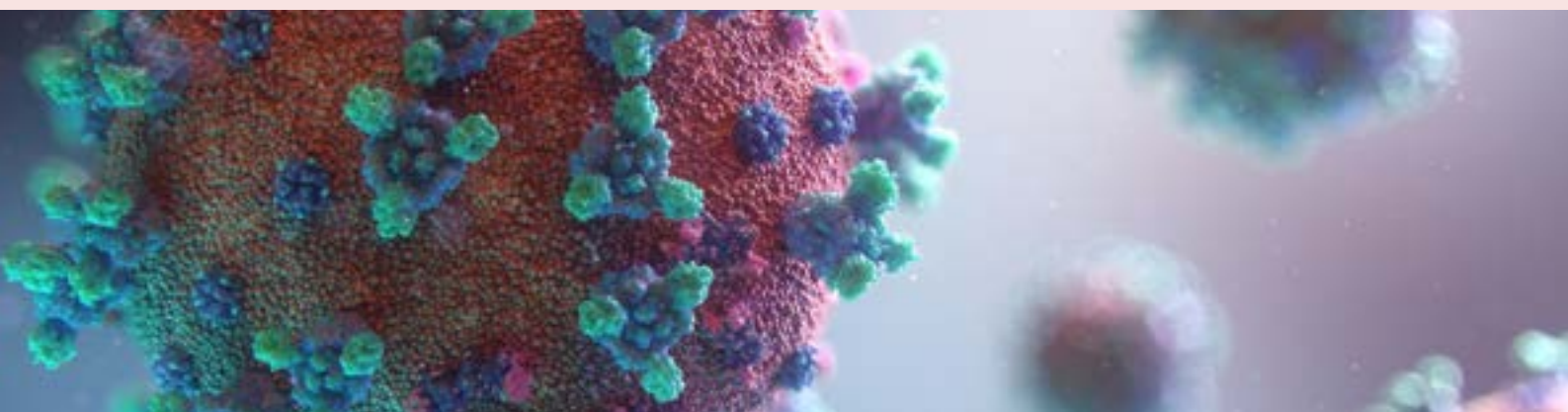
- Minimised all on-site staff to only those who were essential to our manufacturing operations; all office staff worked from home.
- Created split shifts (day and night) to reduce the amount of people working on-site at any one time.
- Introduced additional personal protective equipment (PPE).
- Conducted regular temperature checks and required health declaration forms to be signed on arrival.
- Gave multiple opportunities to staff if they needed to opt-out of working for safety or personal health reasons.



In addition to caring for staff on-site, special effort was made to ensure that employees working off-site remained 'part of the team'. This included regular Zoom calls hosted by the CEO to inform and discuss any changes to the business or updates from the Government, and to offer everyone a chance to ask questions.

In addition we undertook the below initiatives to support the mental health of those working from home:

- Reminders to pack down their workstation at the end of each day and clear all desks for weekends to ensure staff maintained a balance between work and home life.
- A 3km run challenge where staff shared their outdoor walk or run times and nominated other team members to take part.
- Ongoing recommendations to utilise Employee Assistant Services.
- Recommendations on how to set up a workstation at home for the best ergonomics.
- Mental Health Wellbeing sessions with tips to focus on mental health.
- A Slack channel for the team to contribute memes and jokes to keep us all entertained.





Safety, health & wellbeing

Once lockdown levels had lifted, allowing staff to return to the office and back to regular working routines, we continued to acknowledge the impact COVID-19 had on people's mental wellbeing, affecting all staff in different ways. This encouraged us to put a company-wide spotlight on mental health and to get us thinking and talking about this important subject, particularly during Mental Health Awareness Week (21-27 September).

During this week, each day had a theme inspired by one of the five aspects of Te Whare Tapa Whā - a Māori model of health that describes health as a whareniui (meeting house), helping us to identify where we need extra support - and an activity to go alongside it.

These activities ranged from sharing a picture of your whānau, to taking a break during the work day for mindful colouring-in, to submitting your favourite feel-good song to a company-wide playlist.



CREATION OF THE HEALTH & WELLBEING COMMITTEE

This focus on mental health led the team to review the scope of our Health and Safety Committee, and ultimately we created two distinct committees. The charter of the Health & Wellbeing committee will be created in FY22 and be included in our next report.

The new Wellbeing Committee will coincide with us partnering with Massey University on a Healthy Work Project that is focusing on the mental health of SMEs in New Zealand. It is a three-year project led by Dr Kate Bone, Dr Kate Blackwood and Dr David Tappin, and supported by WorkSafe New Zealand and the Health Research Council of New Zealand.

The Healthy Work Project views wellbeing as the result of four key psychosocial factors at work. The researchers are working with us to measure:

- Management commitment to employees' health and wellbeing.
- Managed priority of health and wellbeing issues.
- Organisation participation in health and wellbeing issues.
- Organisation communication regarding health and wellbeing issues.

Working closely with Essano Limited (one of 24 companies selected nationwide), the Healthy Work Project aims to:

- Assess psychosocial safety climate.
- Work together to develop initiatives.
- Assist in the implementation of initiatives.
- Measure our workplace health and wellbeing.



Collated results from this entire study will then be turned into a wellness guide for all New Zealand businesses.





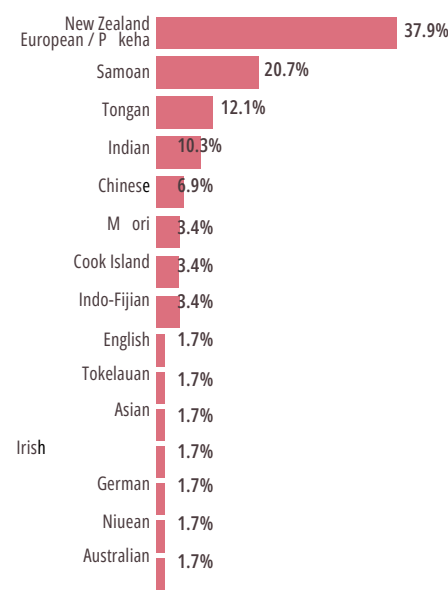
Diversity & equality

Essano Limited strives to be a workplace that encourages diversity and participation at all levels of the company. As our business grows, it is a priority to attract and retain talented individuals by building an inclusive, equitable and fair workplace.

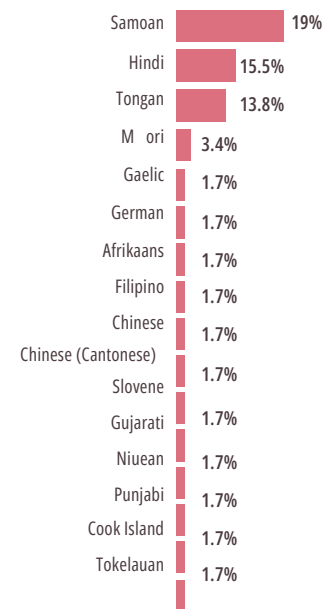
GENDER RATIO IN LEADERSHIP POSITIONS

LEVEL	MEN	WOMEN
Board	5	1
SLT	6	1
Leadership roles ¹	5	9

ETHNICITY BREAKDOWN



LANGUAGE SPOKEN IN ADDITION TO ENGLISH



¹A leadership role is one with a direct report

The creation of our first sustainability report last year allowed us to begin conversations around gender and cultural equality. This is an evolving conversation and we continually strive to find new ways to support equality and inclusion in the workplace. It is important that we continue and maintain these discussions at all levels within the business.

To ensure we hire people who are aligned with our values, we have strengthened our recruitment process. Below is what we strive to achieve in our business:

- Continued education and coaching on unconscious bias - we acknowledge that we all have such biases - through increased training and development of our people managers.
- Where appropriate, we work closely with our preferred recruitment partner who we believe is at the top of their industry's best in terms of their search and selection practices.
- When recruiting in-house, we firmly believe in the growth of our own talent and therefore we consider internal promotion before looking outside of our business - and if we do need to go to market to find our new team member, then we ensure that we follow a fair recruitment process (see below).
- What we consider a fair recruitment process; all of our roles at Essano have clear skills, competencies and behaviours attached to them. This is how we know what it takes to be able to perform well in the position and it places no consideration on a candidate's gender, age, religion, or other lifestyle choices.
- We use templates for our job adverts that ensure we are advertising for the skills, competencies and behaviours that are required for the role only, and we lean towards structured interviews which help us to ensure fairness (same, unbiased questions asked of each candidate). Typically, we'll make sure that each interviewee meets with a diverse interview panel - other functions, both genders, various levels of seniority. At Essano we work as one team, so we are interested in everyone's opinion!
- We invest in a dedicated external HR resource that provides support, coaching and expert guidance to our hiring managers at every step of the process.

There is currently an imbalance between the male and female ratio on the board and on the Senior Leadership Team (SLT); however, there is a high level of performance satisfaction with the existing members. We continue to nurture leaders in other areas of the business where the ratios are reversed.

Beyond our team, we have become increasingly aware of the role we have to play in influencing our supply chain to ensure they also have fair, equitable and safe working environments. This has led us to create the Supplier Code of Conduct which you can read about in the next section "[Essano Limited Supplier Code of Conduct](#)" on page 32.



SOCIAL IMPACT OUR COMMUNITY





Essano Limited Supplier Code of Conduct

Essano Limited is committed to working with sustainable and inclusive partners. This Supplier Code of Conduct outlines the minimum expectations we have of our suppliers. They must make their subcontractors aware of this Code.

ETHICAL BEHAVIOUR

Business dealings must be handled with integrity, transparency and honesty. Essano Limited expects its suppliers to:

- Manage its activities and conduct themselves with integrity, in accordance with local laws, regulations and ethical standards.
- Ensure there is no testing of animals within the creation of any production or service Essano Limited purchases.
- Be transparent about its ethical policies and practices.
- Not engage in any form of corruption.
- Maintain transparent and accurate financial and business records to demonstrate compliance with applicable laws and regulations, as well as generally accepted accounting principles.

LABOUR AND HUMAN RIGHTS

Essano Limited supports the protection of human rights and is guided by principles of the United Nations Universal Declaration of Human Rights. Suppliers must respect the labour rights of their employees in the workplace, and monitor human rights within its supply chain. Essano Limited expects its suppliers to:

- Adhere to international human rights standards in its workplace and monitor and address these standards within their supply chain.
- Employees are not subjected to discrimination based on race, national origin, ethnicity, religion, gender, age, marital status, sexual orientation, disability or any other reason.
- All products and services supplied to Essano Limited are manufactured or provided under safe and healthy conditions.
- All employees meet the local legal minimum labour age permitted by the law of the country where the performance takes place. Child labour is strictly prohibited.
- Employees engaged are voluntarily employed, and under no circumstances is any form of forced, coerced, bonded, indentured or involuntary labour or otherwise used.
- Employees are paid a proper wage and it is no less than the standards specified by local laws.
- Employees are not exploited or subjected to abuse of any kind, including psychological, physical, sexual or verbal abuse. Intimidation, threat or harassment is not tolerated.

HEALTH AND SAFETY

The health and safety of our immediate team at Essano Limited and our wider team of suppliers and partners is of utmost importance. Essano Limited expects its suppliers to:

- Comply with workplace health and safety laws and regulations of its local Government to maintain healthy and safe work environments.
- Promote the general health of employees; reduce work-related injuries and illness.
- Ensure the safety and quality of all products and services as specified in the supply agreement.
- In addition, while on Essano Limited's premises, all supplier personnel must comply with Essano Limited's health and safety policies.

ENVIRONMENTAL SUSTAINABILITY

Essano Limited will continuously look at how to improve processes to minimise the negative impacts of our business operations on the global environment. We encourage suppliers to establish environmentally responsible business practices. Essano Limited expects its suppliers to:

- Conduct its business in accordance with applicable laws, regulations and standards regarding the mitigation of impacts on, and protection of, the environment.
- Work to improve its environmental sustainability and reduce its environmental impacts such as waste disposal, plastic and pollution.
- Investigate how it can support the circular economy.
- Support our goal to establish transparency and traceability within all levels of our supply chain and be willing to share information on the origin of where products and subcomponents are produced.

Ideally, we'd like our suppliers to have an environmental policy that is proportionate to the environmental risk of their business operations.

CORPORATE SOCIAL RESPONSIBILITY

Essano Limited encourages its suppliers to be good corporate citizens and contribute positively to its communities. Some positive things suppliers could do include to pay subcontractors promptly, or support the local area that they work within.

We ask our partners to review our document and:

1. Meet the standards set forth in this Code, or, where any standards are not met, establish clear goals toward meeting the standards set forth in this Code within an agreed time period, and
2. Actively review, monitor and modify their management processes and business operations to ensure they facilitate continuous improvement.

Company: _____

Name of representative: _____

Signature of representative _____ Date: _____



Sustainable source of rosehip

During FY21, we transitioned to using a sustainable source of Rosehip Oil that is certified Fair for Life and organic by Ecocert, providing us with assurance as to the provenance of our keystone ingredient.

Grown in the extreme south of Chile, Patagonia Austral, Rosehip seeds are handpicked by smallholder farmers and their families on land they own and control. Ecocert reviews the process of growing and extracting Rosehip Oil, ensuring safe and equitable working conditions for all the farmers involved. This program supports the women in Chile primarily, as they are the harvesters. The men often leave the children and women behind for the city to work and there is no economic opportunity for the women in these remote areas. As a result, their cultural heritage is disrupted and their villages emptied. Providing economic opportunities for these people allows them to stay where their homes are; they can become part of the world economy without leaving the culture and traditional life that they cherish.

Our supplier that manages these growers and farmers also works with the Chilean Government and local organisations to create a positive social impact to support the local community.

The Rosehip seed oil is cold-pressed to ensure that the extraction process does not degrade the oil's properties. The latest extraction technologies are used, and no chemicals are added to the completely unrefined extract.

The final product is not only 100% traceable from an ethical point of view, it also contains higher levels of nutrients than from Rosehip Oil sourced anywhere else in the world - creating better products for our consumers.



The final product is not only 100% traceable from an ethical point of view, it also contains higher levels of nutrients than from Rosehip Oil sourced anywhere else in the world - creating better products for our consumers.



Supporting our local community

We are incredibly proud to be a New Zealand business that employs over 70 staff within the wider Auckland area, supporting local businesses and suppliers. Being New Zealand owned and operated, our company's profits remain in Aotearoa.

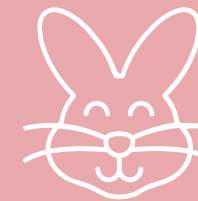
We consider our business operations to present no material risk to our local ecosystems or communities, and we take these into consideration when making business decisions.

In FY21, we are proud to have donated \$149,786 worth of products to various charities including:

- One Mother to Another.
- Women's Refuge.
- The Aunties.
- National Hauora Coalition.
- Mangere Budgeting Services Trust.
- St John.
- We've got your BackPack.

We were moved by the community need and families struggling during COVID-19, which led us to donate far more than usual last year. Looking ahead, we will aim to donate \$50,000 worth of goods or direct cash donations each year by 2025.

In FY21 we were unable to donate our time due to prioritising the health and safety of our staff; we planned two community events that both had to be cancelled due to Auckland lockdowns. Moving forward we want to steadily increase our hours donated until we hit 240 hours per year, as we believe this benefits both the community and our team.



Instead of celebrating Easter during lockdown with Easter Eggs being delivered to our homes, we instead donated the money that would have been spent to Mangere Budgeting Services Trust along with 1,000 units each of essano bodywash, shampoo and conditioner. We also donated shampoo and conditioner to the hard-working St John ambulance officers.





ENVIRONMENT PACKAGING & PLASTIC



Packaging & plastic

Plastic pollution continues to be one of the biggest challenges facing the global community. We understand the devastating impacts it can have on the health and wellbeing of our ecosystems and the environment.

In July 2021, University of Waikato Master of Science student Anita Lewis shared new research that found plastic in every sediment sample she took from across the region, between Tauranga Harbour and the eastern coast to Maketū and Ōpōtiki. There was not a single area sampled where microplastics were not present. Particularly high levels were found in shellfish, including tuatua, cockles and wedge shells. You can read more about the research [here](#).

This research highlights the importance of our business and businesses like ours focusing on our plastic impact.

Packaging continues to be a huge challenge for all FMCG businesses such as ours.

We constantly have to balance a range of considerations when we make packaging decisions (please see our [FY20 Sustainability Report](#) for a list of these). These considerations change for each product, with the most significant being the primary packaging to ensure the efficacy and safety of our product. We also need to consider our secondary, tertiary and, in some cases, quaternary packaging materials.

One key area of tension for us is in regard to the use of amber coloured plastic bottles.

Although amber bottles are currently collected by kerbside recycling services in New Zealand and Australia, and can be recycled, we do not have the onshore infrastructure to recycle these. One potential alternative is to move to clear plastic; however, this would risk the safety and efficacy of our product through exposure to sunlight.

This is not a problem that essano is facing alone. If you look at any beauty shelves around the world, you will see that amber plastic is in common use. We continue to work with industry groups and suppliers to:

- Review any new technological solutions for tension points like this.
- Encourage an infrastructure upgrade so coloured PET can be part of the circular economy.





Material use

PACKAGING TYPE	MATERIAL TYPE	APPROX. WEIGHT IN FY20 IN TONNES UNLESS STATED	APPROX. WEIGHT IN FY21 IN TONNES UNLESS STATED
NON PLASTIC PACKAGING			
Car tons	Cardboard	11.83	12.5
Jars	Glass	62.17	8
Bottles	Glass		42.0
Lids	Aluminium	Not measured	8
Inners	Cardboard	46.65	24.6
Shipper	Cardboard	20.91	0
^s PLASTIC PACKAGING			0.28
Bottles	PET (1)	39.71	41.7
Recycled Bottles	rPET (1)	33.08	23.3
Tubes	HDPE (2)	20.36	25.8
New DOMINATE Pots	HDPE (2) & PCR HDPE (2)	New product	9.19
Deodorant Bottles	PCR HDPE (2)	190 kg	2
Deodorant Lids	PCR HDPE (2)	Not measured	12.9
Jar Lids	PET	Not measured	5
Pumps	HDPE (2)	Not measured	0.51
Lids & Caps	HDPE (2)	Not measured	2.27
Casca Seals	PP (5)	1.71	0.61
Deodorant Balls	PP (5)	63kg	7.27
Shockwaves Plastic Pots	PP (5)	Not measured	8.26
Shockwaves Plastic Lids	PP (5)	Not measured	9
DOMINATE 15g Jars	Polystyrene (6)	Not measured	1.24
DOMINATE 15g Lids	Polystyrene (6)	Not measured	0.44
DOMINATE Standard Pots	Polystyrene (6)	4.91	5.59
Labels	Various	Not measured	3.17

1.05

0.00

3.02

The material we use the most (in terms of weight) is:

1. Cardboard
2. Glass
3. PET (1); of which 62% is recycled content
4. HDPE (2); 7% of these products include 10% recycled material

The largest amount of plastic packaging we use is PET (1) and it accounts for 34% of our plastic use (approximately 62 tonnes). A total of 62% of our PET bottles are made from recycled material (rPET) - this means that we have reused over 39 tonnes of PET (almost one million bottles) that otherwise could have gone to landfill in the last year alone. We are proud of this result and strive to continue this year on year.

Plastics (1), (2) and (5) have the biggest recycling value so we aim to use these types of plastic whenever possible. We are delighted to see the Government changing regulation to support this position, by phasing out use of (4) and (6)¹.

The most significant change to our packaging inventory during this reporting period was the inclusion of pumps and lids (this data was missing from our [FY20 Sustainability Report](#)) and the impact of the redesign of our DOMINATE packaging as we transition away from Polystyrene (6).

Reviewing lids and pumps has highlighted two key problem areas: some of our lids use a mixture of materials and pumps include a metal spring, both which are unable to be recycled in New Zealand.



¹<https://www.beehive.govt.nz/release/government-takes-action-problem-plastics>



DOMINATE case study

DOMINATE is our heritage hair-styling brand that was launched 21 years ago. DOMINATE consumers love a good hair day, but not at any price, which is why we wanted to refresh the brand using packaging material with far higher recycling rates.

The original pucks were a distinctive style but they were made from polystyrene plastic - a material that is notoriously difficult to recycle - which is why the New Zealand Government has included it in their list of hard-to-recycle plastics that they plan to phase out of use.

We researched alternatives for our full size pot (approximately 100g) for six months, considering the following:

- Presence on-shelf.
- Ease of production on the factory floor.
- Cost.
- Ease of use for the consumer.
- Design look and feel.

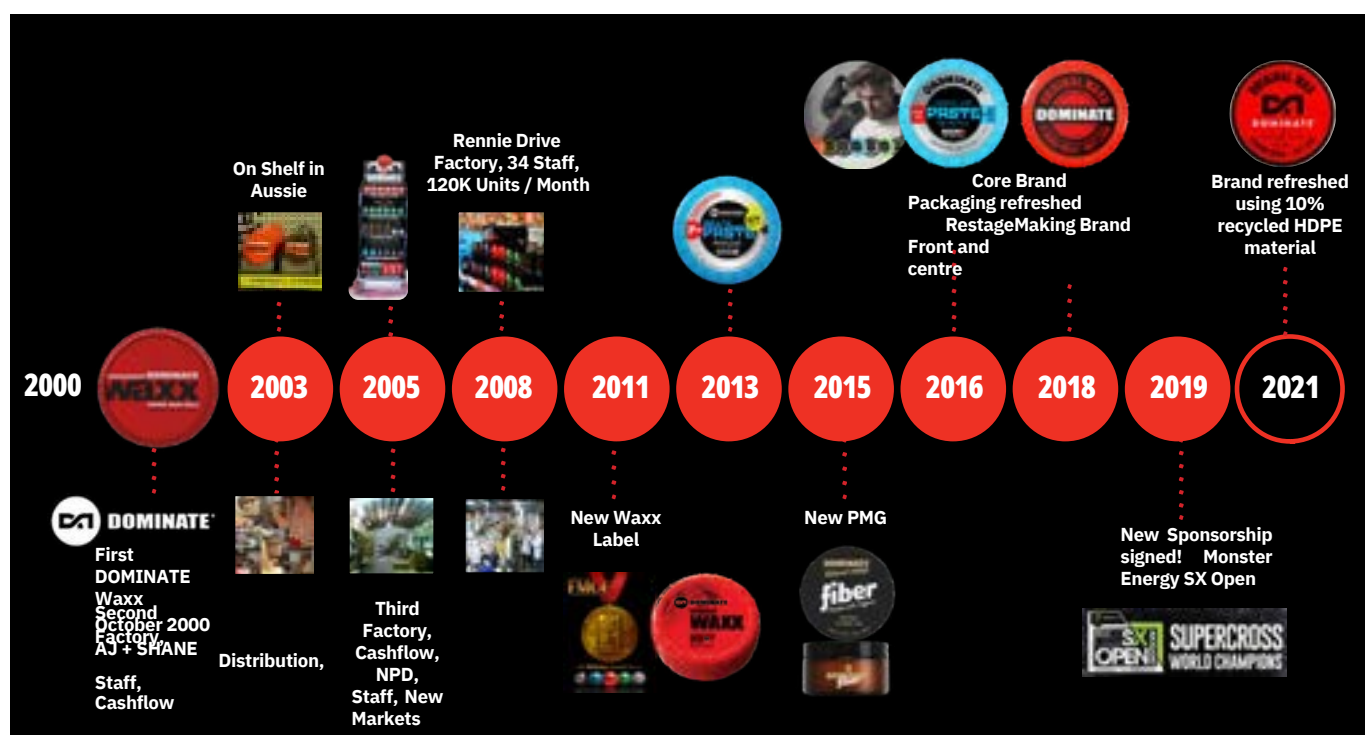
We couldn't find anything off the shelf that we liked and which was also recyclable so we engaged with a supplier and invested a significant cost in a tooling machine to enable us to use High Density Polyethylene (HDPE) plastic - a material that is far easier to recycle for the bases of DOMINATE pots. By creating our own tool, we were able to include 10% recycled HDPE material within our pots.

The lids of DOMINATE packaging are made of aluminium, a material that is infinitely recyclable.

Our newly designed DOMINATE packaging is also accepted by kerbside recycling in all markets we sell in.



Our mini DOMINATEs (15g) are still using (6), however we are aware these will need to be transitioned in time for the Government's new policies. We prioritised the larger pots as this has a significantly larger impact.





Update on NZ Plastic Packaging Declaration

As part of our commitment to reducing our plastic footprint, we signed the New Zealand Plastic Packaging Declaration to use 100% reusable, recyclable or compostable packaging across our global operations by 2025 or earlier. Read more [here](#).

To prepare ourselves for 2025, we have calculated the packaging footprint of our current packaging below. Please note:

- Bases refer to our bottles, tubes and pots only.
- Since our report last year we have added in data on our pumps, lids and caps.

% of bases collected by kerbside recycling services	95%
% of bases that use recycled material	27%
% of lids that use recycled material	2%
% of our bases sourced from New Zealand	26%
% of products use a pump (currently not recyclable)	37%
% of products that have a plastic lid	34% • 30% is (2) or (5) • 4% is (1)
% of products with an aluminium lid	11% (fully recyclable)
% of products that have a dropper	11% (need to investigate recyclability)

This data highlights some key issues we need to focus on to ensure all our packaging is accepted for recycling in all the markets we serve, and where we can continue to increase our use of recycled materials. Other key challenges for us include finding solutions for sheet masks, face wipes, pumps and coloured plastics.

USE OF RPET

Roadmap Goal:

Transition up to **80%** of our PET to rPET by 2025

In our [FY20 Sustainability Report](#) we committed to transitioning 80% of our PET to rPET by 2025.

A total 77 of our 161 products use PET plastic for their primary packaging - 33 of which use 100% rPET. Therefore 49% of the PET packaging we use is rPET. An increase of 17% on the previous year.

By weight - 62% of the PET packaging we use is rPET.

We are on track to have 80% of our PET packaging made from rPET by 2025.

CARDBOARD INNERS

Roadmap Goal:

Transition suppliers so that **90%** of cardboard inners are sourced from New Zealand by 2023

We have increased the amount of inners (also known as shelf-ready trays - SRTs) created in New Zealand from 20% in FY19, to 49% in FY20 and 69% in FY21. We are satisfied with the progress we have made and believe we are on track for 90% by FY23.

The remaining 10% of Inners that are made overseas are done so to help protect our Aircare products in transit. These are glass products and therefore require packaging to ensure no breakages. We have investigated making the SRTs here and shipping them to China, however this would increase our carbon footprint.



OUR APPROACH TO PUMPS

Lids, pumps and caps are generally difficult to recycle due to their use of 'difficult plastics' or combination of multiple types of material that can not be separated at the material recovery facilities (aka 'sorting stations'). Yet our consumers tell us that is how they like to dispense our products. This is a key tension point for us to solve by 2025.

To overcome this we are working with our suppliers to evaluate existing solutions and investigate new technologies for pumps, including an airless design that contains no metal to better align with the capabilities of recyclers.



OUR APPROACH TO REFILLABLE POUCHES

Refilling is one option to reduce our plastic consumption and we will continue to look into this, however we have not yet found an adequate solution due to the following concerns;

- **Product safety:**

The majority of essano products are applied to the skin and although skincare, haircare and body products can be refilled, the jars or bottles need to be sanitarily cleaned so that they are hygienic. We can not be assured that a consumer refilling the bottle themselves will go through this process to a standard high enough to prevent all health and contamination concerns.

- **Does not support the circular economy:**

Refillables are usually packaged in a non-recyclable material. So although there is less material, it goes straight to landfill. Therefore we are focusing on how we can support the circular economy through using 100% recyclable material that can continue to be recycled.

INKS

As part of our [FY20 Sustainability Report](#), we planned to investigate the inks with the least environmental impact.

To begin this process during FY21, we first needed to assess what inks we currently use. We can confirm that all inks we use are UV inks that comply with EU regulations.

An alternative that is often discussed as a 'green' option is soy or vegetable-based inks.

Soy-based ink was first developed by the newspaper industry in the 1970s in response to rising petroleum prices, and was marketed as a healthier, environmentally friendly alternative to conventional ink.

“ ‘Green’ is rarely black and white. More often, it comes in multiple shades of grey. And in the case of one ‘green’ product, those shades of grey come in every color of the rainbow ”
1



Some of the tension points around using this seemingly more sustainable ink option includes the amount of soy used (you only need 6% to 40% soy to gain a certification), the myth that soy ink is easier to remove during the pulping process and the devastating impact the increased demand for soy has had on deforestation of the Amazon forest.

From the information and technology available at the moment, soy inks do not appear to be the easy solution to this complex issue. However, we are confident that there will be technological advancements and will continue to watch this area with interest.



ENVIRONMENT WATER ELECTRICITY & GAS
Environmental Material Topics





Waste within our operations

We want to reduce and ultimately eliminate any materials being sent to landfill from our business operations. This will require investment in new infrastructure, new processes, new innovations and new ways of thinking. As we investigate the solutions we continue to measure the materials that leave our operations to enable us to fully understand our impact.

Material split into:	FY20, we generated approx. 154.05 metric tonnes:	FY21, we reduced this slightly to 147.9 metric tonnes:
Materials to landfill	45.4	40.30
Non-landfill hazardous material	4%	%
Materials to recycling	9.76%	22.94

4 %

We are happy to see a 5.14% reduction in the volume of material we sent to landfill (the equivalent of 10 metric tonnes). However, this would have been partly a result of a 9% drop in production of units during FY21 due to COVID-19.

4.80% **39.94**

There was a large increase in non-landfill (hazardous) waste (including trade waste, toner and batteries) due to an issue with a Trade Waste production process in August and September of the reporting period.

%

The amount of material we recycled was reduced slightly; this was likely a direct result of our office staff working from home for a good portion of the year during COVID-19 lockdowns. We were however able to recycle much more wood due to a focus on reducing excess pallets on site.

Material that made up our recycled items	FY20 (approx.)	FY21 (approx.)
Metal / Drums The metal and plastic drums are sent from our suppliers and contain the raw ingredients that we use to make our products. We pay to have these drums recycled once a month.	2.75T	2.1T
Plastic / Drums Plastic drums are sent from suppliers of our raw ingredients.	1.8T	2.2T
Paper / Cartons Almost all of our packaging and many ingredients are sent to us within a cardboard box which generates the largest volume of our recycled material.	59.2T	46T
Wood The wood we recycle is from the pallets that packaging and ingredients are sent on. These are sent back to the supplier to reuse or offered to other transportation companies.	2T	5.9T
Combination of Glass, Plastic, Tin, Aluminium Other materials such as glass, plastic, tin and aluminium are collected from our recycling bins in the common areas.	2.87T	2.9T



Water & utilities management

Water is a hugely important issue globally and it is no exception here in New Zealand. We have ongoing and historical disputes about ownership, classification of quality, irrigation, bottling and exporting, and the health of our freshwater ecosystems.

Our company draws water from a local source; this is then separated into three areas:

1. Use within our products
2. For cleaning or heating
3. For utilities

FY21 was the first year we recorded our water usage and we will continue to monitor this. In FY22 we will review ways we can reduce water usage in areas 2 and 3.

- Total water in: 3,368,000 litres.
- Water used in products: 594,000 litres (17.6% of total water in).
- Water used for trade waste and cleaning: 2,610,000 litres (77.5% of total water in).
- Water used for utilities like toilets, dishwashers: 164,000 litres (4.8% of total water in).

Looking ahead we want to reduce the amount of water used, even as we grow. In FY21 we used 0.583m³ of water for each 1000 produced, and we want to see this decrease to 0.3m³ per 1000 units by 2025.

In FY20 we planned to utilise rainfall collection to reduce water reliance and consumption, however this project was de-prioritised during COVID-19. We do not have an immediate plan to action this at present.



Electricity & gas

Electricity and gas are essential to the operation of our business. We require electricity to power our entire headquarters and production line and we use gas to heat water and our product formulas.

The figures below give us a baseline of our electricity and LPG that we can compare against moving forward. We have recorded this by the amount produced, so we can focus on efficiencies while still growing as a business. Please see target on our "2025 Essano Limited Sustainability Road Map" on page 20.

AREA	PER 1000 UNITS	FY21 TOTAL
Electricity	50.17	281,830 kWh
LPG	kWh 1.21	6,865.60 litres
Water	litres	3,368,000
	0.583 m ³	litres



Greenhouse gas

As we were writing this report, the InterGovernmental Panel for Climate Change (IPCC), the United Nations body for assessing the science related to climate change, released their Sixth Assessment Report, Climate Change 2021: The Physical Science Basis.

The report addresses the most up-to-date physical understanding of the climate system and climate change, bringing together the latest advances in climate science and observations.

It is a sobering read that outlines just how serious our shared climate crisis is.

Their key messaging to the global community and especially Government and business leaders is:

- Recent changes in the climate are widespread, rapid and intensifying, and unprecedented in thousands of years.
- Unless there are immediate, rapid and large-scale reductions in greenhouse gas emissions, limiting warming to 1.5°C will be beyond reach (a tipping point many see as irreversible).
- It is indisputable that human activities are causing climate change, making extreme climate events, including heat waves, heavy rainfall and droughts more frequent and severe.
 - Climate change is already affecting every region on Earth in multiple ways. The changes we experience will increase with further warming.
 - There's no going back from some changes in the climate system. However, some changes could be slowed and others could be stopped by limiting warming.

Despite the gravity of the report and our climate situation there is still hope.

- To limit global warming, strong, rapid and sustained reductions in CO₂, methane and other greenhouse gases are necessary. This would not only reduce the consequences of climate change but also improve air quality.

As a result of the financial impacts of COVID-19 and the large-scale disruptions to global supply chains, we have not had the budget to map our carbon footprint with an independent third-party organisation this financial year as we had planned. However, we do not want the cost of official accreditation to delay us taking all steps possible to reduce our emissions.

Being an export focused business at the bottom of the world with large scale aspirations, carbon emissions will continue to be a challenge for us. However we can not make improvements if we do not know where we stand today.

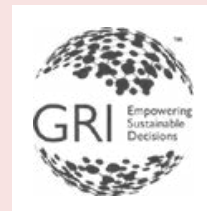
Therefore we are committing to using an online application to measure our carbon footprint. Although this can not be certified, it will allow us to understand our base measurement so we can evaluate the key areas we need to focus on.

This is a large commitment which will require significant amounts of internal resources and therefore we need to plan this into people's annual work plan and KPIs for FY23. We will set targets thereafter.

Because of COVID-19, we, like all companies worldwide, dramatically reduced our travel for work. We cut out all international trips and minimised internal New Zealand ones - this reduced our air travel by 62,312 km to the USA and 103,320 km to Australia.



Referencing GRI



To help guide us in the construction of this Sustainability Report we have referenced the GRI reporting framework, as we did for our first report last year. Below are the Reporting Principles of GRI and the various disclosures we referenced.

Reporting principles for defining report content:

- Stakeholder inclusiveness
- Sustainability context
- Materiality
- Completeness

Reporting principles for defining report quality:

- Accuracy
- Comparability
- Balance
- Reliability
- Clarity
- Timeliness

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