

# BETTER FOR ALL.

PZ Cussons plc / Environmental and Social Impact Report 2023



## Introduction

# BETTER FOR ALL ENVIRONMENTAL AND SOCIAL IMPACT AT PZ CUSSONS.

OUR ENVIRONMENTAL AND SOCIAL IMPACT FRAMEWORK,  
'BETTER FOR ALL', ALIGNS TO OUR PURPOSE:  
FOR EVERYONE, FOR LIFE, FOR GOOD.

### About this report

This Environmental and Social Impact Report is designed to supplement our Annual Report, which provides a summary of our operations, activities and financial position for the financial year from 1 June 2022 to 31 May 2023 and is available on our website [here](#).

Together, the Annual Report and Environmental and Social Impact Report provide a complementary review of our work on ESG-related issues (Environmental, Social and Governance). It is part of our commitment to communicate our progress to our stakeholders and to provide up-to-date information on our ESG strategy and activity.

## Contents

### Introduction and Overview

- 03 A message from management
- 04 The United Nations Sustainable Development Goals
- 05 Managing our environmental and social impact
- 06 Materiality
- 07 Managing our environmental and social impact: our governance

### For Everyone

- 08 Our products
- 09 Our people
- 10 Health and safety
- 10 Employee development
- 11 Employee wellbeing
- 12 Global engagement survey
- 13 Culture and purpose
- 13 Diversity, equity and inclusion
- 15 Communities
- 18 Our volunteering

### For Life

- 20 Plastic and packaging
- 23 Carbon and climate
- 28 Waste
- 29 Water
- 30 Biodiversity
- 31 Climate-Related Financial Disclosures (TCFD)
- 31 Governance
- 32 Strategy
- 33 Considering risks on our business, strategy and financial planning
- 33 Risk management

### For Good

- 37 Code of Ethical Conduct
- 38 Modern Slavery Act and Supplier Code of Conduct
- 39 Animal testing



## A message from management

Much has changed in the world in the past year. At PZ Cussons we, like many other businesses, have been tested by a series of operational challenges brought about by rising raw material and energy costs. The enormity of the environmental challenges that the world faces have become ever more apparent, and the pace of change from both business and government needs to increase if we are to rise to these challenges.



As a business, we have made progress in the way we address our most material social and environmental impacts, and our focus has been on setting up governance structures and processes that will help us achieve the ESG targets we set for ourselves.

Leading this mission across the company, we have been struck both by the scale of the change that is needed but also by the appetite of the entire PZ Cussons team to push such change forward.

In a volatile external environment, this is not at all straightforward. But we remain encouraged and inspired by the way in which everyone we work with across the business believes in, and works to achieve, our Company purpose. 'For Everyone, For Life, For Good' shows us the way, and ensures that we make decisions that have a positive impact on our customers, the planet and our employees.

We continue to use our Environmental and Social Impact framework, 'Better For All', to steer our progress. Our governance system forms an important part of this; connecting our different teams and countries in PZ Cussons to work collectively towards our ESG targets. Our Environmental and Social Impact Committee oversees our work in this area and seeks to ensure alignment across all our business units; and over the past year, we have also created a new workstream structure to create more accountability for, and in our business units. We are already seeing the impact of this, and we look forward to further progress because of this more hands-on approach to management in the future.

Over the past year, we have been guided by our targets and KPIs across the business. We are particularly proud that we are reporting our Scope 3 carbon emissions for the first time this year and that these have been externally verified by EcoAct. Other highlights include the continued investment in our employee development and diversity initiatives, innovations in the way we package our products that allow us to reduce our use of plastics, and the work we are undertaking to enhance social and environmental standards in our supply chain.

Sustainability is everyone's business at PZ Cussons, which is why we are also working on education and engagement. We have created employee training modules on sustainability and on diversity, equity and inclusion, as well as set up a dedicated sustainability hub on the Company intranet where information and resources are available to all employees.

In FY23, we launched a new and innovative credit facility incorporating a term loan and revolving credit facility structure to replace our existing facility that is due to expire in November 2023. The new facility includes a pricing structure that is linked to our Environmental and Social Impact framework 'Better For All', incorporating a reduction in virgin plastic packaging and reducing carbon emissions. Delivering these is important to our business, and by linking them to our financing, we can demonstrate to our stakeholders our commitment to improving our environmental and social impact performance, and encourage financial markets to incentivise improvements in their performance.

Our ambitious targets mean we need to think boldly and innovatively, around the sustainability of our products and finding ways to reduce packaging and our carbon emissions. They also come with challenges for a business of our scale. However, we know that the combined enthusiasm and commitment from our Board, Senior Leadership Team and employee body make each challenge surmountable and bring us closer to our mission of creating a world that is Better For All.

### Joanna Gluzman

Chief Sustainability Officer

### Jonathan Myers

Chief Executive Officer



## Introduction and Overview continued

### The United Nations Sustainable Development Goals

The 17 UN Sustainable Development Goals (SDGs), and the targets associated with them, offer a blueprint for achieving a more peaceful and prosperous world by 2030.

To deliver the SDGs, businesses must focus their efforts where their actual and potential impact is greatest. In line with this, we have identified the SDGs where we can have the greatest impact as a business, and the specific targets aligned to these goals that are

most relevant to us and our activities. This report shows our progress towards these goals and what we are doing both by ourselves, and in partnership with others to achieve them.



#### Goal 3. Good Health and Wellbeing:

Ensure healthy lives and promote wellbeing for all at all ages



#### Goal 4. Quality Education:

Ensure inclusive and equitable quality education and promote lifelong learning for all



#### Goal 8. Decent Work and Economic Growth:

Promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all



#### Goal 12. Responsible Consumption and Production:

Ensure sustainable consumption and production patterns



#### Goal 13. Climate Change:

Take urgent action to combat climate change and its impacts



#### Goal 14. Life Below Water:

Conserve and sustainably use the oceans, seas and marine resources for sustainable development



#### Goal 15. Life on Land:

Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, halt and reverse land degradation and halt biodiversity loss



#### Goal 17. Partnerships for the Goals:

Strengthen the means of implementation and revitalise the Global Partnership for Sustainable Development

## Managing our environmental and social impact

**Our Better For All framework sets out how we manage and report on our different social and environmental impacts.**

We have three focus areas which align to our corporate purpose, supported by targets that we have set. We provide more detail on each of these areas in the pages that follow.



### FOR EVERYONE

#### **Our impacts on people:**

**Through our employees and the communities we serve.**

This addresses our impact on people, our employees' safety and wellbeing and the communities that we serve.



For more information / [Page 08](#)



### FOR LIFE

#### **Our environmental impacts:**

**On the atmosphere, the earth and the oceans.**

This addresses our environmental impacts on the atmosphere through our carbon emissions and air quality impacts; on the earth through the sourcing decisions we make and the way we manage waste and packaging; and on the oceans through our use of water and the impact of our products.



For more information / [Page 19](#)

**Better  
For All**



### FOR GOOD

#### **Our behaviours as a business:**

**How we buy, sell and operate through our value chain for future resilience and growth.**

This addresses how we behave as a business and the decisions we make, including the way we market and sell our products, our management of our supply chain, ESG and corporate governance.



For more information / [Page 37](#)

## Introduction and Overview continued

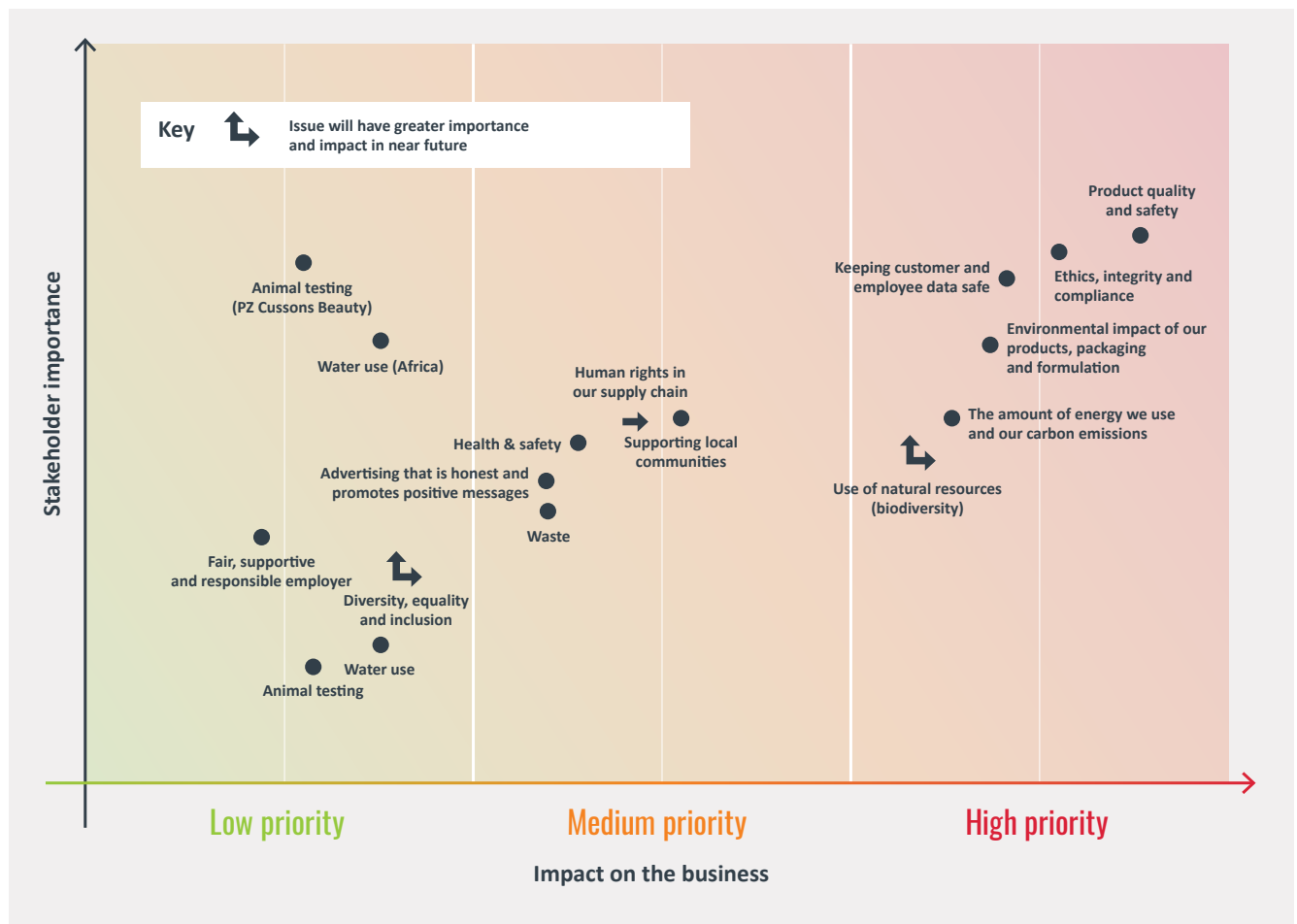
### Materiality

In FY22, we carried out a materiality review to understand our most important social and environmental impacts, and how different stakeholder groups – customers, consumers, suppliers, employees and investors – viewed these impacts. Issues relating to product quality, packaging and carbon emissions were identified as priorities by these audiences.

The insights from our materiality analysis have been key in informing our ESG strategy and our targets, ensuring that the concerns of our stakeholders are reflected in our approach to ESG, the issues we focus on and the subsequent goals that we set.

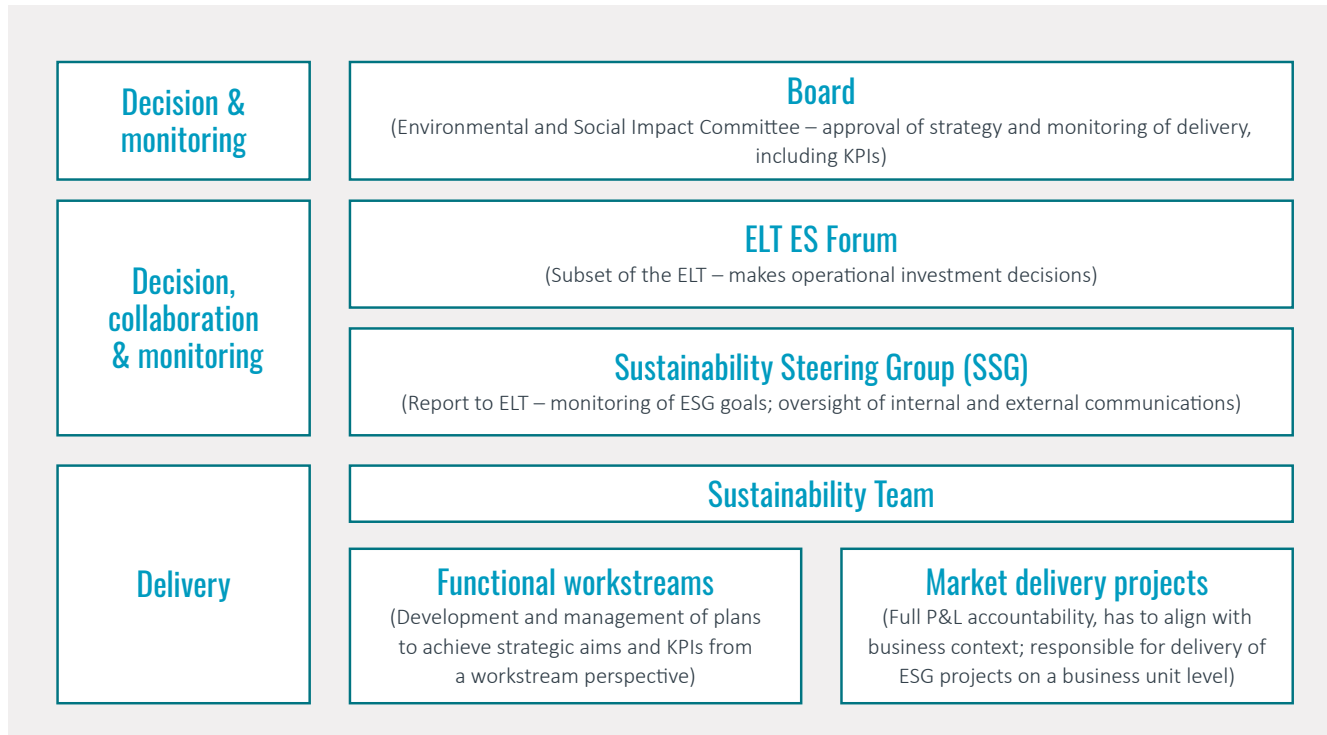
In FY24, we will refresh our materiality analysis to ensure that our approach to ESG remains timely and responsive to the views of our stakeholders and that it continues to reflect the way in which our business impacts on, and is impacted by, the world.

### Materiality matrix



## Managing our environmental and social impact: our governance

Responsibility for our environmental and social impact sits at the Board and Leadership level. The Executive Leadership Team is responsible for approving the strategy, and monitoring our progress towards our ESG KPIs.



The Board has collective responsibility for ensuring our ESG strategy is delivered. The Chair of the Board is the highest-level person at PZ Cussons with ESG-related oversight.

At the end of FY22, the Board established the ESG Committee to bring ESG into the remit of the full Board, reflecting the importance of the issue within our overall governance agenda. In FY24, the ESG Committee was renamed the Environmental and Social Impact Committee (ES Committee), which is the name used throughout this report.

A Chief Sustainability Officer was appointed in September 2021 to have overall leadership of the delivery of this strategy under the supervision of the Board.

The Environmental and Social Impact Committee monitors performance against the environmental and social goals and how PZ Cussons considers, engages with, reports to, and maintains its reputation with key stakeholders. The Committee and Chair of the Board also have the responsibility to establish a link between ESG outcomes to LTIP (Senior Management Long-Term Incentive Plan) through the Remuneration Committee; through the Audit Committee it has the responsibility of reviewing and approving reporting plans.

The ES Committee is supported by the ELT through the ELT ES forum and the sustainability steering group.

The ELT ES Forum is a subset of the ELT that makes operational and investments decisions.

In FY22, we established our Sustainability Steering Group (SSG), which meets monthly, and reports to the ELT. The SSG's role is to monitor progress towards our goals and oversee the communication of this progress to internal and external audiences.

The SSG oversees the delivery of the different components of the ESG strategy at a central and market level and ensures that plans are in place at a business unit and global level to support the achievement of our KPIs. It is chaired by the Chief Sustainability Officer, and includes senior leaders from Human Resources, R&D, Supply Chain, Marketing, Finance and a sustainability leader from each of our business units.

In FY23, we have established working functional and regional teams that meet monthly to put in place the building blocks to achieve our social and climate-related objectives, both by business unit and functional levels. Those working groups report to the Sustainability Steering Group.

# FOR EVERYONE.



**WE ARE COMMITTED TO PROVIDING HIGH-QUALITY AND SAFE PRODUCTS TO OUR CONSUMERS AND CUSTOMERS AND WE REGARD QUALITY AND CONSUMER SAFETY AS A FUNDAMENTAL BUSINESS RESPONSIBILITY.**

## Our products

**Product quality and consumer safety are absolutely critical to building brands that consumers trust and use for the long term.**

We focus on creating products that deliver functional and wellbeing benefits to our consumers and that meet the growing consumer desire for more sustainable products.

We have invested consistently in assuring product quality and consumer safety throughout our value chain. Our management systems and decision-making are guided by the latest science to ensure that our products are safe for consumers and consistently deliver the functionality and experience that consumers demand. One great example of our efforts to improve the natural formulation of our products has been Sanctuary Spa's launch of a new range of Golden Sandalwood fragranced products which are mineral oil free. 90% of the ingredients used are naturally derived ingredients.

Our main manufacturing sites are accredited to ISO 9001 for quality. We use ISO 10377, the standard for consumer safety, to assess and improve our performance.

## OUR AMBITION.

Our product ambition is to inspire responsible consumption of our products and disposal of our packaging by adapting our pack communication so consumers can make informed choices. For more information and case studies about how we deliver our ambition and how we communicate with consumers on our product packaging, see page 20 here.

## FOUNDING MEMBERS OF THE ECOBEAUTY SCORE CONSORTIUM.

In FY22, we joined other personal care and cosmetics companies as founding members of the EcoBeauty Score Consortium, an industry-wide coalition that seeks to help consumers make sustainable choices through providing environmental impact assessments and clear, transparent, easy to understand scores. This meets growing consumer demand for information about the products they buy and the impacts of formula, packaging and usage.



## Aligning to the SDGs



## Our people

**We have over 2,600 employees globally, who collectively define who we are as a business.**

This year has been about setting foundations following our business turnaround, establishing processes for our people management approach, and evolving our culture and ways of working.

Our employees, management and Board have worked together to define our purpose – ‘for everyone, for life, for good’ and to capture our BEST values – Bold, Energetic, Striving and Together. These values are embedded across the organisation, and they inform how we make decisions and the key behaviours that we expect all of our people to role model. We seek to bring them to life through our people processes, focusing on creating a high-engagement culture, encouraging high performance and growing compelling career paths to attract, retain and develop the most talented and capable people.



Our employees, management and Board have worked together to define our purpose – ‘for everyone, for life, for good’ and to capture our BEST values – Bold, Energetic, Striving and Together.”



## For Everyone continued

### Health and safety

**We are committed to delivering globally consistent and high standards of health and safety for all our employees.**

The ELT and Board scrutinise our performance and compliance with regulations in the countries where we operate, supported by health and safety specialists who monitor our operations. Health and safety is everyone's responsibility and we encourage employees to identify and report not only incidents, but also hazards or near misses.

All our main manufacturing operations are accredited to ISO 45001. Our continuous improvement (CI) programme in our factories aligns with ISO 45001 and has been instrumental in improving our performance through the early identification of the leading health and safety issues, allowing us to address hazards before they escalate into actual incidents.

In FY23, we made positive progress in health and safety across all our KPIs. Following the behaviour safety improvement initiative completed in all our manufacturing locations in FY22, we noted a 75% reduction in Lost Time Incidents, with no LTI reported in our factory operations. We also noted a decrease in the number of reportable incidents. There was also an improvement in the reporting of minor incidents, and improved due diligence in the identification of minor injuries, meaning our All Accidents figure increased.

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	Change year-on-year
Fatalities	0	0	0	0	0	0	0
LTI/yr (Lost Time Incidents) <sup>1</sup>	13	8	3	2	4	1	-3
LTIFR (Lost Time Incident Frequency Rate) <sup>2</sup>	0.26	0.13	0.05	0.04	0.08	0.02	-0.06
AAIFR (All Accident Incident Frequency Rate) <sup>3</sup>	2.17	2.13	1.45	1.14	1.09	1.15	+0.06

1 LTI defined as Lost Time Incidents

2 LTIFR defined as Lost Time Incident Frequency Rate

3 AAIFR defined as All Accident Incident Frequency Rate

### Employee development

**The transformation of PZ Cussons requires our people to strive for excellence and to challenge themselves professionally in delivering our strategy and 'raising the bar' on what we can achieve together. We want people to have fulfilling careers with us, at every stage of their personal career journey.**

#### Early careers:

This year, we launched our first 'early careers' application process globally and have offered a number of summer internships as well as a new graduate programme including the opportunity for an overseas assignment.

#### Leaders at all levels:

Over 600 'leaders at all levels' completed our new leadership development programme this year, spearheaded by our Executive Leadership Team (ELT). The programme emphasises purposeful leadership aligned to our values and focuses on high-performing teams. This work complemented targeted learning and development on strategic themes.

#### Career conversations:

To create a learning culture and to continue to support everyone at PZ Cussons to develop and accelerate their careers, we encourage regular career development conversations. We have leveraged our Workday people management system so that everyone can create a career profile to highlight their individual key career experiences and skills. This will support our talent planning and succession processes. We have also moved our goal setting and performance management process online, with increased focus on continuous performance conversations.

## GLOBAL LEARNING PLATFORM.

In FY23, we launched our first global learning management system on our online platform, 'Workday', offering all employees access to a range of best-in-class online learning courses from external providers, which are regularly updated and can be accessed at any time of day. These included modules on sustainability, and on diversity, equity and inclusion. The aim of these is to provide employees with introductory knowledge on both these important areas. Our Senior Leadership Team are responsible for encouraging their teams to complete the modules.

We also launched a new sustainability hub on our intranet, which holds a variety of content, including reading materials, videos and information about our Sustainability Strategy.

Through working with our Finance team, we are in the process of creating a financial P&L literacy programme. We have run this programme in the UK market and now plan to expand to other business units.

## Employee wellbeing

Our markets have developed a range of health and wellbeing activities that are particularly relevant to colleagues in those countries. This allows each programme to be tailored to local needs. The wellbeing of our people is currently measured through our annual global engagement survey and we are pleased that this is an area where we continue to see strong results.

In FY23, we have implemented several wellbeing initiatives across our markets to support our employees.

A policy to support breastfeeding mothers was already established in Asia. A new breastfeeding policy has now been implemented in our UK and Beauty businesses, which will also be applied in Australia and New Zealand. This provides private facilities on site for breastfeeding mothers to express and store milk.

In Kenya, PZ Cussons partnered with the Standard Chartered Bank and Albino Society of Kenya to provide free medical checks for all employees on site. These included breast cancer screening, blood sugar and pressure tests. Employees also had access to financial wellbeing advisory through the Standard Chartered Bank.

In Nigeria, a Best Health and Wellness week was held in the region, which included talks on being the best at work, and a fitness challenge for employees. The gym in the head office was also re-opened.

At our Aviator Way office in Manchester, a range of wellbeing and fitness activities are being run through The Source gym, led by our own personal trainer. This includes fitness challenges and competitions, energiser sessions for teams, classes and drop-in sessions for advice from our personal trainer.

## EMPLOYEE GROUPS.

### Beauty Together

In FY23, we established 'Beauty Together', an employee group designed to provide social, wellness and inclusion activities for our PZ Beauty team following the return to the office. Our social activities have included a Halloween celebration, Thanksgiving lunch and Easter egg hunt, and much more. We supported our employees through wellness initiatives, leading seminars on healthy approaches to sleep, burnout and meditation as well as health and lifestyle. We also offered wellness packages and a Blue Monday breakfast to support employees through the winter months.

As part of our Inclusion Group, we have run a number of diversity initiatives celebrating cultural and religious holidays such as a Chinese New Year lunch, and International Women's Day. We ran a Deaf Awareness seminar on how to approach deafness in the workplace and society, and initiated a policy during Ramadan and Eid to have 'no lunch at desks' to be mindful to those practising Ramadan.

### Proudly PZ

Proudly PZ is an employee-led initiative designed to enhance employee's experiences at our Manchester office and factory. Over the past year, Proudly PZ organised a number of health and wellbeing initiatives. Some highlights included two pamper days held at different sites, wellbeing days throughout the year (which were marked by yoga sessions, healthy food options and mindfulness), and a whole host of resources on the employee-led Wellbeing Hub on Workplace. All these events were designed to provide inclusive and meaningful experiences, to drive better work life balance and employee engagement.

## For Everyone continued

### Global engagement survey

In FY23, we conducted our third global employee engagement survey, achieving a 96% participation rate. Our overall engagement score was 73% (compared to 72% in FY22, and against an external benchmark for FY23 of 72%), and our wellbeing score was 81% (FY22:80%); while our people navigated the challenges of our external environment and our business transformation.

The results of the survey show that employee engagement remained stable or improved across all categories.

Our employees have responded positively to our purpose and our strategic priorities, with those reporting they have the 'motivation to go above and beyond' at 76%, and 93% of respondents confirming they know how their work contributes to PZ Cussons' goals. Specific questions driving this engagement score also included "I am proud to work for PZ Cussons", for which 88% of our employees answered favourably, and "I would recommend PZ Cussons as a great place to work", for which 85% of our employees answered favourably, up from 83% last year.



Our employees have responded positively to our purpose and our strategic priorities.”

	% favourable score <sup>4</sup>	
	FY22	FY23
Wellbeing	80%	81%
Company confidence	77%	78%
Work	77%	78%
Culture	74%	74%
Leadership and management	72%	72%
Learning	63%	64%

<sup>4</sup> A favourable score is defined as the percentage of responses that indicate "Agree" or "Strongly Agree" for all questions assigned to a specific factor. Factor is defined as questions grouped by a common theme.





## Culture and purpose

### Our culture is what makes us unique.

We want to preserve this, recognising the need to build on our rich history and ensure our culture is right today and for the future. We launched our new strategy in March 2021 and this was supported by our Company purpose – ‘for everyone, for life, for good’. In FY23, we continue to be guided by our corporate values to support this purpose. More information can be found on page 24 in the Culture and purpose section of the Annual Report.

#### UNITED KINGDOM:

### CHILDS FARM OFFICE.

Childs Farm moved to a new office in the UK and implemented a formal hybrid working policy to enhance employee wellbeing and reduce our carbon footprint. The hybrid working policy allows Childs Farm to reduce the office space, thus reducing energy consumption. The office is located within central Basingstoke and within walking distance of the mainline railway station which has seen a significant number of employees switch to commuting by train rather than car.



## Diversity, equity and inclusion

### Our geographic footprint ensures that we are a diverse business by nature, but we recognise that a diverse workforce needs an inclusive environment to flourish.

As a business we are passionate that our colleagues represent the communities we serve, and we are proud of our PZ Cussons heritage. We recognise the importance of developing our approach to diversity and inclusion to create an inclusive workplace environment that mirrors the nature of our business.

This year, we have introduced two new questions to our annual employee engagement survey, which ask employees about their ethnicity and educational background. Collecting this data will give us greater insight into the socioeconomic characteristics of our employees and will help inform our long-term strategy.

We are planning to undertake a Diversity, Equity and Inclusion (DEI) Maturity Assessment to enable us to benchmark against our current position. We have an established DEI Executive Committee who will lead and sponsor the development of a new DEI strategy.

We continue to follow our Inclusive Working principles of collaboration, development and delivery, wellbeing and inclusion.





## For Everyone continued

### Global conversations

#### EVENTS

In October 2023, we launched our Future Ready leadership event, bringing together leaders from across our business to discuss strategic priorities. Our global Town Halls with the ELT take place every two months, offering everyone a chance to hear from, and ask questions to our Leadership. We also launched a new global speaker programme, with a range of external and internal speakers offering fresh perspectives on topics ranging from e-commerce or new artificial intelligence tools to building personal resilience. Several hundred employees attended each talk.



#### LISTENING AND RESPONDING

Our HR Leadership Team and employee groups have also helped us to respond to the challenges experienced and communicated to us by employees in our local markets, offering a range of targeted wellbeing solutions including support for those impacted by the rising cost of living. Our annual engagement survey and increased emphasis on two-way feedback and regular question and answer sessions at events ensures we are listening to and learning from our people, and we build feedback from them into our strategic planning for the year ahead.



## Communities

**We want to create positive social change in the communities where we operate. Our Code of Ethical Conduct requires that any charitable donations we make are free from political affiliations or conflicts of interest.**

In FY23, a framework for charity partnerships was developed to ensure our community activity is aligned with the corporate purpose, connected to our brands and enhances our sustainability journey. This framework was designed to be applied across the business units to optimise the social impact of all our charity partnerships, engage employees and have a positive impact on local communities.

By focusing our charity efforts in the regions and local areas where we operate, we can help create resilient communities that nurture businesses to succeed in the long term. We are reviewing our volunteering practices and policy to complement the implementation of the new charity partnership framework.

### UNITED KINGDOM:

## WOOD STREET MISSION.

Using the new framework, employees in the UK and PZ Cussons International voted on our newest charity partnership with Wood Street Mission, which will launch in the first quarter of FY24. Wood Street Mission supports families and children living in poverty in Manchester and Salford by providing basic essentials such as clothing, hygiene, products, school uniform, toys and books that every child deserves. PZ Cussons' financial contributions specifically focus on the Smart Start and Books Forever projects, which help children fit in at school and encourage a love of reading. The partnership is also supported by product donations and facilitates their Childhood Experiences project, including opportunities with the Hallé Orchestra and free tickets to Alton Towers via Merlin Entertainment.



### UNITED KINGDOM:

## THE HALLÉ CONCERTS SOCIETY.

We have continued our partnership with the Hallé Orchestra in the UK, supporting school education programmes, Hallé for Youth concerts and the Hallé Youth Ensembles, which provide thousands of school children with access to music and show the value of music to educate across a range of subjects. PZ Cussons also provides a choir service to the Oasis Centre in the Gorton area of Manchester – a day centre which supports individuals facing extreme isolation, poverty or homelessness. Fortnightly rehearsals have been instrumental in bringing people together and helping people with social integration. The popularity of the choir means strong attendance at rehearsals and therefore, key support meetings have been organised around this schedule, ensuring individuals have access to housing programmes, healthcare and the tools needed to help them get back on their feet. In 2022, the project was recognised at the Manchester Culture Awards and was shortlisted in the category 'Promotion of Equality and Social Justice'. We will commence a refreshed partnership with the Hallé at the start of FY24, with a focus on education programmes and Hallé for Youth concerts, while continuing to support the Oasis Centre Choir.



## For Everyone continued

### Our community work

**Over the past year, our employees have supported a number of fundraising and community building initiatives across our global markets.**

In Nigeria, the Cussons Baby Cares Hospital program ran for a second year, aiming to educate mothers on how best to care for their babies' skin. In FY23, the campaign reached 869,485 mothers across Nigeria, covering over 2,200 hospitals. More than 200,000 mothers were also given Cussons Baby Products to support their healthy skin.

The PZ Foundation constructed a demonstration kitchen at Lantana college in Nigeria, an all-female student school in Enugu. The kitchen will assist the school to cater for the students, as part of our wider efforts to improve the quality and experience of education and gender equality.



#### UNITED KINGDOM:

### CHILDS FARM.

Childs Farm employees participate in Pennies from Heaven, an initiative which enables employees to donate odd pennies from their payslip each month to charity. In FY23, Childs Farm won a Platinum Pennies from Heaven Award, in recognition of the high proportion of employees enrolled (90+ % of the total workforce).

The Childs Farm team also completed a series of fundraising events during April including a virtual walk to the Head Office in welly boots, a "welly quiz" and a sports day, all in support of Go Beyond – a charity that provides breaks to children from challenging backgrounds, aged 8-15 from all over the UK, at centres in Derbyshire and Cornwall. Together, the team raised £854, which contributed to providing roast dinners, afternoons in nature and rainy-day fun for recipients.

In response to the ongoing humanitarian crisis in Ukraine, through Childs Farm, the Sanctuary Foundation donated over 1000 gift boxes of Childs Farm personal care products to Ukrainian families at Easter, which were distributed through community groups and churches across the UK.



In Kenya, PZ Cussons organised the Illuminate Program, sponsored by Imperial Leather. The aim of the program is to provide career choice guidance, life skills training and mentorship to high school students. This year, the Illuminate Program mentored over 6,000 students. In addition, our management trainees organised a visit to Sidon Children's Home as part of our community work.





## Our community work continued

In Ghana, we donated items to the Korlebu Teaching Hospital to support the families of children living with cancer, as well as the hospital. Cussons Baby also donated items to new mothers at the Lekma Maternity Hospital in Ghana to support them during the first few weeks of their babies' life.

To mark Global Handwash Day, the Federal Ministry of Environment in Nigeria hosted an event with the theme: United for Universal Hand Hygiene. As part of this, the Ministry facilitated a handwashing

training session for attendees, using Carex hand wash. PZ Cussons also donated 15 cases of hand wash, and 15 cases of hand sanitisers.

We have a partnership with Hands On Payroll Giving for UK and PZ Cussons International employees, which lets employees make regular, tax free donations to any charity of their choice each month. In FY23, we received The Payroll Giving Bronze Award in recognition of our work to make Payroll Giving available to all our employees, and the charitable culture we have established throughout PZ Cussons as a result.

### AUSTRALIA:

## SUPPORT FOR FOODBANK AUSTRALIA.

We continue our strong partnership with Foodbank Australia. Foodbank supports more than half a million households who struggle to put food on the table every day in Australia. We continued to donate meals and essential grocery items throughout FY23 and also supported Foodbank with volunteer days, with our team packing over 22,400 meals for families in need in March.



### BEAUTY:

## HESTIA PARTNERSHIP.

Our Beauty business has an ongoing partnership with Hestia, a UK charity that supports adults and children in crisis and which runs domestic abuse prevention work across the country. Last year, volunteers from PZ Cussons helped at Hestia's International Women's Day event which was centred on breaking bias, and PZ Cussons donated products for the attendees. Over the past year, PZ Cussons has provided products and donations to Hestia, which have supported those accessing their domestic abuse services, including summer gift bags and towels for Hestia's Big Day Out – a day of family summer fun, support activities and animal therapy for children during the school holidays in Hestia refuges. We also provide opportunities for employees to fundraise and volunteer for Hestia at a variety of different events.



## For Everyone continued

### Our volunteering

#### INDONESIA:

### PZ CUSSONS' INSPIRATION HOUSE.

In Indonesia, we continue our work on the Small Step Big Impact initiative, supported by our Cussons Baby and Cussons Kids brands. It is centred around three main pillars: hygiene, education and environment.

In partnership with CT Arsa Foundation, Cussons Baby and Cussons Kids donated Rp 750 million to build the PZ Cussons' Inspiration House in Muara Gembong, Bekasi, Indonesia, which was inaugurated in April 2023. The house is designed to provide an educational space for children in the area to learn, play and develop their creativity. It will also provide community health centre services such as guidance and counselling for the families in Muara Gembong. The inauguration featured on television channels and social media in Indonesia.



The house is designed to provide an educational space for children in the area to learn, play and develop their creativity.”

#### INDONESIA:

### CUSSONS LITTLE STAR EVENT AND PARTNERSHIP WITH THE MINISTRY OF HEALTH.

In FY23, PZ Cussons Indonesia ran Cussons Little Star, the biggest children's event in Indonesia. This was the 11th consecutive year of the event. The theme this year was Mother's Love Story. During the event, in partnership with Alfamart, a prominent retailer, Rp 300 million was donated to support the 96 Mother and Children Integrated Health Centre which assists 10,000 children in Indonesia.

Our community hygiene activities in Indonesia are supported by the Ministry of Health. PZ Cussons is one of 16 companies and NGOs partnering with the Ministry of Health since 2020, through a multistakeholder strategy to address challenges relating to hand washing practices, community sanitation and family hygiene in Indonesia.



Rp 300 million was donated to support the 96 Mother and Children Integrated Health Centre which assists 10,000 children in Indonesia.”



# FOR LIFE.

**WE ADDRESS ALL OUR ENVIRONMENTAL IMPACTS  
THROUGH THE LENS OF OUR PURPOSE.**

## Our products

**We are committed to minimising our impact on the earth and oceans. We do this through reducing our carbon emissions, considering the sourcing decisions we make, and through managing our packaging, waste and water use.**

We measure, manage and report our performance in the areas that we know are most important to the business, and where we have the biggest impact. This includes carbon emissions, water usage and landfill waste, plastic consumption and disposal, and the sustainable sourcing of palm oil and paper.

All of our operating sites comply with local regulations and our Group standards. In addition to this, most of our main operating sites are certified to ISO 14001, with our site in Kenya currently working towards achieving this certification. We operate a continuous improvement (CI) programme in our factories, which reduces our carbon emissions, water use, and landfill waste.

In FY22, we reviewed our global plastic and packaging targets. In FY23, we worked with our markets to identify market-based targets that will help us achieve our global ambitions and have started implementing measures to move towards meeting those targets.



## For Life continued

### Aligning to the SDGs



### Plastic and packaging

The packaging agenda is high on our list of priorities. The need to reduce our packaging footprint is as important as it is challenging.

#### Targets

Reduce virgin plastic in our packaging by one third by 2030 (from a 2021 baseline)

Ensure 100% recyclable, refillable or compostable packaging by 2030

Use 100% certified or recycled paper by 2025

In FY23, our markets identified individual targets that will help us achieve our global ambitions while recognising that each country has different portfolios and different operating contexts, particularly in terms of systems for managing waste. We have now started implementing measures to help us achieve those targets. However, it is worth noting that the high costs of post-consumer recycled materials (PCR) across the markets has been a significant factor that has challenged our ability to deliver on our Plastic commitment at a faster pace.

Another significant packaging material that we use is paper. Our Paper Promise is our global paper targets to support our business strategy. We have been implementing measures to ensure the proportion of certified or recycled paper that we use grows each year. Certified paper means that all materials used come from responsibly managed, certified forests, such as FSC, PEFC or equivalent certification. Using recycled materials makes the most of precious forest resources and reduces the pressure to harvest more trees. Using certified or recycled paper mitigates the risk of the material originating from unacceptable sources.



Target	FY23 Current reporting year	FY22 Previous reporting year
Reduce virgin plastic in our packaging by one third by 2030 (from a 2021 baseline)	-7.8% compared to baseline	-5.1% compared to baseline
Ensure 100% recyclable, refillable or compostable by 2030	88.4%	83.3%
Use 100% certified or recycled paper by 2025	96%*	49%

\* The data covers over 90% (by tonnage) of our manufactured and third party sourced consumer goods and we are constantly looking to improve our coverage. Certification and recycled content is based on supplier documentation and has not been independently verified or physically reviewed.

In FY23, we upgraded our tracking systems to help us measure and report on our progress towards our new packaging targets. This is done centrally for the purpose of reporting and reflects our product profiles in all markets. This provides us with a detailed overview so we can analyse our performance by quantity of sales, scientific or technical changes to packaging, and changes to the product mix including at a brand level. This system contains all the packaging materials we use, including plastics, paper, metals and glass.

### Plastic: reduce virgin plastic

In the UK, there is a continual focus on reducing plastic use in all our brands through lightweighting bottles and caps, investigating optimum pack sizes and product mix, as well as increased use of post-consumer recycled resins. In FY23, we launched a project to remove plastic in our shower gel bottles, removing 4g of plastic per bottle from our 500ml shower gel range across Original Source & Cussons Creations – saving 166 tonnes of plastic per annum in total. We hope to expand this programme to our 250ml shower gel bottles for these brands in FY24.

In FY23 in Indonesia, we successfully removed all PVC by moving all Cussons Baby packaging to polyethylene. This reduces plastic use as these bags are 55% lighter than the ones we previously used.



#### INDONESIA:

### CUSSONS BABY WIPES PURE AND GENTLE.

In Indonesia, to mark Earth Day, we launched Cussons Baby Wipes Pure and Gentle, which are biodegradable and recyclable. The wipes are the first baby product to be awarded an eco-label certificate from the Ministry of Environment and Forestry. The release of the product was marked by a public presentation which brought together sustainability specialists to discuss environmental concerns and initiatives in place to create a positive future.

We also reviewed the packaging components of Cussons Baby Wipes and have optimised it to achieve a 16% reduction in plastic. In addition to reducing the weight of the packaging, we have made it recyclable by developing a wrapper made of monopolymer.



We also reviewed the packaging components of Cussons Baby Wipes and have optimised it to achieve a 16% reduction in plastic.”



## For Life continued

### Packaging: recyclable, refillable or compostable

Our partnership with CHEP Australia, a supply-chain solutions partner, led to us receive a Sustainability Certificate in recognition of our contributions to the circular economy for sharing and reusing packaging resources. The certificate noted that our use of timber pallets provided by CHEP Australia helped create more sustainable supply chains, saving 2,700 tonnes of carbon dioxide or equivalent greenhouse gases and 1,701 tonnes of solid waste<sup>6</sup>.

In the UK, our Carex brand also saw an increase in the sales of its refill pack which has saved 109 million pumps from landfill since the launch of the programme. We have also relaunched the Imperial Leather brand in the UK in refillable formats, along with new refill packs.

In Thailand, we also launched new Imperial Leather Naturessense soap bars. The packaging is plastic free and recyclable, and the product itself is made from 100% natural exfoliant with a talc-free formulation.

In our African markets, we made progress on our two plastic targets: recyclability of our packaging increased year-on-year by 1.1% and we were able to reduce virgin plastic in packaging by 11.7% compared to FY22.



### ANZ:

## MORNING FRESH REFILL AND BOTTLE FOR LIFE.

We use refill pouches for Morning Fresh dish soap products to encourage consumers to refill and reuse either our plastic bottles or specially designed aluminum 'bottles for life'. In addition to the refill packs which benefit from clear on-pack messaging for consumers that highlights how much plastic they save by buying a refill rather than a new bottle, we have also used this message in our marketing campaign, including TV advertising. Over the last 12 months, our Morning Fresh Refills and Bottles for Life have continued to attract new consumers and this range now accounts for around 4% of our dish soap sales.



<sup>6</sup> CHEP LCAs are independently peer-reviewed and ISO 14044 compliant. Sustainability data and calculation methods are assured by KPMG as part of Brambles' Sustainability Review. The environmental impacts communicated in this Sustainability Certificate are calculated using Life Cycle Assessment studies.



## Carbon and climate

Reducing carbon emissions is a priority for our business.

**Achieve carbon neutrality in our operations by 2025**

**Achieve a 42% reduction in Scopes 1 and 2 carbon emissions (aligned with science-based targets) by 2030**

**Achieve net zero emissions across Scopes 1, 2 and 3 by 2045**

Through our continuous improvement programme in our factories, we continue to incorporate energy reduction initiatives across our sites. In FY22 we defined carbon targets using a FY21 baseline.

Decreasing our direct carbon emissions is also linked to our renewed credit facility, further details of which are provided on page 55 of our Annual Report

The annual reductions we committed to are in line with science-based methodology. Our emissions data has been assured by Verco<sup>1</sup> for Scopes 1 & 2, and by EcoAct<sup>2</sup> for Scope 3, both of which are independent third party experts.

Target	FY23 Current reporting year	FY22 Previous reporting year
Achieve carbon neutrality in our operations by 2025	22% of our emissions	2% of our emissions
Achieve a 42% reduction in Scopes 1 and 2 carbon emissions (aligned with science-based targets) by 2030	-0.3% compared to baseline	+8.5% compared to baseline
Achieve net zero emissions across Scopes 1, 2 and 3 by 2045	Scope 3 calculated and verified	NA

1 Verco provide limited assurance, following the ISO 14064-3:2019 Greenhouse gases – Part 3 standard. Scope: PZ Cussons and all subsidiaries worldwide on an operational control basis. The target verification coverage was 20% of Scopes 1 & 2, both of which were exceeded (94% of both was verified). Based on the verification work undertaken, Verco consider that all material GHG emission sources have been appropriately identified, measured, and reported. All findings that were identified during the audit fell below the threshold of ±5% so were not considered material, and all were rectified prior to the issue of the report and the publishing of the final inventory of GHG emissions.

Following the audit activities, it is Verco's conclusion that there is no evidence to suggest that the GHG emissions statement for FY23 are not materially correct, are not a fair representation of PZ's operations, and are not prepared in accordance with the WRI/ WBCSD GHG Protocol.

2 A limited level of verification was conducted, aligned with the ISO 14064-3:2019 standard specification and guidance for the verification and validation of greenhouse gas statements. The organisational boundary of PZ Cussons was established using the operational control approach, which included those sites which were operational in FY21. Based on the data and information provided by PZ Cussons and the processes and procedures followed, nothing has come to EcoAct's attention to indicate that the Scope 3 emissions total for FY21 (8,682,331 tCO<sub>2</sub>e) are not fairly stated and are free from material error.





## Carbon and climate continued

	FY23 <sup>4</sup> (current reporting year)			FY22 <sup>1234</sup>			FY21 (base year) <sup>123</sup>		
	UK	Global	Total	UK	Global	Total	UK	Global	Total
Cat 11 Use of sold products									7,406,152
Cat 12 End-of-life treatment of sold products									138,062
Cat 13 Downstream leased assets									NA
Cat 14 Franchises									NA

\* All emissions have been calculated following to the Greenhouse Gas Protocol (GHG Protocol). Scopes 1 and 2 have been calculated using actual data whereas our Scope 3 emissions have been calculated using spend as a proxy and industry average emission factors.

\*\* In FY23, we completed baselining our Scope 3 emissions for 2021. We intend to measure and report on our Scope 3 emissions annually in future years.

1 Manufacturing divestments in Australia and Nigeria have necessitated a re-statement of our previous year's data (FY22) to ensure like-for-like comparisons with the current reporting year. We have recalculated our emissions from our base year of FY21 and last year (FY22) to reflect this change in our carbon footprint boundary.

2 Previous year data updated in line with the recommendations made from our external GHG inventory verification.

3 Emissions from activities for which the Company owns or controls including combustion of fuel & operation of facilities (Scope 1) (tCO<sub>2</sub>e).

4 Information assured and verified by Verco Advisory Services Limited.

5 Out-of-Scope emissions relate to our use of biomass for the generation of steam in our Kenyan operations.

6 These relate to our value chain emissions. Under Scope 3 emissions, we report for categories 1-9 (purchased goods and services, capital goods, fuel and energy-related activities, operational waste, business travel, employee commuting, upstream leased assets and downstream transport and distribution) categories 11 and 12 (use of sold products and end-of-life treatment of sold products).

## For Life continued

### Carbon and climate continued

New reporting methodology – Greenhouse gas emissions and energy consumption*									
	FY23 (current reporting year)			FY22			FY21 (base year)		
	UK	Global	Total	UK	Global	Total	UK	Global	Total
Energy consumption used to calculate emissions (MWh)	6,518	169,868	176,386	6,203	177,623	183,826	6,209	158,214	164,423
<b>Scope 1</b>									
Emissions from activities for which the Company owns or controls including combustion fuel & operation of facilities (Scope 1) (tCO <sub>2</sub> e)	642	32,912	33,554	1,141	35,145	36,286	785	30,636	31,422
<b>Scope 2</b>									
Emissions from purchase of electricity, heat, steam and cooling purchased for own use (Scope 2 location-based) (tCO <sub>2</sub> e)	676	5,569	6,245	735	6,290	7,025	833	7,815	8,647
Emissions from purchase of electricity, heat, steam and cooling purchased for own use (Scope 2 market-based) (tCO <sub>2</sub> e)	0	5,569	5,569	0	6,290	6,290	0	7,815	7,815
<b>Total Scopes 1 &amp; 2</b>									
Total gross Scope 1 + 2 location-based emissions (tCO <sub>2</sub> e)	1,318	38,481	39,799	1,876	41,435	43,311	1,618	38,451	40,069
Total gross Scope 1 + Scope 2 market-based emissions (tCO <sub>2</sub> e)	642	38,481	39,123	1,141	41,435	42,576	785	38,451	39,237
Intensity ratio tCO <sub>2</sub> e (Scope 1 + 2 market-based) /£100,000 revenue	0.31	8.61	5.96	0.68	9.80	7.22	0.18	21.55	6.50
Total out-of-Scope emissions (tCO <sub>2</sub> e)	0	2,390	2,390	0	2,343	2,343	0	2,159	2,159
<b>Scope 3</b>									
Cat 1 Purchased goods & services									497,905
Cat 2 Capital goods									389
Cat 3 Fuel and energy-related activities									5,199
Cat 4 Upstream transport & distribution									106,057
Cat 5 Waste generated in operations									205
Cat 6 Business travel									24,996
Cat 7 Employee commuting									2,408
Cat 8 Leased assets									3,751
Cat 9 Downstream transport & distribution									684
Cat 10 Processing of sold products									NA
Cat 11 Use of sold products									7,406,152
Cat 12 End-of-life treatment of sold products									138,062
Cat 13 Downstream leased assets									NA
Cat 14 Franchises									NA
Cat 15 Investments <sup>1</sup>									496,702

\* Scope 1 and 2 emissions excluding PZ Wilmar.

1 Category 15 Investments include emissions associated with the joint venture PZ Wilmar.

## Scopes 1 and 2

In FY23, the Group's carbon footprint for Scopes 1 and 2 decreased by 0.3% (market-based) compared to our baseline, reversing the increase in FY22. We also reduced our energy consumption by 4% compared to FY22.

This year, we have completed a "bottom-up" process where the sites have developed their own continuous improvement plans for reductions to meet the 2030 target. We will also develop "top down" net zero and ESOS audits to be overlayed with the site plans to produce our overall transition pathway to 2045.

In Africa, further reductions in our carbon emissions came from the re-establishment of our gas supply in Nigeria in March 2023, after being required to use diesel as an alternative throughout most of FY23. The restoration of gas meant that our GHG emissions per kWh of electricity produced has reduced by 8%, saving a total of 657 tCO<sub>2</sub>e, and the emissions from our steam generation has reduced by 677 tCO<sub>2</sub>e.

In the UK, we were able to reduce our Scope 1 and 2 due to improved maintenance processes, saving 549 tCO<sub>2</sub>e.

In the UK, we reduced our Scope 1 and 2 after improvements to the maintenance of our refrigerant gases. There was an 86% reduction in refrigerant gas emissions at our Agecroft factory, and an 83% reduction in refrigerant gas emissions at our Head Office, saving a total of 549 tonnes of CO<sub>2</sub>e.

## Scopes 1 and 2 carbon offsetting

In FY23, we achieved carbon neutrality in the UK, Beauty, ANZ and Asian operations<sup>1</sup>. 'Carbon neutrality' means that we have offset our remaining Scope 1 and 2 emissions through the purchase of Gold Standard VER carbon credits. We have done this through a combination of increasing energy efficiency, moving to renewable electricity and through purchasing of carbon offsets. We purchased 13,000 tonnes of CO<sub>2</sub>e offsets, supporting transformation across two projects, one in Nigeria and one in Indonesia. Both projects meet the requirements of the Gold Standard, an internationally recognised offsetting provider.

While we consciously and voluntarily use carbon credits to offset those emissions we have not yet been able to reduce, we remain committed to reducing our overall emissions in absolute terms. We continue to explore additional energy efficiency measures and will provide further updates on our progress in this area in future reports.

## Scope 3

In FY23, we established, for the first time, a baseline for our scope 3 emissions for FY21. We successfully verified all emissions from the applicable categories of the GHG protocol scope 3 guidance by a third party (EcoAct), thanks to the robustness of our data. From FY24 we will establish an annual cycle of calculating and reporting scope 3 emissions and will continue to verify these.

### KENYA:

## MACADAMIA NUTS FOR POWER.

At our Kenya site, macadamia nuts are being used as an alternative fuel to power the boilers. 200 trees have also been planted, and a nature trail has been built at the office site, providing employees with a shaded environment to work in.

### UK:

## ENVIRONMENTAL IMPROVEMENTS AT OUR HEAD OFFICE.

In 2023, our Aviator Way Office refurbishment won the ESG Award at the BCO Northern Awards – recognising it as a project that will have a significant positive influence on the environment, social value, governance or sustainable outcomes in the commercial building sector. Aviator Way was nominated and chosen by regional judges and will now compete for the National ESG Award this October. We are also in the process of gathering data for our submission for WELL certification, which recognises buildings that perform well across dimensions including air, water, nourishment, light, fitness, comfort, and how a space affects its users.

## Targets

In FY23, we undertook an emissions modelling exercise from a 2021 baseline out to a 2030 horizon to understand how our emissions may change over that period. We have mapped projects up to 2030 that will deliver a significant reduction compared to our 2021 baseline.

Understanding our emissions outlook and how it changes depending on different business choices will allow us to set ambitious yet realistic Scope 3 carbon reduction targets.

<sup>1</sup> at a cost of less than £150k. Given this cost is immaterial, we do not consider a specific carbon offsetting accounting policy is required

## For Life continued

### Carbon and climate continued

#### Product carbon footprints

We continue to build our understanding of the carbon footprints of our individual products so that we can apply the learnings to other products. To this end, we continue to be an active member of the EcoBeauty Score Consortium and in FY23 we started implementing a Life Cycle Assessment (LCA) tool (primarily packaging, plastic, packaging profile, choices of products, and emissions profile) to understand new possibilities around new product development and portfolio choices.

#### Reporting on our carbon emissions

We continue to submit reports to the Carbon Disclosure Project. The CDP marking system is an evolving classification that considers the latest climate science and best practice, changing the criteria to obtain top scores over time. In FY23, our score for our Climate submission dropped to a C from a B- in FY22. While disappointing, this was in line with the global average score, which also dropped from B- to C, and with more companies being downgraded from 'leaders' to 'management' and from 'management' to 'awareness'. Multiple factors affected our score drop from B- to C, primarily the increased scrutiny from CDP to help promote stronger climate action. Our peers in the Chemicals sector also saw lower 2022 scores. We continue to focus on improving our climate governance and reporting and will

make a new submission next year, where we will target a higher score. With the work done on Scope 3 quantification and behind other opportunity areas linked to risk management and quantification, we expect an improved score in this year's submission.

We follow the UK Government environmental reporting guidance including the Streamlined Energy & Carbon Reporting (SECR) requirements. In addition, we have also used the GHG Protocol Corporate Accounting and Reporting Standard Revised Edition. Our emissions are calculated using the UK Government GHG Conversion Factors for Company Reporting 2021 & 2022 and the IEA 2019 factors for overseas electricity.

### Waste

#### Targets

**By 2030, we aim to send zero waste to landfill in those countries where appropriate infrastructure exists**

Target	FY23 Current reporting year	FY22 Previous reporting year	FY21 Baseline
By 2030, we aim to send zero waste to landfill in those countries where appropriate infrastructure exists	-49% reduction from FY21 baseline	-20% reduction from FY21 baseline	141 tonnes

**In FY23, we reduced our absolute amount of waste to landfill by 49% compared to the FY21 baseline. Our factories in the UK have achieved zero waste to landfill. Overall, we are making progress towards our target of zero waste to landfill by 2030 in the markets where appropriate infrastructure exists.**

We aim to reduce the amount of solid waste sent to landfill year-on-year, and all our factories and locations have waste reduction programmes in place. We study and map our landfill waste and then use a standard waste hierarchy tool to identify improvement actions, which are implemented via our continuous improvement programme. For example, in Indonesia, we found an additional source for waste manufacturing within the brick industry where a local brick manufacturer now takes some of our waste that would have previously gone to landfill to be used as a fuel source in their kiln.

As part of our carbon reduction efforts, we have moved all our data centres to the cloud. All the redundant equipment was sent to a third-party organisation, EGO, who are dedicated to reusing, refactoring and redistributing technology. We partnered with them as they also have a zero-landfill approach to their business and helped us better manage e-waste.



## Water

### Targets

Reduce water intensity by 30% from 2021 baseline by 2030\*

Target	FY23 Current reporting year	FY22 Previous reporting year	FY21 Baseline year
Reduce water intensity by 30% from 2021 baseline by 2030*	-12% reduction from FY21 baseline	-9% reduction from FY21 baseline	5.64m <sup>3</sup> /t of production

\* Water intensity is defined as the water use per tonne of production net of formulation water.

**Reducing the amount of water we use is important. We have a continuous improvement programme in place to ensure we are using it effectively.**

In FY23, we implemented a new way of measuring our water consumption, to be net of any water included in our formulations. In FY23, we reduced our water consumption per tonne of finished product by 12% compared to a FY21 baseline. Our absolute water consumption decreased by 13.5% against FY22, and overall by 23% compared to a 2021 baseline. For the first time, we have made a Water submission to CDP for FY23, with a view to a full and graded submission annually from FY24 onwards.

In Kenya, we implemented a closed loop system supported by the installation of an effluent plant which treats all effluent so that water can be reused for irrigation and in washrooms. This has resulted in a 20% reduction in water consumption, and no liquid discharge from our manufacturing site into the municipal sewer system.

In Nigeria, we installed a small borehole, as well as installing another variable speed drive system to our large factory borehole pumps. The small bore was installed for weekend and holiday operation, allowing the three large borehole pumps to be shut down when not needed. We also installed a variable speed drive (VSD) onto a second factory borehole pump to control the speed and pressure into the water main. Together, these initiatives have helped us save more than 130 million litres of water across our Africa operations. In FY23, we provided 195 million litres of water to our Ikorodu and Aba host communities in Nigeria.



## For Life continued

### Biodiversity

We purchase and source raw materials that, in some cases, impact on biodiversity and forests. Our most significant purchases are paper-based materials and palm oil. Paper and cardboard are used in shipping cartons, pallet layer boards and some primary packaging and labelling.

#### Targets

**Continue to use 100% responsible palm oil in our products (no deforestation, peat or exploitation)**

**100% of our paper will be certified or recycled by 2025**

We continue working towards 100% NDPE (no deforestation, peat or exploitation) palm oil supply, and in FY22 we made a commitment to use 100% certified or recycled paper by 2025. We have been disclosing data on our deforestation impacts since FY22 to CDP. Our forest submission was scored at a B-, for both paper and palm oil. This is higher than the global average of C. We expect to continue to make annual submissions to CDP Forests, and to disclose our progress in future reports.

Reaching our palm oil target means working with producers that do not contribute to deforestation, degradation of peat or exploitation (NDPE). We maintain our commitment to achieving 100% NDPE compliant supply. Data on our performance is available in the reports published twice a year on our website. We continue to monitor our performance using Starling satellite data. Our 2023 Palm Oil Action Plan focuses on traceability, transformation and independent verification, and ongoing engagement with our suppliers.

#### Progress in delivering PALM target

- 100% of our crude palm oil and palm kernel oil is supplied by direct suppliers with NDPE commitments aligned with ours.
- 98% of palm oil derivatives are supplied by suppliers with NDPE commitments aligned with ours.
- 99.68% of the CPO/PKO we use is fully traceable to mill.
- 93% of the derivatives we use are fully traceable to mill.

#### INDONESIA:

### WORKING WITH THE MULUI COMMUNITY TO CONSERVE INDIGENOUS HABITATS.

We continue to support the Forest Conservation Fund's work in supporting the Mului community in Borneo, Indonesia, through investing in conservation which secures forests, protects biodiversity and reduces carbon impacts in the areas where we source.

In 2018, the Mului Customary Forest was established. The Mului community was given a formal certificate of land title allowing them to manage their ancestral land. Following the success of this project, in FY23 the Mului Indigenous community received the Kalpataru Award from the Indonesian Ministry of Environment under the 'Environmental Rescuers' category. The project has inspired shared learning surrounding the recognition and protection of Indigenous Peoples and their forest conservation in the East Kalimantan province.

We will continue to support the Mului people's conservation activities, in alignment with our commitment to building a deforestation-free palm oil supply chain. This will include continuing to support community patrols that protect the forest from illegal logging, poaching, palm oil extraction and forest fires, as well as biodiversity monitoring. The Forest Conservation Fund will also support the development of forest-friendly businesses that ensure the community has a thriving and food-secure future.

PZ Cussons representatives met with representatives from The Forest Conservation Fund, the Head of Perancit Forest and the village head of Penai in East and West Kalimantan. PZ Cussons also donated a number of products to the Mului community in FY23.



# CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

**As a global consumer goods manufacturer and distributor, we will be exposed to physical and transition climate-related risks and opportunities both within our operations and supply chain. We believe that climate change will require us to protect and prepare ourselves as a business, as well as reduce our own contributions to global greenhouse gas emissions and future environmental change.**

To achieve this, we recognise that it is critical that our stakeholders understand the potential risks and opportunities that climate change presents to our operations, strategy and business viability, and demonstrate that we are effectively managing these risks and opportunities. We support the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). As a premium listed business with over 500 staff and £500m revenue, we are required under FCA Listing Rule LR 9.8.6(8) to provide TCFD aligned disclosures, and by the Companies Act to provide climate-related financial disclosures (CFD). As such, and in line with the BEIS CFD guidance, we have continued to published disclosures aligned to the TCFD recommendations and recommended disclosures, that in doing so, also meet the mandatory CFD requirements. Our TCFD Statement

complies with all requirements except the following disclosures: metrics & targets (b) and strategy (b & c), as we do not disclose Scope 3 for the reporting year and should better link climate risks to critical accounting judgements and provisions, which will also enhance our resilience planning. We do not yet have a transition plan as we only finished establishing our methodology to calculate our Scope 3. We intend to disclose our Scope 3 emissions for FY22, FY23 and FY24 in our next report and we will start work on a transition plan that we hope to have in place within the next two years. We are currently developing processes and policies in order to integrate all of the above into our planning, and we anticipate becoming fully compliant in the coming years.

## Governance

### Board oversight

PZ Cussons' climate risk is ultimately governed and overseen by our Environmental and Social Impact Committee. The Board approves and oversees our Sustainability Strategy, committing the Group to environmental, social and governance performance and delivery against our ESG goals.

The Environmental and Social Impact Committee meets at least twice a year to discuss progress against climate-related KPIs including greenhouse gas emissions, energy consumption, water consumption, waste production and plastic packaging. Climate issues are discussed at least two times per year. The Board has received training on climate change and sustainability matters by our CSO, which we intend to repeat periodically as scientific information and understanding of potential climate change impacts on our business improves. The Board considers climate-related issues when reviewing and guiding mergers and acquisitions. PZ Cussons acquired Childs Farm in 2022 and undertook climate-related risk due diligence before acquisition. All principal risks are reviewed by the Audit and Risk Committee on behalf of the Board prior to annual reporting. During FY22, we conducted a materiality assessment and identified climate change as a principal risk and component in our Sustainability Strategy. Each principal risk is owned by a member of the Executive Leadership Committee.

The Environmental and Social Impact Committee and Chair of the Board have the following responsibilities:

**Reviewing, approving and discussing PZ Cussons' Sustainability Strategy goals including climate goals and implementation plans.**

**Through the Remuneration Committee, to establish a link between ESG outcomes to LTIP (Senior Management Long-Term Incentive Plan). The ESG component of the LTIP is 20% and is aligned to our sustainability goals, including climate commitments, demonstrating how the Board considers importance of climate-related issues among its performance objectives. Climate commitments, specifically emissions reduction targets, make up one-third of the ESG component of the LTIP.**

**Through the Audit and Risk Committee, reviewing and approving reporting plans.**

## For Life continued

### Climate-Related Financial Disclosures (TCFD) continued

#### Management's roles and responsibilities

Our Chief Executive and Chief Sustainability Officer have overall executive responsibility for our ESG policies and climate commitments with other management-level individuals holding responsibility for identifying or enacting change related to climate issues within the business such as the Chief Supply Chain Officer, the Chief Financial Officer and the Head of Risk. The CSO has responsibility for presenting climate-related issues to the Environmental and Social Impact Committee at least two times per year, and to the Risk Committee before annual reporting. We also set a robust chain of governance working top-down through the Environmental and Social Impact Committee, as described previously, followed by the Executive Leadership Team (ELT) made up of the CSO, General Counsel, Head of Marketing, and others; followed by The Sustainability Steering Group, who meets monthly and includes a management representative from each market and each function.

PZ Cussons has also established a dedicated TCFD working group which is made up of the CSO and additional management-level representatives from Finance. This group was directly consulted as part of the development of our TCFD report and provided feedback and recommendations to enhance the quality and consistency of our disclosures.

#### Strategy

We have identified climate change as a key sustainability and environment principal risk; in order to better understand the potential impacts, we have conducted quantitative scenario analysis of physical and transition risks over the short, medium and long term, to stress test the resilience of our business, under a range of future climate scenarios. As an international consumer goods business with main markets in the UK, Nigeria, Indonesia and Australia, our business is exposed to multiple and varying geographical physical and transition risks. The nature of our business means that we have offices and manufacturing facilities spread globally, which further increases our relative exposure to physical risks like extreme weather, and transition risks including changing regulatory environments.

#### Time horizons

We have assessed potential impacts across three time horizons (short/medium/long term) according to our current targets, commitments and useful asset lives.

- Short – Mid-2020s, which is linked to our short-term financial planning horizons
- Medium – Mid-2030s, which is linked to our medium-term commitments and targets
- Long – Mid-2040s, which is linked to the operational lifetime of our existing assets and our net zero commitment

#### Scenarios

We have assessed potential impacts across two future scenarios covering physical and transition risks and opportunities that may impact our business in the future.

1. Net zero scenario: The low carbon revolution is an ambitious scenario that limits global warming to <2°C by 2100 through stringent and immediately introduced climate policies and innovation, reaching net zero CO<sub>2</sub> emissions around 2050. It is linked to RCP2.6, involves more transition risks early on, but manages to limit physical risks to a minimum. (NGFS Scenario: Net Zero 2050)
2. Current policies: Assumes that only currently implemented policies are preserved. World does not cut emissions and climate change accelerates causing 2.5°C of warming by 2050 and >4°C by 2100 bringing irreversible changes. It is linked to RCP8.5, involves little to no transition risks early on, but results in irreversible and globally disrupting physical risks. (NGFS Scenario: Current Policies)

#### Transition risks

Transition risks were assessed considering possible risks and opportunities for PZ Cussons over the short, medium and long term resulting from economic, market and regulatory changes. Financial modelling has been conducted for these transition risks utilising available PZ Cussons data; and assumptions and external data from sources including: the International Energy Agency (IEA), the Network for the Greening the Financial System (NGFS), International Institute for Applied Systems Analysis preparing the Shared Socioeconomic Pathways (SSP) and the Intergovernmental Panel on Climate Change (IPCC).

#### Physical risks

Physical risks were assessed by modelling the exposure of PZ Cussons' facilities across manufacturing, storage, and distribution operations with the assistance of a third party provider, leveraging tools and models developed for the insurance industry integrating climate projections. We also assessed the risk to selected global key suppliers of raw and packaging materials and finished goods. Exposure was assessed for a range of acute and chronic climate risks under two physical risk scenarios, specifically RCP2.6 and RCP8.5. We will continue to analyse the detail of these physical risks, the resilience of the organisation and putting in place mitigation plans which will be disclosed in ARA24.



## Considering risks on our business, strategy and financial planning

Climate risks have been considered through our financial modelling of transition and physical risks for FY23, to establish the relative low/medium/high impact on the business over three different time horizons and two scenarios. We have considered the impact of the identified climate-related risks and opportunities on the business and strategy, and embedded mitigating actions amongst our transition risks and opportunities in Table 1 to manage potential risks and capitalise on potential opportunities. PZ Cussons is undertaking further analysis to fully embed climate risks into the business and strategy, especially within the financial planning processes, and will aim to disclose how these risks are considered in our financial planning processes in future disclosures.

We are continually reviewing, updating, and enhancing our understanding of climate-related risks and opportunities and the resultant impacts on our business in light of external trends, new information, and changes to our business. We will continue to assess changes to our overall resilience as our understanding of climate-related risks and opportunities matures, and if our business strategies change.

We are in the process of developing our transition plan in line with Transition Plan Taskforce (TPT). For more information, please refer to the Climate and carbon section in our Annual Report which describes our progress to date against our climate-related targets and our initiatives for reducing carbon emissions.

Based on the results of our risk assessment and scenario analysis, we believe that the mitigation plans that are in place and further mitigation actions will provide business and organisational resilience to our short-medium term risks, including under a <2°C scenario (our net zero scenario) and we consider our strategies to be appropriate to manage our identified risks. We will continue to assess our climate-related risks and opportunities under different scenarios and determine our overall resilience, as we acknowledge that changes to both internal and external factors over time will impact the resilience of our business strategies to climate change.

## Risk management

Climate-related risks are integrated into our overall risk management processes. Our risk management process is based on a common risk framework to ensure we identify, assess and mitigate all risks i.e., product safety and quality, health and safety, cyber security, legal compliance, climate change, environmental, and regulatory compliance risks that threaten the successful delivery of our strategic objectives. You can find full details on our risk management in our Annual Report.

Specifically, our Risk Management Methodology on page 67 of our Annual Report describes our processes for identifying, assessing and mitigating all risks, including climate-related risks. We also identify new and emerging risks through a number of channels. Climate change forms part of our 'sustainability and the environment' principal risk, with further information on how we manage this risk provided in our Annual Report.



## For Life continued

### Climate-Related Financial Disclosures (TCFD) continued

Material risk or opportunity	Time horizon	Potential financial impact	Modelling approach	Scenario	Relative Impact			How we're responding
					2025	2035	2045	
<b>Physical risk: PZC operations physical impacts</b>  Business interruption of PZC's operation caused by climate change impacts such as, extreme heat, extreme rainfall, heat stress, precipitation stress, drought stress, fire, sea level rise.	Medium to long term	PZC's direct operations might be affected by physical impacts which may lead to increased costs for repair/ retrofit, as a result of operational outages.	Exposure of each asset determined based on location and the severity /intensity of a climate hazard occurring at each location, with the value exposed being the full asset value located in an area of material climate hazard intensity.	Net zero	L	H	H	PZC will continue to analyse a variety of locations which are key to the business covering important parts of the value chain, our internal operations and important customer markets; and use scenario analysis and climate modelling to better understand the range of physical risks that the Company is exposed to.  <b>Highest exposure countries: Nigeria, Indonesia</b>
				Current policies	L	H	H	
<b>Physical risk: Supplier operations physical impacts</b>  Business interruption of PZC's suppliers' operations caused by increased frequency and severity of flood risk.	Long term	PZC's supply chain might be disrupted by physical risks resulting in increased costs and loss of revenue due to changes in the availability of goods and services from suppliers.	Exposure of each asset determined based on location and the severity /intensity of a climate hazard occurring at each location, with the value exposed being the full asset value located in an area of material climate hazard intensity.	Net zero	L	H	H	PZC analyses exposure for a range of acute climate risks and puts mitigation plans in place. Further mitigation actions will provide business and organisational resilience to acute/ chronic risks.  Alternative suppliers with lower exposure to climate risk might be taken into consideration to mitigate future risk.  <b>Highest exposure countries: China, Taiwan</b>
				Current policies	L	H	H	
<b>Transition risk: Carbon pricing</b>  <b>Scope 1 &amp; 2</b> Increased costs associated with carbon pricing and taxation.  <b>Scope 3</b> Increased costs associated with carbon pricing.	Short to medium term	Carbon pricing already exists in some of the jurisdictions PZC operates in, including the EU and UK. Under different scenarios, carbon taxes expected to increase, which could increase PZC's direct operating costs resulting in loss of revenue.	Carbon prices from NGFS applied to our long-term emissions forecasts.	Net zero	L	L	M	In our Sustainability Strategy we are setting ambitious targets to reduce GHG emissions throughout our value chain, reducing our dependence on future carbon taxes and voluntary offset markets. We also monitor government policies and climate change actions and take necessary steps to minimise the impact on our business.  <b>Highest exposure country: Nigeria</b>
				Current policies	L	L	L	
				Net zero	L	H	H	
				Current policies	L	L	M	

Material risk or opportunity	Time horizon	Potential financial impact	Modelling approach	Scenario	Relative Impact			How we're responding
					2025	2035	2045	
<b>Transition risk: Extended Producer Responsibility</b>  Introduction of carbon footprint labelling and Extended Producer Responsibility (EPR).	Short to medium term	Increasing regulatory pressure and taxes regarding the sustainability of materials used in the manufacturing of products may impact asset values and revenues through decreased capacity.	Estimated EPR costs applied to our long-term packaging forecasts	Net zero	L	H	H	We monitor regulatory developments and work with the wider industry to prepare.  Last year, we joined the EcoBeauty Score Consortium, which seeks to develop an industry-wide and standardised carbon-labelling methodology. We also updated our plastic packaging to include at least 30% PCR material in markets where plastic tax exists. We continue to develop our preparedness for the likely increased regulation in this space.
				Current policies	L	L	L	
<b>Transition Risk: Cost of energy</b>  Abrupt and unexpected shifts in energy costs.	Short to medium term	PZC anticipates higher levels of energy price volatility. This will impact energy costs associated with PZC's operations, which will also affect our supply chain resulting in increasing costs and loss of revenue.	Energy prices from NGFS applied to our long-term energy forecasts.	Net zero	L	L	L	To minimize the risk of increased cost of energy, we continue to incorporate energy reduction initiatives across our sites. Through our continuous improvement programme in our factories, we continue to incorporate energy reduction initiatives across our sites.
				Current policies	L	L	L	
<b>Opportunity: Energy efficiency</b>  Reduced energy costs through efficiency gains and cost reductions.	Short to long term	Reduced energy costs may decrease PZC's operational costs.		Net zero	L	L	L	We will continue to further improve the energy efficiency of our assets and our suppliers through our continuous improvement programmes, which will also result in lower operational costs. For example, in FY22 we completed a review of our shrink tunnels on our packaging lines to optimise energy efficiency to give an annual energy saving of 50,000 kWh/year.
				Current policies	L	L	L	

**Highest exposure country: UK**

**Highest exposure country: Nigeria**

**Highest exposure country: Nigeria**

### Relative Financial Impact Legend – Per annum impact

We define low/medium/high relative impact based on the net profit financial impact thresholds from our Risk Management Methodology:

#### Low Risk (L)

Insignificant – moderate financial impact: <5% net profit

#### Medium Risk (M)

Major financial impact: >5% and <10% net profit

#### High Risk (H)

Severe financial impact: >10% net profit

## For Life continued

### Climate-Related Financial Disclosures (TCFD) continued

#### Metrics and targets

We consider greenhouse gas emissions, energy consumption, landfill waste, water consumption and packaging data metrics as principal metrics allowing us to monitor progress regarding climate-related risks and opportunities. These climate-related metrics are incorporated into remuneration policies, and relevant targets were met during the FY23. The whole Executive Leadership Team's LTIP, including the CSO, have a climate mitigation goal in the form of an emissions reduction target linked to their remuneration. The climate goals are long term and success is demonstrated by progress against the trajectory we have committed to.

We will continue to ensure our metrics and targets are appropriate for our risk profile and will expand our metrics in the future taking into consideration the TCFD all sector and cross-industry metric guidance. We currently use our existing environmental metrics to track progress against our targets, and are in the process of developing KPIs aligned to our climate-related risks and opportunities to enable us to better track and manage these over time. Full details on our metrics and targets, including the KPIs we use to track progress against our targets, can be found on pages 30 to 39 in our Annual Report.

We do not currently have an internal carbon pricing mechanism, however, we will continue to assess the feasibility of introducing one to mitigate our external exposure to carbon taxation and legislation.





# FOR GOOD.



**WE BEHAVE ETHICALLY AS A BUSINESS, THROUGH THE DECISIONS WE MAKE AND THROUGH OUR CORPORATE AND ENVIRONMENTAL AND SOCIAL IMPACT GOVERNANCE PROCESSES.**

## Introduction

**We operate in a business environment which is open, honest and fair with our suppliers, customers and business partners, and we do not tolerate corruption. Our ethical principles require that we show respect and integrity in our dealings with all our stakeholders.**

The policies and standards which govern our approach include:

- Code of Ethical Conduct
- Modern Slavery Act Statement
- Supplier Code of Conduct
- Animal Testing Policy



## Code of Ethical Conduct

**The Code of Ethical Conduct (the Code) sets out our statement of ethical principles and the behaviours expected across the business. It provides rules and guidance to ensure we comply with the UK Bribery Act and equivalent legislation in other countries. The Code applies to all employees, contractors, Directors and senior management, as well as joint venture partners, suppliers, agents, consultants and advisers.**

The Code also sets out our position on animal testing, anti-slavery and forced labour, supply chain due diligence, our responsibilities towards our employees, the prevention of financial crime (including zero tolerance of all forms of bribery and corruption and the prohibition of payment of bribes, kickbacks, and facilitation payments) and the protection of whistle-blowers. The Code is supported by a number of other policies which are set out in detail in the Audit & Risk Committee report on page 96 of the Annual Report.

In FY23, we conducted a Code of Ethical Conduct confirmation survey which was completed by all eligible employees. The confirmation sought feedback on the level of embeddedness of our Code and how well it was understood across our business. The feedback showed a strong understanding of the Code and the procedures in place to make whistle-blowing reports.

As part of the new joiner process, and with the use of Workday and Trace International LMS portal, we have now implemented a process that requires all new joiners to confirm that they have read the Code and completed the ABC training within their first month. Additional face-to-face training on the Code was also conducted in high-risk markets by the Head of Ethics & Compliance and local compliance champions. Face-to-face training was conducted for employees at a number of our factory sites, with over 600 staff attending.

## For Good continued



### Modern Slavery Act and Supplier Code of Conduct<sup>12</sup>

**Our Slavery and Human Trafficking Statement sets out our commitment to detecting and preventing the use of all forms of slavery in our supply chain. It is supported by our Supplier Code of Conduct (SCOC) and procurement policies to ensure that we do not engage directly or indirectly with slavery or human trafficking.**

In FY23, we published our first Human Rights Position Statement which can be found [here](#). All suppliers are encouraged to submit to third party rating programmes such as SEDEX.

Our SCOC incorporates our Modern Slavery Act Statement and mirrors our ethical principles set out in the Code of Ethical Conduct, requiring our suppliers to adhere to the same standards to which we hold ourselves, including but not limited to, compliance with relevant laws and regulatory standards in all countries in which we operate. 90% of our direct suppliers have signed it and 95% of our high-value vendors have agreed to the SCOC, or demonstrated they maintain an equivalent code within their business.

In FY23, we published our Supplier Sustainability Charter [here](#), which is a statement of key principles around supplier ESG behaviour. It builds on our Supplier Code of Conduct to encourage more sustainable behaviour in our supply chain [here](#).

All new suppliers are subject to pass through a third party risk centre platform that conducts due diligence, which is implemented by Dow Jones. 100% of our new suppliers have done so and all high-risk suppliers have been issued with a questionnaire requiring further information before being considered for approval or rejection by our procurement teams.

In parallel, we plan to reduce the number of suppliers we work with to improve governance and control. We also monitor and report twice a year on our performance against our No Deforestation, No Peat, No Exploitation (NDPE) commitment in relation to the palm oil we purchase and use.

<sup>12</sup> Important notice. Disclaimer: The companies in which PZ Cussons plc directly and indirectly has an interest are separate and distinct legal entities. In this document, "PZ Cussons" and "Group" are used for convenience only where references are made to PZ Cussons plc and its subsidiaries in general. These collective expressions are used for ease of reference only and do not imply any other relationship between the companies. Likewise, the words "we", "us" and "our" are also used to refer collectively to members of the Group, or to those who work for them. These expressions are also used where no useful purpose is served by identifying the particular company or companies.

## Animal testing

**We are passionately against animal testing. We do not test finished products or ingredients on animals, and do not permit our suppliers or any third parties to test on our behalf.**

Our suppliers must accept those terms to work with us. We will not sell our products, directly or indirectly, in any manner which would require them to be tested on animals prior to reaching our consumers. In the UK, all our personal care products are accredited by the Vegan Society, meaning they are free from animal ingredients, and we are a

partner of PETA's Beauty Without Bunnies Programme, meaning that all personal care and beauty brands are certified as free from animal testing. This year we are working to incorporate our major Australian brands into the programme.

