Sustainability Report

combined separate non-financial declaration

2023/2024

Content

SUSTAINABILITY REPORT –

COMBINED SEPARATE NON-FINANCIAL DECLARATION 2023/24

Combined non-financial declaration

About the combined non-financial statement

In accordance with Sections 315b, 315c HGB in conjunction with Sections 289b to 289e HGB and Article 8 of the EU Taxonomy Regulation (EU)[1], the following summarized non-financial (Group) statement (nfd) has been prepared for Douglas AG and the DOUGLAS Group. The nfd is a separate section of the combined management report. It comprises the key information on the five required aspects: Environmental Matters, Employee Matters, Social Matters, Respect for Human Rights, Anti-Corruption and Bribery, and EU Taxonomy. The DOUGLAS Group did not use an international framework to prepare the nfd, but instead oriented itself to the content requirements of the CSR-RUG. The content is not subject to the statutory obligation to audit the combined management report.

As part of the reporting process, DOUGLAS has examined whether there are any material risks to the above-mentioned aspects within the meaning of Section 289c (3) and (4) and Section 315c HGB that result from the company's own business activities, its business relationships and its products or services and that are very likely to have or could have serious negative effects. DOUGLAS has not identified any such risks that would be reportable. Further information can be found in section Risk and opportunities report of this combined management report.

Description of the business model

The DOUGLAS Group a the leading omnichannel provider of premium beauty products in Europe and is active in 22 countries. A detailed description of the business model can be found in Chapter 2 "Business model and Group structure" of the combined management report.

Derivation of material topics

The materiality analysis carried out by DOUGLAS in 2021, which aimed to identify the priorities of stakeholders and determine the factors that are material to the long-term success of the company, forms the basis for the selection of the matters presented in this declaration. These form the basis for DOUGLAS' ESG activities and the basis for the update of the DOUGLAS ESG strategy in the prior 2022/2023 financial year. The materiality analysis was reviewed in the past 2023/2024/2024 financial year. In this context, DOUGLAS included the aspects of human rights as well as corruption and bribery as additional material topics in order to reflect all aspects required in accordance with Section 289c (2) HGB. The other topics remained unchanged and the materiality analysis was again confirmed by the Management Board.

As part of our preparations for the reporting requirements of the Corporate Sustainability Reporting Directive (CSRD), we are currently updating the materiality analysis - taking into account the required dual materiality approach (including the relevant internal and external perspectives). This involves reviewing stakeholder priorities and determining the factors that are material to DOUGLAS' long-term success in order to identify an updated list of material topics.

[1] Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088

The material topics on which the combined non-financial declaration 2023/2024 is based are presented in the following table

Aspects required by CSR-RUG	Reported topic	Reported in
Environmental Matters	Climate protection and emissions	Environment
	Sustainable logistics and resource efficiency	Environment
	Products	Environment
Human rights	Human rights	Social
Employee Matters	Employee retention	Social
	Diversity, equality and inclusion	Social
Social Matters	Customer satisfaction Data protection	Social
Combating corruption and bribery	Avoidance of corruption and anti-competitive behavior	Compliance and CSRD

Organizational anchoring and responsibilities

Since the publication of the first Group-wide sustainability strategy in 2022, the DOUGLAS Group has significantly increased its sustainability activities: In the prior 2022/2023 fiscal year, our sustainability strategy was updated and, within this framework, clear goals were formulated for the Group and action plans defined. In the 2023/2024 fiscal year, all DOUGLAS national subsidiaries and the central functions drew up individual sustainability plans derived from the Group strategy and the three focus areas PEOPLE, PLANET, PRODUCTS. In the PEOPLE area, DOUGLAS concentrates on promoting diversity, equal rights and integration as well as on further developing the corporate culture and employer attractiveness. In the PLANET area, we are continuously working to reduce our emissions and energy consumption in the stores, offices and warehouses, as well as waste and emissions from the supply chain and the environmental footprint of our store design. In the PRODUCTS area, we want to cooperate with our brand manufacturers on sustainability issues, develop our own brands into frontrunners in sustainability and help our customers to make well-informed purchasing decisions with regard to sustainability.

DOUGLAS' ESG (Environmental, Social and Governance) governance and management structure reflects the importance of suatainability for the DOUGLAS Group. Responsibility for ESG lies at Management Board level with CEO Alexander van der Laan. In order to effectively implement our sustainability strategy and to promote and integrate the sustainability transformation throughout the company, we have defined clear responsibilities and accountabilities. An important tool for this is the linking of sustainability targets with the remuneration system for the Management Board and top management. The set up of ESG roadmaps was included as one of four KPIs as a quantitative target and accounts for 15% of short-term management remuneration (see also the comments in the remuneration report on page 217).

In DOUGLAS' ESG governance structure, the ESG Committee acts as the central steering and decision-making body under the chairmanship of CEO Alexander van der Laan. Other members are CFO Mark Langer as well as executive managers from the relevant central functions and the CEOs of the five DOUGLAS regions DACH (Germany, Austria, Switzerland), BENE (Netherlands and Belgium), France, Southern Europe (Italy, Iberian Peninsula and Adriatic region) and CEE (Central-Eastern Europe). They are responsible for the DOUGLAS Group's sustainability strategy and for strategic decisions in the relevant areas and have drawn up individual country and function-specific sustainability plans to translate the Group's goals into the entire organization.

The Supervisory Board is regularly informed about sustainability issues within the DOUGLAS Group's corporate strategy by the Management Board. At an operational level, the Group-wide ESG Council implements the strategic initiatives as part of the sustainability strategy. The Council also acts as a sounding board for the ESG Committee, points out risks and informs the ESG Committee about progress and successes. The ESG Council is made up of representatives from the relevant central functions - such as Human Resources, Real Estate, Own Brands or Purchasing - as well as the country segments. The work of the ESG Committee and the ESG Council is supported by our Group ESG team, which is led by our Head of Sustainability. The Group ESG team develops the strategic sustainability framework, is responsible for regularly reviewing the strategy and monitors its implementation. It also coordinates and leads stakeholder management and engagement. The Head of Sustainability reports to the Senior Vice President Group Communications & Sustainability. Both are members of the ESG Committee, chair the ESG Committee and also ensure a continuous exchange with the Management Board. Sustainability initiatives across the Group are designed to be cross-functional to ensure alignment with business priorities and a long-term focus on sustainability.

Code of Conduct (Compliance) incl. CSRD

COMPLIANCE AND PREVENTION OF CORRUPTION AND ANTI-COMPETITIVE BEHAVIOR

DOUGLAS has an established compliance management system. This is supported by the Management Board and is an essential component of the DOUGLAS corporate culture for adherence to the principle of legality. The compliance management system is part of the DOUGLAS ESG strategy and makes a substantial contribution to this with its various elements.

GOALS

In the past financial year, the main objective of the Compliance department was to establish a new compliance organization. This was necessary as the previous Audit & Compliance department was split up and responsibilities were separated. Employees were assigned to either the Audit department or the newly formed Compliance organization according to their qualifications.

Our whistleblower system has various options for reporting any compliance violations: in addition to personal reporting offices, there are technical solutions such as a hotline or the option of submitting a report anonymously in a software tool not hosted by DOUGLAS. The whistleblower system has been communicated internally and we aim to continuously raise awareness among our employees.

MEASURES

We were able to recruit employees for a new, four-person Group Compliance team within a short space of time, some of whose members took up their positions already during the reporting period. It is the responsibility of the Group Compliance Office to update the compliance management system and ensure that the system is more firmly anchored within the Group. Internationally, the compliance structures in the national companies need to be strengthened and responsibilities defined.

The DOUGLAS Group companies have received various reports over the past twelve months. All reports were processed. None of the DOUGLAS Group companies received reports of serious compliance violations that would have required more intensive investigation.

In the past reporting period, we took measures to increase awareness of our whistleblower system. Among other things, a link to the whistleblower tool was integrated into the homepages of our websites in various countries. These measures have led to an increase in the number of reports received.

DOUGLAS has a Code of Conduct that provides employees with guidance and raises awareness of compliance and the corporate culture. Every new employee at the headquarters receives training on the Code of Conduct as part of the onboarding process.

The avoidance and best possible prevention of corrupt behavior is an integral part of ethically impeccable and lawful conduct. The DOUGLAS Group expects all employees to comply with all relevant laws in their day-to-day business activities. This also includes the legal norms that regulate corruption and bribery in the respective local laws of the DOUGLAS Group companies. DOUGLAS pursues a zero-tolerance strategy on these issues out of inner conviction.

Preventive work is at the heart of compliance activities. It is part of the DOUGLAS Group's philosophy that employees should be empowered to recognize and manage critical situations in advance. All relevant rules can be found in the DOUGLAS anti-corruption guidelines on the intranet.

The Compliance department offers all employees comprehensive advice. This service is offered in particular in the run-up to an invitation or when a specific situation arises if employees suspect a possible risk of corruption or bribery. The Compliance Team examines the facts of the case carefully and swiftly. The results and the underlying motives are then explained to the inquirer. In the event of a negative decision, the Compliance department, together with the relevant specialist department, offers to work out a legal solution to the matter.

Communicative measures are an elementary component of the DOUGLAS compliance management system. In the future, this aspect will be reinforced by various measures to further strengthen compliant behavior among DOUGLAS Group employees.

The compliance strategy is to be realigned in the 2024/2025 financial year. The previously decentralized strategy is to be replaced by a centralized one. In future, all compliance activities are to be developed by the members of the Group Compliance Office at the company headquarters. The basis for this strategy is a uniform understanding that is to be classified and communicated by the Management Board.

In conclusion, it should be noted that DOUGLAS is also well positioned due to its clear stance on compliance, even if further steps can be taken and measures implemented in individual areas.

CORPORATE SUSTAINABILITY REPORTING DIRECTIVE (CSRD)

In light of the European Regulation on the Corporate Sustainability Reporting Directive, we are updating our materiality analysis in line with the dual materiality approach as part of our preparations for the CSRD reporting obligations. In addition, we are already improving all necessary systems and processes in order to meet the requirements of the CSRD and to be able to report in accordance with the European Sustainability Reporting Standards (ESRS) from the coming 2024/25 financial year. Our basic approach is to integrate our responsibilities, processes, data and IT landscape for ESG reporting into the already established financial reporting structures.

Environment

As a leading omnichannel provider for premium beauty in Europe, DOUGLAS bears responsibility for climate protection and the use of resources. The around 1,880 stores across Europe as well as various administrative locations and the vehicle fleet consume energy and other resources. Climate-relevant emissions are also generated along the entire value chain, including the products sold and logistics. Business operations also require the use of different materials, particularly in the areas of packaging as well as in furnishing of our stores. Climate protection and intelligent energy and resource management are therefore a central component of our sustainability strategy.

Climate protection and emissions

GOALS

As a first step, DOUGLAS has set itself the goal of reducing its directly influenceable greenhouse gas emissions - Scope 1 and 2 emissions - measured in tons of CO2 equivalents, by 50% by 2025 compared to the base year 2018/19. However, we intend to reduce emissions not only in our own area, but along the entire value chain and therefore plan to develop further reduction targets for Scope 1 to 3 emissions by 2025 in line with Science-Based Targets. An overview of Scope 1, Scope 2 and Scope 3 emissions can be found in the table of performance indicators below.

Energy consumption in stores, offices and warehouses is a significant factor in the generation of greenhouse gas emissions. In addition to reducing greenhouse gas emissions, DOUGLAS has therefore set itself the goal of reducing total energy consumption by 50% by 2027 compared to the 2018/19 fiscal year.

MANAGEMENT APPROACH AND MEASURES

In the 2023/2024 financial year, the project to update our climate targets was launched, intending to submit to the Science Based Targets Initiative (SBTi) for validation as soon as possible. As part of this, we are also setting corresponding emission reduction targets for relevant Scope 3 categories. In the course of this, we have also identified all Scope 3 categories relevant to DOUGLAS in accordance with the requirements of the Greenhouse Gas Protocol (GHG) and developed methods for collecting and calculating them. We are integrating the data collection and calculation processes required for GHG-compliant CO_2 accounting into our controlling organization and are consistently expanding the IT systems, processes and role concepts already established to include ESG. We are also working on determining and evaluating the environmental footprint of our own-brand products (see also section 2.3 Products). In doing so, we also calculate the greenhouse gas emissions caused by our own-brand products, which represent a significant component of our Scope 3.1 emissions. For the initial determination and accounting of our Scope 3.2 greenhouse gas emissions caused by the materials used for furniture and furnishings in our stores, we work closely with our Store Fittings department.

In order to achieve the goal of reducing energy consumption by 50% by 2027 compared to the 2018/19 financial year, a Group-wide "Energy Council" was set up to serve as an interface for the transfer of energy knowledge within the Group. The members comprise managers from the headquarters in Düsseldorf, including our CEO, CFO and the regional CFOs, as well as the relevant experts for real estate and energy management.

The aim is to raise awareness in all countries of how energy consumption can be reduced and to provide specific instructions on energy use. In addition, a catalog of relevant ESG criteria has been integrated into the decision-making process for real estate investments in order to consistently take sustainability-related aspects into account.

In order to further improve the transparency of energy consumption and implement measures in a more targeted manner, DOUGLAS launched a Group-wide project to implement smart meters in all stores in the past fiscal year. As part of the project, smart meters are to be installed in all stores by the end of 2024/25. To enable data-based energy management, a comprehensive monitoring system will be introduced in parallel with the implementation of the smart meters. DOUGLAS will use this data to further optimize energy efficiency in the stores over the coming years.

In the 2023/2024 financial year, the conversion from light bulbs to LEDs was driven forward in order to achieve the target of converting all sales areas across the Group to LED by 2027. Currently, the sales areas of around 50% of stores are already lit with LEDs. The majority of sales areas in Germany, Belgium, Spain, Portugal and Poland are already equipped with LED lighting. In France, a further 114 stores were converted this financial year, meaning that 42% of all stores there have now been converted to LEDs.

In addition, other technical devices such as air curtains and air conditioning systems are gradually being replaced by environmentally friendly alternatives and, where possible, powered by renewable energy. While buildings in Germany and Austria have been supplied with renewable energy across the board since the 2022/2023 financial year, we also switched to renewable energy in Belgium, the Netherlands, Spain, Italy, Portugal, Romania and Lithuania in the past 2023/2024 financial year.

Our Düsseldorf headquarters building has been certified with LEED[2] Gold Green Building status, awarded by the German Sustainable Building Council (DGNB), confirming that the renovation of the building has met certain requirements in several environmental categories. In the past 2023/2024 financial year, the DOUGLAS administration in Romania moved to one of the most sustainable office complexes in the country, Oregon Park in Bucharest.

As almost all DOUGLAS stores are leased, we are in continuous dialog with our landlords to find joint solutions for reducing greenhouse gas emissions in our stores. In this context, the DOUGLAS Group has already concluded framework agreements for green lease[3] contracts with some of Europe's largest landlords - such as ECE, Klépierre and URW - in the course of 2024, which meet certain sustainability criteria and standards1 . DOUGLAS aims to conclude further green lease agreements in the future.

Transportation, logistics and the supply chain account for a large proportion of our CO_2 emissions and DOUGLAS has set itself the goal of reducing greenhouse gas emissions in both the B2B and B2C areas. The DOUGLAS Group has therefore initiated a series of measures to make logistics more efficient. For example, the frequency of store deliveries has been reduced and the use of trolleys has been optimized. In addition, we are working with our suppliers and service providers on innovative concepts to reduce emissions when delivering to our warehouses, for example by using double-decker trucks and HVO 100, a sustainable fuel that replaces fossil fuels. The implementation of the "One Warehouse, All Channels" ("OWAC") strategy also leads to significant CO_2 savings due to the reduced number of warehouses. We already use CO_2-neutral services from third-party providers for deliveries to the customers in Germany and intend to expand these in other countries in the future. Furthermore, the range of pick-up and return points for customers is to be expanded.

PERFORMANCE INDICATORS

In recent years, we have already reported sections of our carbon footprint and continuously developed the determination and balancing of the CO_2 emissions relevant to DOUGLAS. In 2024, we were finally able to fully identify,

[2] Leadership in Energy and Environmental Design

[3] : Green leases are lease agreements that align the interests of the tenant and landlord in terms of sustainability, including energy efficiency, water conservation and other environmentally friendly measures. The tenant is committed to using the property sustainably and the landlord is committed to managing the property sustainably to improve the environmental performance of a building.

record and balance all emission categories relevant to DOUGLAS. The reported emissions in categories Scope 1, 2 and 3 correspond to the Greenhouse Gas (GHG) Protocol, a globally recognized and standardized framework for measuring and managing greenhouse gas emissions in private and public companies. The classification of the various emissions is based on the origin of the emissions. Scope 1 covers direct emissions from sources under our direct control. Scope 2 covers indirect emissions resulting from the consumption of purchased energy and Scope 3 includes all other indirect emissions along the value chain, including both upstream emissions (which arise in connection with the goods and services purchased) and downstream emissions (which are associated with the goods and services sold).

ENERGY CONSUMPTION

Energy Source	2018/19	2022/23	2023/24			
	Total mWh	Total mWh	Total mWh	Stores mWh	Offices mWh	Warehouses mWh
Mix Electricity		84.532,5	54.438,9	48.318,2	2.196,2	3.924,6
Renewable Electricity		34.693,7	46.503,8	43.506,3	399,7	2.597,9
Electricity	**137.660,3**	**119.226,2**	**100.942,8**	**91.824,4**	**2.595,9**	**6.522,5**
Natural gas			12.640,4	6.578,4	889,3	5.172,8
Oil			15,4	-	-	15,4
District heating			1.484,5	1.426,3	9,7	48,4
Heating	**43.621,1**	**46.858,0**	**14.140,3**	**8.004,7**	**899,0**	**5.236,6**
Total energy consumption [1)]	**181.281,4**	**166.084,1**	**115.083,0**	**99.829,2**	**3.494,8**	**11.759,1**

Footnote 1): The estimate of energy consumption for heating for the previous year 2022/2023 was updated retrospectively due to the significantly improved availability of data in 2023/2024 and therefore more plausible estimation factors.

The table above shows the DOUGLAS Group's energy consumption in the 2023/2024 financial year compared to the previous year and the base year 2018/19 for all buildings used by DOUGLAS. 71% of the energy consumption shown is based on primary data from meter readings and invoices, while 29% of the data was estimated. The estimation method applied for this purpose uses a daily factor for kilowatt hours per square meter, which is derived from the activity data of DOUGLAS-specific building groups. The method was already used in the previous year and was further developed in the current financial year to enable a precise and more building-specific estimate.

In the previous year, energy consumption amounted to 166,084.1 mWh, which corresponds to a total energy consumption of 298 kWh per square meter of retail space. In the 2023/2024 financial year, energy consumption decreased by 31% to 115,083 mWh, which corresponds to a total consumption of 207 kWh per square meter of retail space. As a result, energy consumption was reduced by 37% in the past financial year compared to the base year.

We attribute the significant reduction in our energy consumption primarily to our employees' greatly increased awareness of the need to use energy carefully. In addition, the extensive and effective measures of the Energy Council, as outlined above, have made a significant contribution to this success.

The table below shows the emissions emitted by the Douglas Group in metric tons (t) of CO2 equivalents (CO2e), broken down into Scope 1, 2 and 3.

SCOPE 1 - 3 EMISSIONS

GHG Category	2018/19 t CO2e Total	2022/23 t CO2e Total	2023/24 t CO2e Total
1.2 Direct emissions from mobile combustion [1]	2.820,0	1.391,0	**1.447,7**
1.3 Fugitive Emissions	-	3.143,0	**1.282,3**
Scope 1	**2.820,0**	**4.534,0**	**2.730,0**
2.1 Indirect emissions from purchased electricity [2]	**57.634,0**	**32.617,0**	**18.645,2**
Emissions from generation of natural gas	6.400,0	5.450,2	2.457,6
Emissions from generation of district heating	3.656,0	1.514,0	377,1
Emissions from generation of burning oil	-	-	4,4
2.2 Indirect emissions from generation of purchased heating/cooling [3]	**10.056,0**	**6.964,2**	**2.839,1**
Scope 2	**67.690,0**	**39.581,2**	**21.484,2**
Subtotal [4]	**70.510,0**	**44.115,2**	**24.214,3**
3.1 Purchased goods and services	**83,0**	**72,0**	**74.459,4**
3.2 Capital goods	-	-	**4.793,0**
3.3 Fuel and energy related activities [5]	**18.450,0**	**13.493,5**	**7.241,4**
3.4 Upstream transportation and distribution [6]	**5.980,0**	**16.272,0**	**11.999,6**
3.5. Waste from the company	**1.086,0**	**811,0**	**9.450,3**
3.6 Business travel	**892,0**	**1.284,0**	**1.397,1**
3.7 Employee commuting	-	-	**9.537,0**
3.9 Downstream transportation	-	-	**1.021,7**
3.12 Disposal of sold products [7]	**8.435,0**	**11.718,0**	**9.061,4**
3.14 Franchises [8]	-	-	**381,2**
Scope 3	**34.926,0**	**43.650,5**	**129.342,0**
Total	**105.436,0**	**87.765,7**	**153.556,3**

Footnote 1) We have further refined the methodology for estimating and calculating emissions from refrigerant losses compared to the previous year. The reduction in this category is partly due to the more precise estimate.

Footnote 2) Scope 2.1 emissions for the 2022/2023 financial year were adjusted retrospectively due to the above-mentioned update of energy consumption.

Footnote 3) As of this year, emissions from purchased heating or cooling are no longer reported in category 1.1, but under category 2.2.

Footnote 4) The Scope 1+2 emissions for the 2022/2023 financial year have been updated retrospectively based on the above mentioned update on energy consumption.

Footnote 5) Category 3.3 emissions for the 2022/2023 financial year were adjusted retrospectively due to the above-mentioned update of energy consumption.

Footnote 6) Category 3.4 includes emissions from inbound, intercompany and e-com transportation. For the accounting of e-com transports, we assume that DOUGLAS bears the majority of the shipping costs incurred in the e-com business.

Footnote 7) In contrast to the previous year, we now calculate category 3.12 using product category-specific emission factors that were determined as part of a life cycle assessment for our own brand range.

Footnote 8) Due to limited master data for franchise operations in France, we have assumed that they are equipped with the same heating and air conditioning as the other stores operated by Douglas in France and have a comparable average square footage.

The table originally included in this section of the non-financial statement within the 2023/24 combined management report contained incorrect information and was therefore removed.

Scope 1 and 2 emissions that can be directly influenced account for 16%, while 84% of the total emissions caused relate to Scope 3. Scope 1 includes emissions from our vehicle fleet and fugitive emissions caused by technical losses of refrigerants in the air conditioning systems in our stores. Scope 2 emissions relate to the consumption of purchased electricity and heat in our stores, warehouses and offices and were calculated using the market-based approach.

Scope 1 and 2 emissions were reduced by 66% compared to the base year 2018/19 to 24,214.3 tons of CO_2e. As a result, DOUGLAS has already successfully achieved the climate target set for the 2023/2024 fiscal year - a 50% reduction by 2025. The significant reduction in emissions is mainly the result of the lower energy consumption described above and the comprehensive switch to renewable energy in our stores, offices and warehouses.

At 84%, Scope 3 emissions account for the largest share of the emissions caused by DOUGLAS and result from activities in the upstream and downstream value chain. As already mentioned in the Measures section, we have fundamentally developed our methodology for collecting and calculating these emission categories, which can only be influenced indirectly, as part of a comprehensive project. In previous years, category 3.1 Purchased goods and services only included emissions from cloud services. From this financial year onwards, we now also include emissions from purchased goods and services as well as emissions from all of our corporate and partner brands. For the first time, we are able to report emissions from the materials used for our store design in category 3.2 Capital goods. For category 3.4 Upstream transportation and distribution, we have comprehensively accounted for the emissions from DOUGLAS' logistics flows for the first time. Previously, only the parcels sent in the E-Commerce business were taken into account. In category 3.5 Waste, we now record the waste generated in the warehouses we use based on real activity data, while we estimate the waste in our stores and offices based on the number of employees. For the first time this year, we have also extrapolated the emissions in category 3.7 Commuting based on the number of employees. We also analyzed category 3.9 Downstream transport and distribution for the first time and now includes emissions from the shipping of products that our customers can order from third-party suppliers via our marketplace. In category 3.14 Franchise, for the first time we are reporting the emissions caused by the use of electricity and heat in our franchise partners' stores.

It should be emphasized that the comparability of the Scope 3 data for the current financial year with previous years is severely limited due to the improved data situation and the revised calculation methodology. We are convinced that this important step has enabled us to significantly increase the transparency of the Scope 3 emissions caused by our business activities.

Waste and circular economy

GOALS

DOUGLAS has set itself the goal of reducing the amount of materials used, reducing the amount of waste produced and increasing recycling rates. For this reason, we examine the extent to which recycled and sustainable materials can be used in all areas. A large proportion of the materials we use are packaging materials, which are needed to transport goods safely from suppliers to our warehouses and from our warehouses to the stores or to customers. In addition, we are continuously working to reduce the environmental impact of our store design, as we see this as a key lever due to the large number of stores. Our marketing activities and the packaging of our own-brand products are also continuously reviewed and revised with regard to the efficient use of resources (see also the various measures in chapter 2.3. Products).

MANAGEMENT APPROACH AND MEASURES

In order to reduce resources for transportation and logistics, we already use reusable boxes for the majority of goods deliveries from our warehouses to the stores and back to the warehouses and are working on concepts to reduce the amount of foil used to secure the roll containers and to use alternative materials. In addition, we have already made significant progress with regard to transport packaging in our E-Commerce business. Significant resources can be saved here by introducing optimized packaging sizes, which can also reduce the amount of filling material used. By stopping the mint colour printing for eCom delivery boxes in the DACH region as well as in France, Italy and Spain, fewer chemicals are used in production and recycling is made easier. The switch to brown eCom boxes was also recently started in Poland and Bulgaria and will be rolled out in other countries in Central Eastern Europe in the 2024/25 financial year. In the DACH region, we are also discarding the return labels in the parcels sent. Since this year, our customers have been able to enter the reasons for their return in a comment field in the returns portal. This enables us to respond more specifically to the wishes of our customers, analyze the causes of returns and make optimizations in order to reduce the overall returns rate.

Last year, we revised the existing concept for our store design and were able to achieve material savings in some areas. The optimized design is intended to increase longevity. We focus on the use of high-quality materials and try to use materials that are as sustainable and durable as possible. Recycled and recyclable materials are increasingly being used for the presentation of our corporate brands, and the proportion of these materials is set to increase. All countries are required to apply the revised concept across the Group for all renovations and new store openings.

Attention is also paid to resource efficiency in POS marketing activities, for example by designing new elements for shop window displays in the DACH region, increasingly using digital elements such as shop window monitors or digital floor displays and only using recycled paper for posters. Excess production of elements can also be avoided through touchpoint-based campaign planning. For the coming 2024/25 financial year, DOUGLAS intends to increase the use of shop window monitors in the DACH region by around 20% and to launch a pilot project for digital floor displays in Switzerland in the same period.

Whenever possible, reusable materials are used, such as the event items (carpets, barrier tape stands (Tensators), artificial flowers) for store openings and anniversary celebrations, which are sent from store to store. However, recurring campaign elements such as at Christmas or during special sales are also stored and used again. In addition, a number of projects are being planned to educate customers about sustainable consumption habits, raise awareness of the environmental impact of returns, for example, and offer incentives to choose environmentally friendly options. Our customers in Germany, Austria, Switzerland and five other countries can already make use of the digital receipt, and other countries are already being piloted. For some months now, we have also been waiving the additional foil packaging and glossy paper when sending our DOUGLAS Card magazine.

PERFORMANCE INDICATORS

DOUGLAS' E-Commerce return rates in the DACH region have remained constant at around 5% in recent financial years and were reduced again in the 2023/2024 financial year from 5.4% in the previous year to 5.2%.

Products

GOALS

DOUGLAS has set itself the goal of supporting its customers in making sustainable purchasing decisions throughout the entire purchasing process. This is done by increasing transparency and the range of sustainable beauty products on offer. This commitment encompasses both the in-store and online shopping experience. As a leading beauty retailer, DOUGLAS has the opportunity to work with its suppliers to drive sustainability issues along the entire value chain. We work closely with the manufacturers of our corporate brands as well as with product and brand partners to increase transparency for our customers, employees and the general public. Climate protection initiatives and measures are evaluated and defined in close consultation with the manufacturers. We have also set ourselves the goal of working with our partners to reduce packaging and promote recycling and reuse.

In addition to our brand partners' product ranges, we are also working to improve the environmental impact of our corporate brands so that they quickly and visibly become more sustainable. We have set ourselves ambitious goals for the coming years and divided these into annual targets, the progress of which is regularly monitored by the relevant specialist department. Within the ESG Committee the Management Board is regularly informed about developments. Our corporate brand targets can be divided into three areas:

Ecological footprint

We aim to reduce the carbon footprint of our corporate brand portfolio by 10% by 2027 and by 20% by 2030, measured in tons of CO2 equivalents according to the GHG Protocol (emissions from the production of purchased goods and services), compared to the base year 2022/2023.

We have also set ourselves the goal of improving the environmental footprint of at least ten of our corporate brand bestselling products every year from 2025.

We will increase transparency for our customers by introducing environmental scores for our corporate brand products.

We will include specific sustainability criteria in our product development process and report on their progress annually.

Ingredients, claims & formulations

We aim to double the proportion of products certified as natural cosmetics among all new corporate brands products by 2027 (compared to the base year 2022/2023).

By 2030, at least 80% of our corporate brand products should be vegan (formulation without animal ingredients or ingredients of animal origin).

Sustainable packaging

In order to reduce packaging waste and offer more sustainable packaging solutions for our corporate brands, we have set ourselves the following goals:

→ By the end of 2025, 100% of paper packaging should be FSC certified.

→ By 2025, at least 80% of our new launches should be "RRR" (Recyclable, Recycled, Reusable), i.e. recyclable, recycled or reusable. By 2030, this share shall be 100%.

MANAGEMENT APPROACH AND MEASURES

Cooperation with brand partners

The topic of sustainability is firmly anchored in DOUGLAS' purchasing and product range strategy. The central "Assortment & Purchasing" team regularly discusses the topic with the strategic brand partners and was also an integral part of the DOUGLAS Global Partner Days in the 2023/2024 fiscal year, at which DOUGLAS presented the corporate strategy and, in particular, the purchasing and product range strategy to the strategic brand partners and manufacturers. A particular focus here was also on the topic of sustainability, with a clear call to drive forward our own plans and joint cooperation in this area.

In the 2023/2024 financial year, workshops were also held with brand partners on the topic of sustainability and joint approaches were developed, for example in the area of packaging and reducing packaging waste. The Group also evaluated and launched its own initiatives to reduce packaging and packaging waste.

A particular focus in the Assortment & Purchasing area in the 2023/2024 financial year was on the product carbon footprint. Initial activities were initiated here to evaluate the emissions assessment (Scope 3) of the product portfolio and, in particular, to meet the requirements of the CSRD in the future.

In addition, DOUGLAS continues to be a member of the EcoBeautyScore® consortium with the aim of actively promoting the development of the scoring system to help consumers make informed and sustainable decisions.

In addition to these actions and initiatives at Group level, the Assortment & Purchasing teams in the DOUGLAS country organizations also actively address the issue of sustainability and pursue sustainability strategies adapted to local conditions.

Corporate brands

In order to achieve our goals and meet the requirements of the CSRD in the future, we have already assessed 70% of our corporate brand range in terms of its ecological footprint this year. In collaboration with our service provider Fairglow®, we were able to determine the CO2 emissions for each product over its entire life cycle. This data forms the basis for part of our 3.1 emissions (see chapter 2.1 Environment / Climate protection and emissions / Performance indicators). With the help of Fairglow®, the results were compared within the cosmetics industry, which enabled us to identify relevant levers for product improvements, for example in packaging and certain ingredients. Based on this data, we are confident that we will achieve our CO2 targets by 2027 and 2030 respectively.

We will achieve our goal of improving the environmental footprint of at least ten new products per year from 2025 in the 2024/25 financial year. As the development of the products requires a lead time of around one year before market launch, the improvements have already been initiated and taken into account. We have switched from plastic to cardboard on a large scale in many Christmas items in the DOUGLAS & NOCIBÉ Collection for 2024 (e.g. in 130,000 make-up palettes, 50,000 luxury advent calendars). This also has a positive effect on the CO2 footprint of the products.

We are also aiming to improve our products in various areas: In future, our Stay & Care nail polishes will contain up to 88% ingredients of natural origin. All sun care tubes will be converted to recycled plastic and the folding boxes will be FSC-certified. We will also replace aluminum tubes with tubes made from recycled plastic for our seasonal products, such as the up to 750,000 hand creams.

With regard to increasing transparency for our customers, we took part in a pilot project run by the EcoBeautyScore® consortium this year. Similar to the Nutri-Score for food, cosmetic products are evaluated according to standardized, comprehensible criteria. Our aim is to evaluate our products and publish the scores when the project goes live.

As we will already achieve our targets in terms of ingredients and formulations in the 2024/25 financial year, we want to set ourselves new and ambitious goals in this area in the coming financial year.

We will already achieve our goal of doubling the proportion of certified natural cosmetics products in new launches by 2027 (from 3% in the base year FY 2022/2023 to 6% in 2027) in the 2024/25 financial year. This will be made possible by intensifying our efforts and significantly expanding our innovation pipeline for 2024/25. In particular, the launch of the DOUGLAS & NOCIBÉ Naturals make-up range (18 SKUs), which has been brought forward to the 2024/25 financial year, will contribute to this success. In view of this development, we are setting ourselves a new, more ambitious target for the future:

We aim to reformulate at least one of our existing (sub)brands for "natural cosmetics" certification by 2027.

In addition to our goal of at least 80% of our product range being vegan by 2030 (according to our definition: formulation without animal ingredients or ingredients of animal origin), we have set ourselves a further goal: To reformulate at least one of our existing (sub) brands for a relevant vegan certification by 2028.

As things stand, the achievement of our targets for reducing packaging waste and introducing more sustainable packaging solutions will be delayed, as the introduction of our packaging guideline did not take place until August 2024 instead of March 2024 as originally planned. With the guideline, we communicate our goals clearly and transparently to our suppliers and expect all suppliers to recognize the guideline and act accordingly. We have specified mandatory criteria for 2025 and 2027, which have already been incorporated into our product development. If necessary, we will offer training courses to support our suppliers in implementing them.

We continued our partnership between DOUGLAS corporate brands and Plastic Bank® this fiscal year. Over the three years of our collaboration, we have now removed the equivalent of 31 million plastic bottles from beaches, while positively impacting the lives of 1,200 people in the corresponding coastal regions. In addition, this year, together with the DOUGLAS brand NOCIBÉ team in France and Plastic Bank®, we supported the "World Clean Up" day and cleaned up sections of beach together on the coast of Dunkerque, France. We are continuing our partnership with the Givaudan Foundation through our corporate brand perfume "Beautiful Stories". The Foundation supports a variety of projects in the areas of sustainable sourcing, health, education and communities in order to sustainably improve the living conditions of people in the regions from which the raw materials are sourced. With each fragrance in the "Beautiful Stories" series, DOUGLAS supports a regional community project of the Foundation in the region where the main raw material comes from.

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Social

Diversity, equity and inclusion

GOALS

DOUGLAS has set itself the clear goal of creating an inclusive working environment that appeals to underrepresented groups and offers them fair and suitable working conditions. A central component of this commitment is the targeted focus on different customer target groups, which are served individually per store or region by appropriate staff. In this way, we want to ensure that our staff respond to the needs of the relevant customer groups in the best possible way and thus contribute to sales success.

To ensure an inclusive working environment throughout the Group, we developed an international Diversity, equity and Inclusion DE&I policy in the past financial year 2023/2024 that sets out clear guidelines for inclusion in leadership and recruitment. Group-wide implementation began in the fourth quarter of 2024 and should be completed by the end of 2025. In addition, there are numerous regional initiatives and projects whose adoption in other countries will be examined and further expanded in the coming years. Furthermore, by October 2025, we want to firmly integrate at least four Employee Resource Groups (ERGs) into the organization, which actively participate in decision-making processes and corporate initiatives in order to represent the diverse interests of our employees at all levels.

For example, France has set itself the goal of increasing the representation of employees with disabilities to 6% by the end of 2027. To this end, initiatives such as barrier-free recruitment processes and workplace adjustments to support employees have been launched.

MANAGEMENT APPROACH AND MEASURES

As an international company, it is of central importance for the DOUGLAS Group to promote a diverse and inclusive work culture. A diverse workforce not only enriches our corporate culture, but also boosts creativity and innovation. Diversity and inclusion are key components of our corporate strategy to ensure that all employees have equal opportunities and can develop their individual strengths.

Our commitment to diversity, equal opportunities and inclusion (DE&I) goes beyond legal requirements and aims to create an environment that values differences. We want to reflect the cultures and communities in which we operate. In the 2023/2024 financial year, we developed an international DE&I policy that sets Group-wide standards and allows for country-specific adaptations.

Implementation of this policy began in the fourth quarter of 2024 and should be completed by the end of 2025. It defines clear guidelines for inclusion in the areas of leadership, recruitment and training and is accompanied by comprehensive communication measures. In the Netherlands and Belgium, the focus is already on training on unconscious bias in order to promote an inclusive corporate culture.

Since the 2023/2024 financial year, DOUGLAS has been a member of the LEAD network, which promotes a diverse and equal workforce through various programs. In the next fiscal year 2024/25, we are offering two places for our employees to participate in the Mentorship and Inclusive Leadership Program. These offerings provide targeted support for personal and professional development through mentors, webinars and peer learning circles. DOUGLAS thus promotes the development of inclusive leadership skills and strengthens a collaborative working environment.

DOUGLAS Group Technology aims to increase the proportion of female and non-binary employees in the IT department from 28% (reporting date: September 30, 2023) to 35% by August 2026. This is to be achieved through targeted recruitment and further development as part of training and leadership development programs. Progress is monitored on a quarterly basis.

To promote multigenerational inclusion in Central Eastern Europe (CEE), management training and change management training courses are being held there. These measures are designed to enable managers to support an age-diverse workforce. From February 2024 to September 2024, all managers in the region successfully completed these training courses. In Italy, the inclusive management training courses are being expanded to take regional characteristics into account. Language courses and cultural awareness workshops as well as DE&I training will be offered for international employees in particular.

We have also set up an employee network, the Employee Resource Groups (ERGs), as formally established interest groups. These groups offer employees the opportunity to network with like-minded people and act as a mouthpiece for management. Since the 2021/22 financial year, there have been ERGs for LGBTQ+ (beYOUtiful), families (Family (parents & care work) and international employees (INTERNATIONALS@DOUGLAS) at our headquarters in Düsseldorf. An ERG on the topic of sustainability was also established in the reporting year. There are plans to establish further groups throughout the company. Our goal is to permanently integrate at least four ERGs by October 2025. These groups should actively participate in decision-making processes and corporate initiatives. To this end, we will create a framework to support new ERGs in all regions, provide information via local communication channels and establish regular exchange opportunities between HR and the ERG board members.

PERFORMANCE INDICATORS

The result of the DOUGLAS DE&I Index, which was collected as part of our employee survey in the 2023/2024 fiscal year, was 85%. This result illustrates how positively DOUGLAS is perceived by our employees as a diversity-promoting, inclusive and fair employer.

Employee retention

GOALS

DOUGLAS is aware that the success of the company is linked to the commitment, motivation and satisfaction of our employees. Our goal is to be a first-class employer that attracts and retains the best talent. To this end, we offer our employees attractive working conditions, transparent career paths and development opportunities so that they feel valued and supported.

In order to measure the satisfaction of our employees and identify potential for improvement, DOUGLAS collects feedback from its employees every year and has itself evaluated as an employer. In the 2023/2024 reporting year, we conducted the DOUGLAS Engagement Employee Survey in some countries together with the independent provider Great Place To Work®. We intend to expand this survey to all countries in the coming 2024/2025 financial year.

We attach great importance to competency-based assessment and the provision of transparent career paths and development opportunities for our employees. In the 2024/25 financial year, we intend to introduce the standardized job descriptions and transparent job leveling architecture introduced in Germany in the 2023/2024 reporting year in our countries with the highest number of employees, such as France, Poland, the Netherlands and Italy.

For the coming 2024/25 fiscal year, DOUGLAS has also set itself the goal of introducing our goal- and competence-based performance assessment tool, the #DOUGLASDialogue, across the Group in all countries. The #DOUGLASDialogue has already been used as an assessment tool for all employees at the German headquarters since this financial year and is linked to the salary increase process. Implementation at the Polish headquarters will be completed at the start of the new financial year, and the gradual introduction at all other European company headquarters will follow. The aim is to set out clear role expectations and transparent development prospects for all employees and to promote an open and constructive exchange between managers and employees in order to support personal and professional development at all levels.

MANAGEMENT APPROACH AND MEASURES

Our corporate culture is shaped by our purpose and values, which we revised and updated in the 2022/2023 financial year. Our values have been integrated into recruitment, performance reviews and employee development in all countries. To support this initiative, we have held workshops and town hall meetings to discuss the importance of our values in everyday working life and to clarify their significance for our working environment.

Our value-oriented leadership forms the foundation for a high-performance and cooperative working environment. The alignment and collaboration of the DOUGLAS teams is essential to living our purpose and values on a daily basis.

Sustainability goals were introduced as bonus-relevant for all DOUGLAS Group employees in order to promote shared responsibility and a heightened awareness of sustainable action. This underlines DOUGLAS' commitment to integrating sustainability into all aspects of the company and actively involving employees in achieving these important goals. At the beginning of the year, roadmaps were presented to the Management Board by the teams and departments, in which specific ESG goals were defined. This creates a clear focus and enables transparent tracking of progress across all areas.

In order to increase transparency in career paths and development opportunities, standardized job descriptions and a transparent job leveling architecture for central functions in Germany and our clusters were introduced in the 2023/2024 financial year. At the same time, we are working on the introduction of regional salary bands, supported by country-specific benchmark data, to ensure fair and competitive remuneration. The aim is to create sustainable and harmonized salary and bonus structures that meet regional requirements and promote the long-term satisfaction of our employees.

In the 2023/2024 financial year, we trained the majority of our managers and developed tailored training programs for every management level: for example, team leader training courses such as "Transition to Team Management" support team leaders in successfully transitioning into their leadership role. The "Impactful Leaders" training program develops middle management and strengthens both strategic and operational leadership skills. The "Managing My Leadership Performance" program offers special training for the top management level. In addition, a concept for piloting job sharing in management positions and improved working time planning (personnel scheduling) was created in the DACH region in August 2024. The aim is to fully implement these models in all relevant areas by the end of 2025.

We are pursuing a globally standardized learning strategy to establish a uniform and professional learning culture that inspires our employees and promotes their growth. The DOUGLAS Academy mobile learning platform is gradually being rolled out worldwide and supports comprehensive training on induction, product knowledge and sales skills - initially for our beauty advisors and later for other target groups, including our employees in the headquarters throughout Europe.

REGIONAL MEASURES AND PROGRAMS:

As part of our human resources strategy, DOUGLAS specifically promotes young professionals through comprehensive training programs for apprentices, students and interns. At our international headquarters in Düsseldorf, we offer dual study programs with a focus on business administration and finance. The "LEADING YOUNG TALENTS" program introduced in 2023 systematically prepares young talents for future management tasks and with over 200 trainees in

Germany, DOUGLAS is one of the leading training companies in the industry. Our positions in the Trendence1) ranking - 8th place across all sectors and 1st place in retail - underscore the attractiveness of DOUGLAS as a training company and our important role in qualifying future specialists.

→ 1) For over 20 years, the Trendence Institute GmbH has been conducting Germany's largest graduate and student survey, which serves as the basis for Arbeitgeber-Ranking.de. The survey has around 25,000 participants in grades 8 to 13 and helps young professionals to find their career start in various sectors.

Our Group-wide employer branding campaigns "THE CODE BEHIND BEAUTY" (Best Employer Branding Campaign - Group at the Trendence Awards 2022) and "THE NEXT GEN BEHIND BEAUTY" have successfully helped to increase the number of applications. This was followed in June 2023 by the international omnichannel employer branding campaign "THE PEOPLE BEHIND BEAUTY", in which employees from all over Europe acted as company ambassadors to present an authentic employer image for our jobs at DOUGLAS stores and headquarters. This campaign has made a significant contribution to raising awareness of DOUGLAS' values as an employer and further promoting employee identification with the company. As part of the harmonization of our external employer presence, uniform career pages have already been successfully introduced in Germany, Portugal, Romania, Austria and Switzerland for all job advertisements at the head offices and stores.

The "DOUBLE YOU" welfare platform supports our employees in Italy by providing them with a credit balance that can be redeemed for shopping vouchers, fuel vouchers, leisure vouchers and reimbursements for child-related expenses, among other things. It is available to all employees who have been with the company for at least six months. To mark our stock market listing in March 2024, we have made a special bonus available on this platform.

In the 2023/2024 reporting year, over 100 hiring managers at our German corporate headquarters took part in training on unconscious bias specifically in the recruiting context, consisting of e-learning content and face-to-face workshops. This initiative underlines our strong commitment to reducing bias errors in hiring decisions and promoting more diverse and inclusive hiring practices - with a clear focus on skills and competencies.

The employee channel @wir.sind.do on Instagram enables direct communication, information sharing and training updates for our store employees. As at September 30, 2024, over 2,000 employees in Germany were following this channel. The channel was successfully expanded to Austria and Switzerland in the 2023/2024 financial year.

In order to measure the satisfaction of our employees and identify potential for improvement, we conducted our employee survey in France, Slovakia, Croatia, Hungary and the Czech Republic in addition to Germany (head office) in the 2023/2024 reporting year. All of the dimensions and aspects surveyed showed a consistent percentage increase compared to the previous year. The insights gained help us to identify potential for improvement, take specific measures and work with our teams to create a working culture based on our values of appreciation, passion and responsibility.

PERFORMANCE INDICATORS

In the 2023/2024 financial year, we achieved a participation rate of 71% in our employee survey (average of all participating countries) and a DOUGLAS engagement score of 72%, which represents a significant improvement compared to the previous year (61%, in German headquarters). These results show that our efforts to create a positive working environment are having an impact.

The Purpose & Values Score as part of our employee survey - in Germany, France, Croatia, the Czech Republic, Slovakia and Hungary - reached 77%, reflecting the successful anchoring of our new Group Purpose "MAKE LIFE MORE BEAUTIFUL".

The table originally included in this section of the non-financial statement within the 2023/24 combined management report contained incorrect information and was therefore removed.

Customer satisfaction

GOALS

Sustainability is important to every second DOUGLAS customer in Germany and abroad, as an internal representative international brand tracking study shows. We therefore want to focus even more strongly on sustainability throughout the entire customer journey in the future and use our comprehensive omnichannel approach to combine the advantages of physical stores and E-Commerce - including the use of the DOUGLAS app and other apps. As part of this, we want to further expand the "Click and Collect/Return" option, create incentives to return items in-store and raise our customers' awareness of the environmental impact of returns. As part of this, a communication concept is currently being developed to provide our customers with more comprehensive information about the various options.

In addition, we intend to increase the visibility of sustainable beauty products in all areas and to educate our customers more about sustainable consumption habits (amongst others with various promotions, POS marketing activities and online and offline advertising campaigns). We are also planning to expand the amount of information on natural/sustainable products and ingredients both on our websites and in our stores in order to create even more transparency regarding products and ingredients. These measures are supported by the fact that we are increasingly training our Beauty Advisors on sustainable brands and a responsible shopping experience. We are also considering integrating ESG into our customer loyalty program and creating incentives for our customers to behave responsibly.

MANAGEMENT APPROACH AND MEASURES

Our customers are very satisfied overall, as can be seen from the high Net Promoter Score (NPS), which is shown below under "Performance indicators".

In addition to the measures mentioned above, various applications such as the app scanner for product description pages also contribute to this, making it possible to learn more about products in the stores and further improving the omnichannel experience. DOUGLAS also offers a comprehensive online shopping experience through its partner program, online video tutorials, influencer social media videos, social commerce and the DOUGLAS app. DOUGLAS also offers round-the-clock customer service via an integrated, data-driven chatbot for immediate assistance. Our wide range of beauty services and the DOUGLAS loyalty program also contribute to this.

PERFORMANCE INDICATORS

According to its own calculations, DOUGLAS achieved an average Net Promoter Score (NPS)[4] of 263 in the largest DOUGLAS countries[5] in the 2023/2024 fiscal year, which can be rated as good. The results are based on regular international monitoring.

The high level of customer satisfaction is also reflected in the DOUGLAS Beauty Card loyalty program[6]. As of September 30, 2024, the program had around 59 million Beauty Card members. In our largest markets[7], we are represented in every third household, which underlines our outstanding market position.

[4] The NPS measures customer loyalty and satisfaction by asking how likely customers are to recommend the company to others. In the retail industry, a value of more than 20 is generally considered good and more than 40 very good.
[5] The largest DOUGLAS countries are Germany, the Netherlands, France, Italy, Spain and Poland
[6] Not included are the countries Slovenia, Bulgaria. Estonia, Latvia, Lithuania, Hungary as well as Niche Beauty and Parfumdreams
[7] Our largest markets are Germany, Italy, France, Spain, Poland and the Netherlands

Data protection

GOALS

For us as the DOUGLAS Group with 22 European national subsidiaries, the ongoing digitalization of our business models - from customer loyalty programs and online stores to the connection of online and offline services as omnichannel services - is at the heart of our activities. Essentially linked to this is the protection of our customers', employees', business partners' and shareholders' data through compliance with privacy and data protection as fundamental rights under the EU treaties and the EU Charter of Fundamental Rights.

As digital transformation becomes more important, data is gaining economic focus, also drawing the interest of cybercriminals. We counter the risk of cyberattacks and data theft with a comprehensive data protection management system and appropriate technical and organizational measures. Among other things, we are guided by the globally recognized sustainability goals / SDGs (Sustainable Development Goals) of the United Nations and, in this respect, by sustainable data protection.

MANAGEMENT APPROACH AND MEASURES

DOUGLAS has established a data protection management system to implement the requirements of the relevant data protection laws, in particular the EU General Data Protection Regulation, and to safeguard the fundamental rights to privacy and data protection. Among other things, this includes a Group-wide guideline for the protection of personal data, training for our employees and established processes for implementing the rights of affected individuals.

As part of the establishment of the data protection management system, specific contact persons or - if the legal requirements are met - data protection officers have been appointed in the DOUGLAS Group companies. Their main tasks include advising the specialized departments on data protection issues and raising employee awareness. The Management Board is also informed of the status of the data protection management system on an ad hoc basis and by means of annual data protection reports.

In accordance with the company-wide data protection policy, we regularly train all employees on data protection. This enables us to continuously raise our employees' awareness of how personal data is handled. In the 2023/2024 financial year, a Group-wide data protection refresher training course was held for all employees and a Group-wide training tool was set up.

In addition, technical and organizational measures for the protection of personal data have been established throughout the Group, which also ensure the availability of data.

On the DOUGLAS websites and mobile apps, we provide users and customers with detailed information about their data protection rights. In addition, our consent management systems enable users and customers of our web stores to exercise their rights independently.

Respect for human rights

The management of the DOUGLAS Group is aware of its corporate responsibility to respect human rights. We are therefore committed to respecting human rights both in our own business activities and in our supply chains and to working to ensure that those affected by human rights violations have access to remedy.

Our business activities are based on the internationally recognized United Nations Guiding Principles on Business and Human Rights, which enable us to implement the requirements of the National Action Plan for Business and Human Rights.

In addition, our understanding and our human rights due diligence processes are based on the International Bill of Human Rights and the core labor standards of the International Labor Organization, to which we are committed.

GOALS

Since 2023, DOUGLAS has been obliged to comply with the Supply Chain Due Diligence Act in Germany and to provide information on this to the BAFA (Federal Office of Economics and Export Control). As no suspicious cases arose in the 2022/2023 fiscal year as part of the specific risk analysis, DOUGLAS was allowed to limit itself to an abbreviated report, which was submitted to BAFA on time.

We also see an important task in the next financial year in deepening our expertise and taking a more detailed look at the Supply Chain Duty of Care Act.

MANAGEMENT APPROACH AND MEASURES

To further professionalize the implementation of the requirements of the Supply Chain Due Diligence Act, "Integrity Next" was introduced in the reporting period as a market-renowned and proven software. This software supports the risk analysis of suppliers and the preparation of the report in various ways and in great detail.

In the past fiscal year, DOUGLAS increased its efforts to protect human rights. The Management Board's human rights declaration was revised and an employee was appointed Human Rights Officer, to whom DOUGLAS Group employees as well as direct and indirect suppliers can reach out.

DOUGLAS expects its suppliers and other business partners to also commit themselves to respecting human rights, to establishing appropriate due diligence processes and to passing this expectation on to their own suppliers. In order to substantiate this claim, every supplier is obliged to countersign the Supplier Code of Conduct and to agree to DOUGLAS' audit rights before the first delivery. To take account of the new legal situation, the Supplier Code of Conduct was revised again in the year under review.

Additional Disclosures on the EU Taxonomy

DOUGLAS EU TAXONOMY

Reporting on the EU Taxonomy Regulation

With the Action Plan on Financing Sustainable Growth published in 2018, the European Commission has set itself the goal of redirecting capital flows into sustainable investments to ensure that financial resources are channeled into activities that contribute to achieving climate neutrality targets. In order to achieve the EU's climate and energy targets and the objectives of the EU Green Deal, the EU adopted Regulation (EU) 2020/852 "EU Taxonomy Regulation" - a classification system to define "environmentally sustainable" economic activities in 2020. With the adoption of Delegated Regulation (EU) 2021/2139 in 2021, supplemented in 2023 by Delegated Regulation (EU) 2023/2485, Technical Screening Criteria were introduced to determine which economic activities are considered sustainable and thus contribute significantly to climate change mitigation and/or adaptation without significantly compromising other environmental objectives. The aim is to classify economic activities in terms of their contribution to six defined environmental objectives on the basis of defined requirements in order to steer capital flows towards sustainable investments: (1) "climate change mitigation", (2) "climate change adaptation", (3) "sustainable use and protection of water and marine resources", (4) "transition to a circular economy", (5) "pollution prevention and control" and (6) "protection and restoration of biodiversity and ecosystems". While initially only the criteria for Taxonomy eligibility and alignment were defined in relation to the environmental objectives of climate change mitigation and adaptation, the EU also specified the criteria in relation to the remaining four environmental objectives in Delegated Regulation (EU) 2023/2486 in 2023. Companies that are subject to EU Directive 2014/95 on non-financial reporting are also obliged to report in accordance with the EU Taxonomy Regulation.

Therefore, in accordance with Article 8 of Delegated Regulation (EU) 2020/852, reporting entities must disclose the proportion of their turnover, capital expenditure (Capex) and operating expenditure (Opex) associated with Taxonomy-eligible and Taxonomy-aligned economic activities.

For an activity to be considered environmentally sustainable, i.e. Taxonomy-aligned, and to be reported as such, it must meet the following criteria set out in Article 3 of Regulation (EU) 2020/852.

→ **Significant contribution:** The economic activity must make a significant contribution to one of the six environmental objectives in accordance with Articles 10 to 16 by meeting the Technical Sreening Criteria established for that economic activity.

→ **Avoidance of significant adverse effects ('Do No Significant Harm' - 'DNSH'):** It must not significantly harm any of the other environmental objectives.

→ **Minimum safeguards:** The company carrying out the activity must comply with and take measures to ensure minimum safeguards of human rights, including labor rights, bribery/corruption, taxation and fair competition.

Explanations of the procedure - our approach

The DOUGLAS Group is reporting for the first time for this fiscal year 2023/2024 in accordance with the requirements of the EU Taxonomy Regulation and the associated Delegated Acts.

In accordance with the aforementioned regulations, all economic activities that belong to the six environmental objectives mentioned must first be reviewed for their Taxonomy eligibility. For the four newly reportable environmental objectives added in 2023 by Delegated Regulation (EU) 2023/2486 (3) "sustainable use and protection of water and marine resources", (4) "transition to a circular economy" (5) "prevention and reduction of pollution" and (6) "protection and restoration of biodiversity and ecosystems", only the share of Taxonomy-eligible and non-Taxonomy-eligible activities in the KPIs revenue (sales), capital expenditure ("Capex") and operating expenses ("Opex") must be disclosed in relation to the denominator for the 2023/2024 financial year. The calculation is based on the figures reported in the consolidated financial statements, applyinguniform accounting and valuation principles. From the coming financial year 2024/25, Taxonomy alignment must also be reported for these new activities. For the environmental objectives of climate change mitigation and adaptation, information must be provided on both the Taxonomy eligibility and the degree of Taxonomy alignment of the economic activities as well as the corresponding financial KPIs.

The Delegated Acts published under the EU Taxonomy with regard to the six environmental objectives currently cover only a limited selection of sectors and economic activities. The focus is initially on the sectors with the highest CO_2 emissions, which is why the retail sector has not yet been explicitly taken into account. As a result, the economic activity of DOUGLAS', retail of cosmetics and perfumery products, has not yet been classified as Taxonomy-eligible. As a result, no sales are to be reported as Taxonomy-eligible. Even if DOUGLAS does not report any Taxonomy-eligible sales, it must be investigated whether there are potentially Taxonomy-eligible capex or Opex. In this case, this refers to the purchase of products or services from Taxonomy-eligible economic activities and individual measures, to carry out our activities with low carbon emissions or to reduce emissions (so-called category C capex).

To determine the activities relevant to the DOUGLAS Group, the comprehensive lists of activities in the annexes to the Delegated Acts were examined and a shortlist drawn up. A materiality threshold was defined in order to assess whether DOUGLAS is required to report on these potentially relevant activities under the EU Taxonomy Regulation.

In the 2023/2024 financial year, only the capex amounts of activity 7.7 Acquisition and ownership of buildings (including leasing of buildings) of the environmental objectives climate change mitigation and adaptation exceeded the defined materiality threshold. For this reason, our reporting is limited to capex in connection with the leasing of our buildings. Materiality could not be determined for activity 7.3 Installation, maintenance and repair of energy efficiency equipment due to limited data availability. DOUGLAS has already begun to implement measures to be able to provide this data in the future in order to determine whether the value of this activity is above or below the materiality threshold. The economic activities 6.5. Transport by motorbikes, passenger cars and light commercial vehicles, 7.5. Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings and 7.6. Installation, maintenance and repair of renewable energy technologies were also on the shortlist, but were also below the materiality threshold in the past 2023/2024 financial year. Total Opex according to the EU Taxonomy definition currently amounts to EUR 25 million. With regard to total Opex, only a share of <1% can be attributed to the Opex KPI. The majority of the expenditures included in the Opex denominator are not related to the core business activities of DOUGLAS. Therefore, Opex is not material according to the EU Taxonomy definition. For this reason, we make use of the exemption clause in Annex I of Del. Regulation 2021/2178 of July 6, 2021 by reporting the numerator of the Opex KPI as 0.

Since, as described above, the Taxonomy-eligible Capex of activity 7.7 Acquisition and ownership of buildings that relate to the rights to use the properties (IFRS 16 Right-of-Use Assets) involve acquired products and services (so-called capex C), the fulfillment of the criteria for Taxonomy alignment lies with the corresponding landlords or lessors. DOUGLAS has therefore requested the evidence required for Taxonomy alignment listed in Article 3 of the EU Taxonomy Regulation from the main landlords.

Determination and reporting of Taxonomy key figures

The Taxonomy KPIs and the reporting of Taxonomy-eligible economic activities are determined in accordance with Annex 1 of Delegated Regulation EU 2021/2178 of July 6, 2021. The financial data relevant to DOUGLAS is taken from the consolidated financial statements in accordance with IFRS for the 2023/2024 financial year. The capital expenditures (Capex) for the 2023/2024 financial year are presented in accordance with the requirements of the EU Taxonomy

Regulation, as are the operating expenses in accordance with the content requirements for these KPIs. In order to avoid double counting when assigning the Capex KPIs, each economic activity has been clearly and unambiguously assigned to a category and documented. This ensures transparency and compliance with the requirements of Regulation (EU) 2020/852 and provides a comprehensive overview of our economic activities assessed in accordance with the Taxonomy Regulation.

As the economic activities associated with the core business do not fall under the specific criteria of the Delegated Regulation, this results in a numerator value of '0' and, accordingly, a sales KPI of 0% Taxonomy-eligible and Taxonomy-aligned sales and 100% non-Taxonomy-eligible and non-taxonomy- aligned sales. The reported sales from non-Taxonomy-eligible activities therefore correspond to the DOUGLAS Group's total reported sales of EUR 4,451 million in the 2023/2024 fiscal year. These are explained in detail in the 2023/2024 consolidated financial statements under 5 Sales in the notes to the consolidated financial statements.

We also examined which part of our capital expenditure (Capex) meets the criteria for classification as environmentally sustainable and can therefore be reported as Capex in connection with Taxonomy-eligible and Taxonomy-aligned economic activities. This assessment was based on the criteria set out in Article 3 of the EU Taxonomy Regulation. We have calculated total Capex as the sum of additions to intangible assets, property, plant and equipment and right-of-use assets (excluding revaluations) in the financial year, as disclosed in the notes to the consolidated financial statements under 13 Intangible assets in accordance with IAS 38.118e, 14 Property, plant and equipment in accordance with IAS 16.73e and 15 Right-of-use assets and lease liabilities in accordance with IFRS 16.53h. Additions to right-of-use assets as disclosed in the notes to the consolidated financial statements under 15 of EUR 1,021 million. Total Capex in the 2023/2024 financial year amounted to EUR 3,170 million ("denominator") and Capex for Taxonomy-eligible activities amounted to EUR 1,021 million ("numerator"), resulting in a Capex KPI of 32% Taxonomy-eligible and 68% non-Taxonomy-eligible Capex).

As described above, the Taxonomy-eligible Capex relates to purchased products and services (so-called capex C), which is why the fulfillment of the criteria for Taxonomy alignment lies with our landlords. Based on the information available and the feedback received, DOUGLAS was unable to prove the Taxonomy alignment of the capital expenditures, as the evidence of Taxonomy-aligned Capex was too small in relation to the total amount. Therefore, the proportion of Taxonomy-aligned capex, again in relation to the denominator, is 0%

The definition of Opex according to the Taxonomy Regulation includes expenses for research and development, short-term rental agreements, maintenance and repair costs and certain other expenses. No Taxonomy-eligible Opex was identified for the 2023/2024 financial year due to the materiality thresholds and the numerator of the Opex KPI is stated as zero in the disclosure. The total value of the opex denominator is: EUR 25 million.

The adopted amending regulation 2022/1214 now classifies certain nuclear energy and natural gas activities as environmentally sustainable economic activities according to the EU Taxonomy under certain conditions. DOUGLAS itself does not carry out any activities in the areas of nuclear energy and fossil gas. Detailed information on the Taxonomy KPIs according to Annex II of the Delegated Regulation can be found in the following tables.

				Substantial contribution criteria						DNSH criteria ("do no significant harm")									
Economic activities (1)	Code[2] (2)	Capex (3)	Proportion of Capex (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Propor-tion of tax-onomy-aligned (A.1) or tax-onomy-eli-gible (A.2) Capex FY 2022/23 (18)	Category: enabling activity (19)	Category: transitional activity (20)
		(in Mio. €)	(in %)	(y/n; n-el[1])	(y/n; n-el[1])	(y/n; n-el[1])	(y/n; n-el[1])	(y/n; n-el[1])	(y/n; n-el[1])	(y/n)	(y/n)	(y/n)	(y/n)	(y/n)	(y/n)	(y/n)	(in %)	(E)	(T)
A. Taxonomy-eligible activities																			
A.1 Environmentally sustainable activities (taxonomy-aligned)																			
Capex for environmentally sustainable activities (taxonomy-aligned) (A.1)		0	0	0	0	0	0	0	0								0		
of which enabling activity		0	0	0	0	0	0	0	0								0		
of which transitional activity		0	0	0	0	0	0	0	0								0		
A2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned)																			
				el; n-el[3]	el; n-el[3]	el; n-el[3]	el; n-el[3]	el; n-el[3]	el; n-el[3]										
Acquisition and ownership of buildings	CCM 7.7	1.021	32	el	n-el	n-el	n-el	n-el	n-el										
Capex for taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned) (A.2)		1.021	32	32	0	0	0	0	0								0		
Total (A.1 + A.2)		**1.021**	**32**	**32**	**0**	**0**	**0**	**0**	**0**								**0**		
B. Taxonomy-non-eligible activities																			
Capex for taxonomy-non-eligible activities (B)		2.149	68																
Total (A + B)		**3.170**	**100**																

1 ‚y' = ‚yes', taxonomy-eligible activity that is taxonomy-aligned with the relevant environmental objective; ‚n' = ‚no', taxonomy-eligible activity that is not taxonomy-aligned with the relevant environmental objective; ‚n-el' = ‚not eligible', taxonomy-non-eligible activity for the respective environmental objective.

2 CCM: Climate change miti-gation; CCA: Climate change adap-tation; WTR: Water; PPC: Pollution; CE: Circular economy; BIO: Biodiversity.

3 ‚el' = ‚eligible', taxonomy-eligible activity for the respective objective; ‚n-el' = ‚not eligible', taxonomy-non-eligible activity for the respective environmental objective.

Proportion of Capex/total Capex		
in %	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0	32
CCA	0	0
WTR	0	0
CE	0	0
PPC	0	0
BIO	0	0

				Kriterien für einen wesentlichen Beitrag						(keine erheblichen Beeinträchtigungen)									
Economic activities (1)	Code[2] (2)	Opex (3)	Proportion of Opex (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Propor-tion of tax-onomy-aligned (A.1) or tax-onomy-eli-gible (A.2) Opex FY 2022/23 (18)	Category: enabling activity (19)	Category: transitional activity (20)
		(in Mio. €)	(in %)	(j/n; n-el[1])	(j/n; n-el[1])	(j/n; n-el[1])	(j/n; n-el[1])	(j/n; n-el[1])	(j/n; n-el[1])	(j/n)	(j/n)	(j/n)	(j/n)	(j/n)	(j/n)	(j/n)	(in %)	(E)	(T)
A. Taxonomy-eligible activities																			
A.1 Environmentally sustainable activities (taxonomy-aligned)																			
Opex for environmentally sustainable activities (taxonomy-aligned) (A.1)		0	0	0	0	0	0	0	0								0		
of which enabling activity		0	0	0	0	0	0	0	0								0		
of which transitional activity		0	0	0	0	0	0	0	0								0		
A2 Taxonomy-eligible but not environmentally sustainable activities (not																			
				el; n-el[3]	el; n-el[3]	el; n-el[3]	el; n-el[3]	el; n-el[3]	el; n-el[3]										
Opex for taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned) (A.2)		0	0	0	0	0	0	0	0								0		
Total (A.1 + A.2)		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**								**0**		
B. Taxonomy-non-eligible activities																			
Opex for taxonomy-non-eligible activities (B)		25	100																
Total (A + B)		**25**	**100**																

1 ‚y' = ‚yes', taxonomy-eligible activity that is taxonomy-aligned with the relevant environmental objective; ‚n' = ‚no', taxonomy-eligible activity that is not taxonomy-aligned with the relevant environmental objective; ‚n-el' = ‚not eligible', taxonomy-non-eligible activity for the respective environmental objective.

2 CCM: Climate change miti-gation; CCA: Climate change adap-tation; WTR: Water; PPC: Pollution; CE: Circular economy; BIO: Biodiversity.

3 ‚el' = ‚eligible', taxonomy-eligible activity for the respective objective; ‚n-el' = ‚not eligible', taxonomy-non-eligible activity for the respective environmental objective.

Proportion of Opex/total Opex in %	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0	0
CCA	0	0
WTR	0	0
CE	0	0
PPC	0	0
BIO	0	0

Economic activities (1)	Code[2] (2)	Revenue (3)	Proportion of revenue (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Propor-tion of tax-onomy-aligned (A.1) or tax-onomy-eli-gible (A.2) revenue FY 2022/23 (18)	Category: enabling activity (19)	Category: transitional activity (20)
		(in Mio. €)	(in %)	(j/n; n-el[1])	(j/n; n-el[1])	(j/n; n-el[1])	(j/n; n-el[1])	(j/n; n-el[1])	(j/n; n-el[1])	(j/n)	(j/n)	(j/n)	(j/n)	(j/n)	(j/n)	(j/n)	(in %)	(E)	(T)
A. Taxonomy-eligible activities																			
A.1 Environmentally sustainable activities (taxonomy-aligned)																			
Revenue for environmentally sustainable activities (taxonomy-aligned) (A.1)		0	0	0	0	0	0	0	0								0		
of which enabling activity		0	0	0	0	0	0	0	0								0		
of which transitional activity		0	0	0	0	0	0	0	0								0		
A2 Taxonomy-eligible but not environmentally sustainable activities (not																			
				el; n-el[4]	el; n-el[4]	el; n-el[4]	el; n-el[4]	el; n-el[4]	el; n-el[4]										
Revenue for taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned) (A.2)		0	0	0	0	0	0	0	0								0		
Total (A.1 + A.2)		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**								**0**		
B. Taxonomy-non-eligible activities																			
Revenue for taxonomy-non-eligible activities (B)		4.451	100																
Total (A + B)		**4.451**	**100**																

DOUGLAS GROUP

Proportion of turnover/total turnover		
in %	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0	0
CCA	0	0
WTR	0	0
CE	0	0
PPC	0	0
BIO	0	0

1 ‚y' = ‚yes', taxonomy-eligible activity that is taxonomy-aligned with the relevant environmental objective; ‚n' = ‚no', taxonomy-eligible activity that is not taxonomy-aligned with the relevant environmental objective; ‚n-el' = ‚not eligible', taxonomy-non-eligible activity for the respective environmental objective.

2 CCM: Climate change miti-gation; CCA: Climate change adap-tation; WTR: Water; PPC: Pollution; CE: Circular economy; BIO: Biodiversity.

3 Net sales as reported in the Consolidated Income Statement.

4 ‚el' = ‚eligible', taxonomy-eligible activity for the respective objective; ‚n-el' = ‚not eligible', taxonomy-non-eligible activity for the respective environmental objective.

Nuclear energy-related activities	
The undertaking carries out, funds, or has exposures to research, development, demonstration, and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	no
The undertaking carries out, funds, or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	no
The undertaking carries out, funds, or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	no

Fossil gas-related activities	
The undertaking carries out, funds, or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	no
The undertaking carries out, funds, or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	no
The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	no

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