

# SUSTAINABILITY REPORT 2022

# 2022 AT A GLANCE



We are proud to
be a **Certified B Corporation**<sup>™</sup>. Achieving
this means we meet high
standards of social and
environmental impact
and are committed
to accountability,
transparency and
continuous improvement.



We committed to a 50% GHG emissions intensity\* reduction by 2030, versus our 2021 figures.



In 2022, 802,587 kg
in materials and 19,3
million litres of water
were saved thanks to our
customers embracing
refills. Plus, 5 million
trees are to be planted,
protected and restored in
India, Kenya & Colombia
as part of our Buy 1 refill =
Grow 1 tree initiative.



80% of our in-scope personal care formulas contain at least 90% natural origin ingredients.

Our next step is to transition the remaining 20%.



739,240 beach bags
co-designed with Tiny
Miracles were given out
with purchases, generating
life-changing income for
hundreds of women in
India.

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Our Path to Sustainable Wellbeing

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TRODUCTION CLEAN CONSCIOUS CARING LOOKING FOR

# DEAR READER,

It is our passion to create beautiful and innovative products to help people slow down and rediscover happiness in the smallest of things. At the same time, it is our vision to ensure that luxury and sustainability go hand in hand. We all want to leave the world a better and happier place for our children, compared to how we found it. That's why we are just as serious about environmental wellbeing as we are about the personal wellbeing of our customers, employees and wider communities. This is a journey that never stops, and we are far from finished.

In our last sustainability report we were immensely proud to highlight the milestone that was our B Corp™ Certification. Now regarded as a leading marker for sustainable brands worldwide - Rituals cemented itself as one of the frontrunners for sustainability in the beauty industry. But when we said this was just the beginning of our path to sustainable wellbeing, we meant it. In 2022 we made a big announcement – that we have mapped out our path to Net-Zero. We have set ourselves a concrete carbon goal, according to the Science-Based Targets Initiative. Rituals has committed to a 50% intensity GHG emission reduction by 2030 compared to 2021, with the goal of achieving Net-Zero by 2050.

We know this isn't going to be easy, but it certainly is important and we hope you join us on this journey.

Next to this, I'm delighted to share some other significant successes of 2022:

 Through our 'Be The Change' campaign we reached our goal of selling 5 million refills and, in partnership with some of the world's leading environmental organisations, we will plant, protect or restore 5 million trees in return. I've visited one of the planting areas myself, in the Sundarban region in India, and am truly impressed by how we can make the difference there.

WATCH THE VIDEO

 739,240 beach bags co-designed with Tiny Miracles were given out with purchases, generating lifechanging income for hundreds of women in India.





- For the 5th year in a row now, we have been awarded
   Top Employer 2023 in The Netherlands by the Top
   Employers Institute.
- We launched The Book of Rituals, a holistic guide to our wellbeing philosophy that aims to help people awaken their true potential.

Whilst we are proud of our progress, we realise there is still work to be done, and we are dedicated to constantly improving our efforts and goals. I hope you will be inspired by the read.

Raymond Cloosterman
Founder and CEO

# ABOUT RITUALS

Happiness can be found in the smallest of things. It is our passion to turn everyday routines into more meaningful moments.

They are everywhere, every single day, waiting to be discovered. Small moments that we all tend to overlook, but that actually hold the power to breathe beauty into our day. At Rituals, we believe that being more aware of these moments is the key to a happier and more fulfilled life. That's why we've created The Art of Soulful Living, a compass to guide people on a journey of personal wellbeing, helping them to unify body, mind and soul. Through easy, adaptable routines and

small habits, we can awaken our true human potential. Whether it's choosing an indulgent bath over a hurried shower, or taking a quiet few minutes to just appreciate the flickering flame of your favourite candle, happiness can be achieved through choosing to slow down and reflect. More than just a beauty brand, wellbeing is rooted in Rituals' DNA and now more than ever, we want to encourage not just our customers but our employees and the communities around us to live more soulfully and consciously.



INTRODUCTION CLEAN CONSCIOUS CARING LOOKING FORWARD

# OUR PRESENCE

# THE WORLD OF RITUALS



1,000+ Stores worldwide



House of Rituals flagship store



3,000+ Shop-in-shops



5
Body spas and
1 mind oasis



150+ Cruise & ferry locations



20 Stand-alone tores at airports



**600+**Travel shop-in-shops



3,500+
Boutique hotels



Airlines & airport lounges

# IN 90+ COUNTRIES

Dominican Republic Antigua Argentina France Austria Azerbaijan **Bahrain** Greenland **Barbados** Belgium Guadeloupe Belarus **Hong Kong** Hungary Bermuda **Iceland** Brazil **India** Bulgaria Cambodia Indonesia Canada Italy Jordan Chile Kazakhstan China Croatia Kuwait Curacao Latvia Lithuania Cyprus **Czech Republic** Luxembourg Denmark Macau

Slovenia **South Africa** South Korea Spain St Kitts Martinique St Lucia Mauritius **St Martin** Mexico Moldavia Sweden **Switzerland** Montenegro **Taiwan** Morocco The Netherlands **North Macedonia Trinidad & Tabago New Zealand** Tunesia Norway Turkey **Oman** Turkmenistan Panama Ukraine Paraguay **United Arab Emirates** Poland **United Kingdom** Portugal United **Puerto Rico States of America** Qatar Republic of Ireland Uruguay Uzbekistan Romania Saudi Arabia **Virgin Islands** Serbia Slovakia

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# A CERTIFIED B CORPORATION<sup>TM</sup>

Rituals has now been a B Corp for a year. Although we are very proud of this achievement, it is just a starting point as we are constantly looking for ways to improve.

## What is a B Corporation?

This means that we are a company that uses business as a force for good! B Corp is one of the most respected – and toughest to gain - certifications when it comes to sustainability (and so much more). Achieving this means we meet high standards of social and environmental performance, transparency, and accountability.

### How we achieved it

To reach B Corp status, for-profit companies must prove they are using their power to build a more inclusive and sustainable economy. The certification process measures against credible, comprehensive, transparent and independent standards of social and environmental performance. To pass, a company must undertake a 360-evaluation, not only of their product, but the entire business. The rigorous assessment is split up into five categories: governance, environment, community, workers and customers (more detail on pg. 9). Within these sections a company can be rated on everything from  $CO_2$  emissions to charitable donations and must outline their commitments to continuously improve in each area.

Out of a total of 200, a company must score 80 points and we are very proud that Rituals scored 92.2. B Corp is more than just a certification. It's a movement of like-minded organisations that all want to use their business as a force for good. B Corp's 360 approach to assessment and the active community they have created is unique and unlike any other existing certification. For more information about how we scored, please find our company in the **B Corp directory**.

As a B Corp company, we joined the B Beauty Coalition in January 2022 and joined forces with other B Corps in the beauty sector. The coalition's vision is to deliver 'beauty for good' by:

- Enabling collaboration and exchange between companies.
- Identifying and sharing better practices, to help other companies reach their social and environmental goals faster.
- Implementing improvement actions and publishing their outcomes.
- To help beauty customers more easily navigate the category.
- Influence the beauty industry to trigger broader changes which can ultimately improve its social and environmental footprint.



Rituals Sustainability Report 2022

# HIGHLIGHTS OF OUR B CORP CERTIFICATION

The B Corp assessment is split up into five categories. Here are some of the key focus areas for our B Corp certification:



We are publishing an annual sustainability report to ensure transparency around our social and environmental impact.

Company bylaws enshrine consideration for people and planet in business decisions.

Our code of conduct and whistleblower policy is communicated to all employees in a dedicated training module.



# **ENVIRONMENT**

We measure our carbon footprint and have committed to reduce our carbon emissions by 50% in intensity by 2030.

Next to our large existing refill assortment, we have now also introduced a new range of eco-chic refill options that save on materials for our skincare serums.

We have increased 80% of our personal care formulations to be >90% natural origin.



# **COMMUNITY**

With our Karma Day, all headoffice and Benelux office employees can volunteer for charity.

Our Diversity & Inclusion board and Ambassador Group supports and sets up programmes to support our culture.

We proudly support the Tiny Miracles Foundation, War Child & the Super Chill Foundation.



# **EMPLOYEES**

We measure employee satisfaction and engagement on a regular basis via our People Pulse Survey.

We have been awarded for our wellbeing programme, employee review process and career development journey.

We have a solid healthcare and retirement programme worldwide for employees at our shops and offices.



We treat our customer data respectfully and are GDPR compliant.

At Rituals we have a data security officer & cyber security team.

We actively involve customer feedback in our product development.

# OUR PATH TO SUSTAINABLE WELLBEING

a holistic approach to improving wellbeing for people and planet

We are mapping the most important CSR (Corporate Social Responsibility) themes with our internal and external stakeholders via a materiality analysis. This year, we have extended the scope and included a panel of 300 of our customers. The materiality assessment resulted in a series of themes that, according to the stakeholders, are relevant for Rituals. We analysed these results then discussed and

validated them with our Board of Directors. All our themes are in compliance with European Sustainability Reporting Standards (ESRS) and we will use them to refine our Clean, Conscious & Caring strategy. Please find an overview of stakeholders included below and the outcome of the assessment on the next page.

# INTERNAL STAKEHOLDERS

Management team & board

Internal Control

Marketing & PR

Central Head Office Work's Council

Sourcing

Quality & Regulatory

Indirect Procurement

# EXTERNAL STAKEHOLDERS

Customers
Suppliers & Partners
Communities
Knowledge Institutes
Banks
Industry Associations



Rituals Sustainability Report 2022

# MATERIAL TOPICS







# CLEAN

trusted quality products, carefully formulated with ingredients of natural origin





At Rituals, our formulas are created with a great deal of attention. We consciously formulate our products, combining the best of nature with 100% safe, lab-made ingredients to create trusted, high-performance formulas  $and \, products \, that \, do \, what \, they \, promise. \, For \, properties \, that \,$ nature can't provide, or when it's more environmentally friendly, we choose lab-made alternatives. Every choice we make is a balance between achieving maximum product performance and minimum environmental impact. All our cosmetics and home care products which come in direct contact with the skin are dermatologically tested: not on animals, but on willing human volunteers. Similarly, we are ensuring all our rinse-off formulas are readily biodegradable and safe to wash away down the drain.

# OUR THREE KEY GOALS:



By 2023, our in-scope formulas will be made of at least 90% natural origin ingredients.



We will move from 99% to 100% RSPO certified palm oil.



We focus on improving our sustainable ingredient data and traceability.

INTRODUCTION CLEAN CONSCIOUS CARING LOOKING FORWARD

# HOW WE MONITOR OUR PRODUCTS

Rituals Sustainability Report 2022

To understand the environmental impact of our products, we use our Clean & Conscious tool. This tool allows us to measure the different aspects of the product. In previous years we assigned a score to a product, but we have seen that working with absolute environmental data works better in decision making. This also allows us to track the progress we make in our product portfolio.



LOOKING FORWARD

# INGREDIENTS FROM NATURAL ORIGIN

We use as many ingredients of natural origin as possible. Still, sometimes lab-made alternatives are better for product safety and usability and most importantly: are more environmentally friendly. By the end of 2023, we strive that all our in-scope personal care formulas will be of >90% natural origin. Our in-scope products that consist of at least 90% natural

origin ingredients rose from 79% in 2021 to 80% in 2022. The remaining 20% of our products are currently in development and will be introduced to the market in 2024. The table provides an overview of the products which are already on target, and the products we are currently reformulating.

OVERVIEW OF IN-SCOPE PRODUCTS				
>90% natural origin	Formulas being improved			
Body cream	Body mousse-to-oil			
Body scrub	Hair oil			
Candles	Shower foam			
Conditioner	Shower oil			
Dry oil	The Ritual of Jing pillow & body mist			
Fragrance sticks	The Ritual of Jing hair & body mist			
Hair & body mist	The Ritual of Mehr 2 phase bath oil			
Hand balm	The Ritual of Sakura bath foam			
Hygienic hand gel				
Hand lotion				
Hand wash				
Home perfume spray				
Shampoo				
Shave cream				
Skincare				

# PRODUCTS WITH AT LEAST 90% INGREDIENTS OF NATURAL ORIGIN

2020



2021

21%

2022



# **OUT-OF-SCOPE PRODUCTS**

UCTION CLEAN CONSCIOUS CARING LOOKING FORWA

Less than 1% of the total amount of the ingredients that we use in our products is derived from palm oil. Palm oil is a highly efficient vegetable oil to grow as it takes less land to produce than other vegetable oils. Though it is efficient, palm oil cultivation does have significant environmental and social impacts, including deforestation, habitat destruction and biodiversity loss. However, the substitution of palm oil in the cosmetics sector is difficult to achieve. Palm oil derived ingredients increase products' thickness, helps the skin to retain moisture, removes dirt from the skin and acts as a foaming agent. Coconut oil is the prime alternative, given its similar fatty acid profile and its cleaning proficiency – yet transitioning would place the same demand on a less efficient crop. This would result in an increased burden on our planet's resources elsewhere. We are sensitive to the issues and complexity surrounding the responsible sourcing of palm oil. We support the initiatives of the Roundtable on Sustainable Palm Oil (RSPO), a non-profit organisation that unites stakeholders from the palm oil industry to develop and implement global standards. Therefore, we engage with our suppliers to transition to 100% certified sustainable palm oil source (RSPO Mass Balance- MB). In 2022, 99% of the palm oil and palm kernel oil derived ingredients used in our products were from this certified sustainable source (RSPO MB).

The remaining 1% are from four ingredients and we have created a roadmap with our suppliers to get them RSPO MB certified by 2023. This was originally a goal for 2021 but due to lack of availability on the market, unfortunately, it takes a bit longer for the last 1%.

# MICROBEADS

Many years ago, we decided not to use microbeads in any of our products, due to the accumulation of microplastics in our oceans. Instead of microbeads, we use natural alternatives such as sea salt, sugar, pumice (volcanic rock) and bamboo.



Cosmetic and personal care products, in general, can also contain dissolved and gel-like synthetic polymers – also called 'liquid plastics'. These synthetic polymers have been included in the microplastics debate. Which substances are considered microplastics varies in the definitions used by experts and independent organisations.

We are currently reassessing all our collections to determine the potential presence of microplastics, in line with the new European Chemical Agency (ECHA) guidance.

# ECOBEAUTYSCORE CONSORTIUM

In May 2022, we joined the EcoBeautyScore Consortium. The Consortium is formed by a group of over 60 large and small companies as well as cosmetic industry associations working together to provide consumers with clear and comparable environmental impact information through a product scoring system.

The approach has a global scope and is science-based. It will provide consumers with clear, transparent, and comparable environmental impact information. This will contribute to meet growing consumer demand for greater transparency about the environmental impact of cosmetics products and enable consumers to make sustainable choices.





# CONSCIOUS

making sustainable choices for our packaging and in our business





Besides developing clean formulas with natural origin ingredients, we are committed to making conscious decisions across our entire value chain. Reducing the environmental impact of our business is a constant

priority of ours. To do so, we measure, monitor, and initiate improved practices throughout our operations, from supply chain and manufacturing to packaging and logistics.

# OUR THREE KEY GOALS:



We plant, protect or restore a tree for every refill sold.



By 2025, all of our products will be refillable, recyclable and/or made of recycled materials



By 2030, we aim to reduce our GHG emissions by 50% in intensity, reaching Net-Zero by 2050.

INTRODUCTION CLEAN CONSCIOUS CARING LOOKING FORWARD

# OUR CARBON FOOTPRINT

Since 2019, we have been tracking our carbon footprint. This includes the emissions coming from our own buildings, offices, and stores (scope 1 + 2) as well as the emissions in our broader supply chain (scope 3). To estimate our corporate carbon footprint, we used the Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard. The GHG Protocol is the most widely used and accepted standard to account for GHG emissions in the value chain. Based on the GHG protocol, our emissions are divided into Scope 1: direct emissions, Scope 2: indirect energy-related emissions and Scope 3: all other indirect emissions of the company's value chain.

In 2021, for the first time we were able to calculate our emissions based on 2020 data, and in 2022, we continued to track and measure our carbon footprint based on 2021 data, while also getting more granularity for our scope 3 emissions. During 2022, our focus was on improving the data quality and data collection processes of our inventory, particularly for scope 3 but also some aspects of scope 1 and 2. In 2022 we identified concrete areas of the business where it is essential that the data collection process and data quality improve.

We are currently working on making data collection more efficient as well as setting up a data stewardship programme to ensure we achieve the highest data quality as possible, which should reflect our business operations. This is an iterative process, and we expect to work continuously to ensure we accurately track our progress towards our Net-Zero ambition.

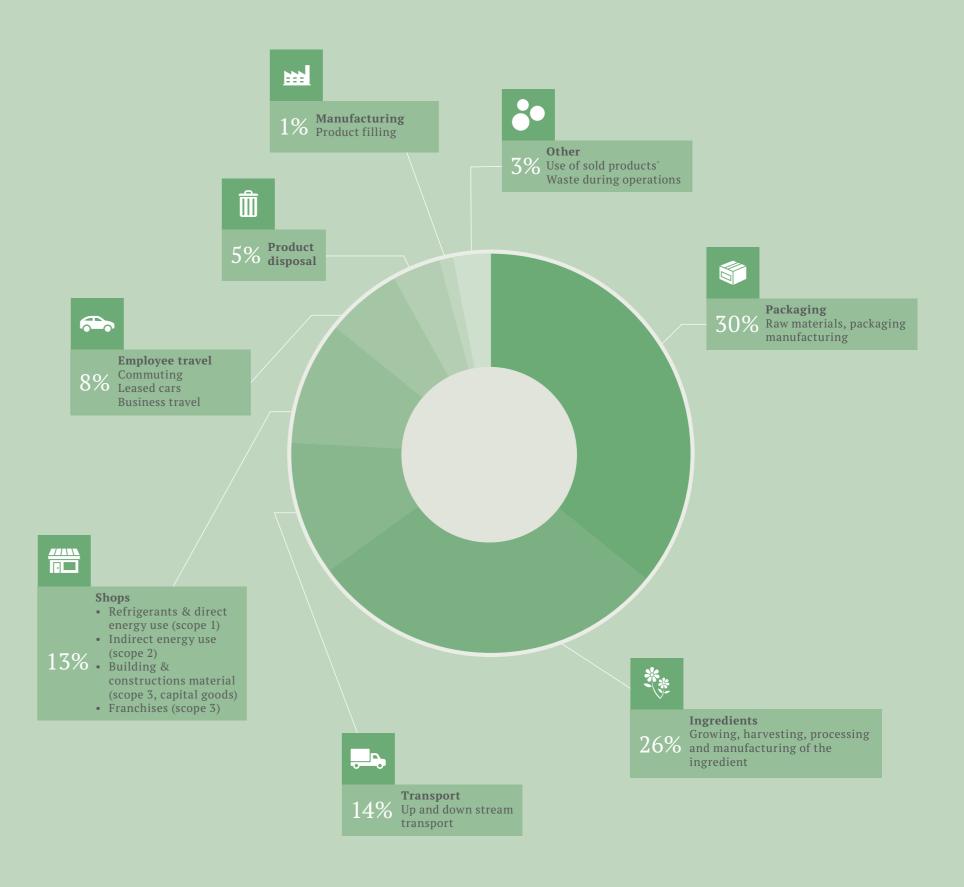
Quantis, an external sustainability consultancy, verified our GHG emissions estimations by reviewing our 2022 results, assumptions, and emission factors.

In 2022, our total carbon footprint was 194,318 of CO<sub>2</sub> eq.

- Scope 1: 899 tons CO<sub>2</sub> eq
   Refrigerants leakages, natural gas used for heating in stores and head offices, and leased company vehicles.
- Scope 2\*: 0 tons CO<sub>2</sub> eq
   Electricity from our head offices and stores.
- Scope 3: 193,419 tons of CO<sub>2</sub> eq
   Ingredients, product packaging, purchased goods and services, product manufacturing, transport and distribution, employee commute, operational waste, product end-of-life, franchises, etc.

Our total carbon footprint increased in 2022, compared to 2021. However, this is mostly explained by the fact we experienced growth in 2022 and it was the first normal year for our business operations after the COVID pandemic. As the visual on the right shows, our greatest impact lies in scope 3 emissions. The biggest contributors to our scope 3 footprint are ingredients (50,491 tons CO<sub>2</sub> eq.),

# BREAKDOWN OF OUR EMISSIONS



'Including only direct energy use from our products and excluding indirect energy use from rinse-off products, such as energy to heat water, etc.



packaging (58,837 tons CO<sub>2</sub> eq.) followed by transport (26,499 tons CO<sub>2</sub> eq.). We are committed to reducing our relative carbon footprint in all scopes. During 2022, we transitioned 80% of our cosmetics and personal care assortment to contain formulas with >90% natural origin ingredients, which means that our formulas have a lesser carbon footprint. Furthermore, we started exploring fragrances with a decreased carbon impact with our fragrance house. We are also having discussions with our ingredients suppliers about gaining better data on carbon and other environmental factors (for example the regions that we source from) which will allow us to refine the carbon reduction roadmap for our ingredients.

In terms of our product packaging, in 2022 we have transitioned a further 78% of our PET assortment to recycled PET and 82% of the aluminium assortment to recycled aluminium (PCR). In addition, we are discussing with our suppliers and within the business, the possibilities of using other packaging materials, such as recycled glass, and expanding our refill assortment.

In line with our Net-Zero commitment and current roadmap, we expect to identify even more levers for carbon reduction in other business areas as we progress, which will deliver us significant reductions.

To achieve a better estimation of our GHG emissions, we

are continuously striving to improve the data quality for all scopes, particularly scope 3 since this is the largest contributor and the one where data collection is the hardest. We are currently estimating our GHG emissions to the best of our ability with the available data, but we recognise our need for more detail, and that's why improving our data collection systems and data quality is an ongoing and essential process for us. Given this, we do expect a change in our reported carbon footprint, particularly for the carbon estimations where we use the spend-based method. We will communicate transparently the changes in our data and its effect on our emissions reporting.

# OUR RACE TO NET-ZERO

In 2022, we started the process of setting carbon reduction targets in line with the goals of the Paris Agreement which resulted in our Net-Zero commitment. This commitment is based on the Net-Zero standard developed by the Science Based Targets Initiative (SBTi). We expect the progress on our goals to be reflected in the coming years. Given that 2020 was not at all a business-asusual year due to COVID, we decided to change our baseline year to 2021. Even though, 2021 was also a business year partly affected by the pandemic, it is more representative in terms of carbon emissions. By doing this, we commit to reducing our carbon emissions by 50% in intensity by 2030,

This commitment came after developing a high-level roadmap for carbon reduction across the business. In essence, we looked at all areas in the business: our stores, our products (ingredients and packaging), and our transport, among others, to identify where we can make carbon reductions. We then developed a timeline plan to achieve these actions.

We know that our race to Net-Zero isn't going to be easy. We may encounter several challenges along the way as this will be a continuous work in progress, however, this commitment is certainly important, and in cooperation with our business partners, suppliers and other collaborators, we know we can make it happen. We submitted our commitment letter to the SBTi in 2022, and we are in the processes of submitting our targets for validation and approval. We expect to have our targets validated by the SBTi by end 2023.

### Stores and offices

We aim to make responsible choices throughout our fast-

growing organisation, including in our stores and offices. In 2022, the energy used in our stores and offices (scope 1 and 2) along with the refrigerants used in our stores' HVAC systems accounts for approximately 0,5% of our total carbon footprint. In contrast with 2021, our Scope 1 and Scope 2 emissions are 56% lower. However, this is due to improved data availability\*.

Even though this is not where our largest carbon impact sits, we have direct influence to make improvements in this area. We ensure that our stores are equipped with LED lights and more eco-friendly air conditioning, and we train our shop employees on implementing sustainable behaviour. We are beginning to discuss whether other measures such as changing the type of air curtains, making some modifications in our store design, adding other sensor types, changing our stores doors, etc. would be suitable solutions for our stores. We expect to have a final list of actions for all our stores in 2023. Together with our suppliers and our Format & Design department, we will continue to optimise and reduce our store's energy use (scope 1 + 2). Our target is that by 2026, we achieve a 10% reduction in energy use per sales m<sup>2</sup>. This is a goal we had previously set prior to our Net-Zero commitment. Once we have reached our initial goal, we will set a new reduction goal in compliance with our Net-Zero goal to reduce the energy consumption of our stores. All our own Rituals stores and our offices are powered by green electricity which has mostly been achieved through adopting renewable energy contracts. Where this was not possible due to running contracts, we acquired guarantees of origins, to prove that our power was generated from renewable sources. As most of our energy consumption is in Europe, we mostly acquired guarantees of origin proving our power comes from European wind. In 2022, as part of our Net-Zero commitment, we investigated ways of building our new stores with less impact (in line with our scope 3 reduction commitment) and we are finalising a hotspot analysis of the environmental impact for building and furnishing new stores. By doing this we will establish clearer eco-design guidelines for the future.

# Warehousing and distribution

At Rituals, we mainly work with specialised European partners for the manufacturing and distribution of our products. As approximately 95% of our products are manufactured in Europe (close to our main markets) this minimises our environmental impact by requiring less (air freight) transport. We also engage with our suppliers and distribution partners to see how we can reduce our environmental impact. In 2022, we kicked-off conversations with our transport and logistic partners to seek their support in reducing emissions in line with our Net-Zero commitment. We are confident that we can establish meaningful and sustainable collaboration with them, and that they can help us achieve our goal. Transport of our products to our stores, to our customers and to our wholesale partners currently accounts for approximately 14% of our carbon footprint. We had originally set ourselves a goal of reducing our relative transport footprint (CO<sub>2</sub> eq/€ gross sales volume) by 10% by 2025, compared with 2020. Same as for our stores' energy reduction goal, this transport goal was established before our Net-Zero commitment. So, once this goal is achieved, our new goal will be to reduce the impact in accordance with our Net-Zero commitment.

Since 2020, we have worked on reducing the impact of our supply chain activities. In 2022, we opened a new distribution centre (DC) in Germany, which we expect will help reduce our footprint given that carriers will travel shorter distances. In addition, this new DC allows us to do fulfilment for Poland from Germany instead of from the Netherlands. We have also reduced our pallet usage in the Netherlands by re-using roll containers from carriers.

In 2023, we will explore the possibilities of switching to more lightweight packaging as well as using recycled materials for this too. With all our suppliers, we will be working to establish concrete actions on how to achieve carbon reductions.

# OUR RACE TO NET-ZERO



# **INGREDIENTS**

By the end of 2023, we aim to formulate our in-scope personal care formulas to contain over 90% natural origin ingredients.

We're working with our perfumers on creating fragrances with lower environmental impact.

We aim to use traceable or environmentally friendly ingredients (e.g. coconut oil).

We're exploring using concentrated formulas to lower our transport footprint and also solid formulas (e.g. soap bars) to limit the extra packaging required for liquids.



# PACKAGING

We will keep expanding our collection of refills to reduce packaging materials.

We will ensure the packaging materials for our products are either recyclable or made of recycled materials.

With our suppliers, we are working on creating cans with the highest percentage of recycled aluminium content possible for the entire assortment of our iconic foaming shower gels (our bestselling product), which results in a lower footprint.



# **OPERATIONS**

Our stores run on green electricity and have energy-saving appliances (like LED lights) and we will continue to ensure this for every new store opening. We are also looking into improving our store design to maximise energy efficiency.

For new store designs, we are increasing the amount of recycled and environmentally certified materials.

We aim to decrease the amount of store deliveries needed by making them more efficient.

We are working with our logistics suppliers to ensure low-impact



# CLIMATE COMPENSATION

We will offset our store-related carbon emissions by supporting certified carbon projects.

We will develop and implement a carbon removal plan to further soak up emissions from the atmosphere.

### **Business** travel

As a team, we continue to make conscious decisions when it comes to travel. Therefore, we have updated our policies to try and reduce our amount of business travel. While we minimise unnecessary business travel, we are still building a brand culture. This means exploring new markets and collaborating with suppliers, making it hard to completely avoid travelling at times. For this reason, we offset our air travel CO<sub>2</sub> -emissions each year by using a Verified Carbon Standard (VCS). As part of our conscious travel decisions and given that most of our scope 3 impact is due to our products and transport, travel is only a small portion of our carbon footprint this year: 785 tons of CO<sub>3</sub> eq., which corresponded to less than 0.5% of our total 2022 carbon footprint. In comparison with 2021, there was an increase in our business travel. This was expected as 2021 was still highly affected by COVID travel restrictions.

Moving forward and to ensure we still stay connected as a business, we have optimised video conferencing tools throughout our offices and our colleagues must now always double-check whether a flight is necessary. Also, our business travel policy strongly encourages employees to favour a train over a flight for short-distance travel.

We are compensating for the GHG emissions of for our own operations (scope 1 + 2). We have done so by transitioning to renewable energy contracts, acquiring guarantees of origin and by offsetting the remaining emissions. We ensure that in every new country we operate in, we have green energy contracts or if that is not possible, we secure guarantees of origin to prove that our power was generated from renewable sources. In 2022, this was the case for Italy, Finland, and Poland. In consultation with ClimatePartner, we contribute to carbon-offset projects for wind energy in India. This is a Verified Carbon Standard (VCS) project, aiming to improve livelihoods and preserve ecosystems. You can read more about the initiative <u>here</u>.

# RESPONSIBLE SOURCING

At Rituals, we work closely with our suppliers on the development of our products. In addition to screening our suppliers' social and environmental performance at the start of a contract, we also engage with our key suppliers on these matters during our collaboration. With suppliers representing 75% of our total spend, we do this through product development guidance, supplier assessments, and by collecting environmental data.

Our restricted substances list (RSL list) gives very clear guidance on what can and can't be used. It includes requirements for the use of post-consumer recycled plastics, and guidance on how to measure the percentage of natural origin ingredients and biodegradability. Working together with our suppliers to create new concepts and designs with a reduced footprint is our highest priority.

The Supplier Code of Conduct details Rituals' expectations which we require suppliers to adhere to and apply the following social and environmental standards. Social and labour standards include no use of forced, child or clandestine labour, suppliers must be free of any harassment and abuse and free of any discriminatory work practices. Additionally, wage and work benefits and working hours must meet those of the country of manufacturing laws at the minimum. Finally, suppliers' employees must work in a safe environment and all employees should have freedom of association. Environmental requirements include compliance to all local and international regulations and standards.

Suppliers should also implement an effective Environmental Management System (EMS), appropriate waste management and environmental training for employees whose work could have a direct impact on the environment. Any breach of conduct or violation of the supplier code of conduct by our suppliers or their subcontractors will result in a review and possible termination of the business relationship. As part of our responsible sourcing practices, we use EcoVadis as a supplier assessment platform to analyse significant suppliers' sustainability and corporate responsibility practice and to encourage an ongoing supplier relationship based on continuous improvements. The EcoVadis assessment is one of the most renowned evaluation tools, which entails an extensive survey on the suppliers' practices on environment, labour & human rights, ethics, and sustainable procurement. We require all suppliers with a spend above EUR 100k to complete the EcoVadis assessment. 98% of our direct product manufacturing suppliers are onboarded. EcoVadis' evidence-based assessments provide a score ranging from 0 to 100. On average, our key suppliers score 57 points. As you can see on the diagram on the next page, out of the suppliers which are currently onboarded on the platform, 18% score platinum or gold, 27% score silver, 20% score bronze and 15% below bronze. In addition, there is a 20% onboarded which are in assessment progress at the moment. We expect all of our onboarded suppliers to score at least 50 points (bronze medal). We've also set all our direct product manufacturing suppliers the goal of reaching a silver medal in their 2023 EcoVadis assessment. When a supplier scores below 50 points, we consider them to be at risk and require them to make significant improvements within six months. By 2025, we aim that all of our onboarded suppliers achieve at least a silver medal in their EcoVadis assessment, and gold for our top tier 1 suppliers. In comparison with 2021, we have less suppliers with a silver medal, due to the fact that by the end of 2022 we had 91 suppliers onboarded, whereas at the end of 2021 we had less than 50 onboarded.

# ecovadis

# ASSESSMENT THEMES



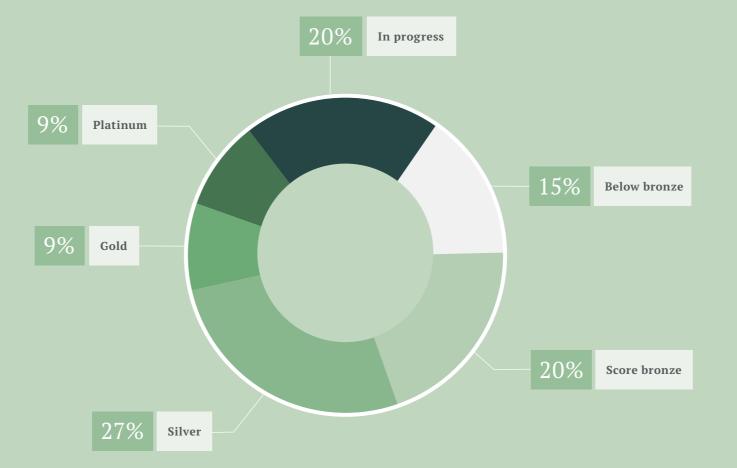


Human Rights





SUPPLIER SCORING BREAKDOWN



## PACKAGING

We are committed to designing all our packs to be refillable, recyclable or made with recycled materials by 2025. With every product we develop, we work to create packaging that is optimally fit for purpose in terms of functionality, use of resources, waste reduction and environmental impact. To do this we are:

- Constantly improving our packaging based on sciencebased methods.
- Motivating our customers to buy refills and encouraging proper recycling after use.

# Impact of packaging

The CO<sub>2</sub>eq impact of a product's packaging is often as significant as the impact of the product itself. Therefore, our packaging is assessed by The LCA Centre, an independent research institute, which works according to the unique forensic life-cycle assessment (LCA) method. This helps us to understand the environmental impact of our current and future packaging solutions, possible alternatives and to make rational decisions on all materials that we use. To reduce the impact of our packaging, we follow the principles of the 3 Rs: Reduce, Recycle, Refill.

Reduce - Fewer materials, less waste, better for the planet

Our refill concepts are not our only effort to reduce our

material use. We have also reduced the amount of material in our existing packaging wherever possible. For example, we reworked our hand soap refill pack to be twice the size from 300 ml to 600 ml liquid which has reduced the amount of packaging and transport needed. Another example of reducing our carbon emissions is with our body cream and body scrub caps which have changed from virgin aluminium to metallised PP. Over the years, we have stopped using carton boxes for multiple products. Currently, we are reducing the box size of our luxurious Perfume Genie and removing all additional instruction papers. These examples show how we work on both visible and invisible packaging reductions and we will continue to look for ways to further reduce packaging across our entire assortment.

### Recycle - Keeping materials in the loop

In 2022, we have added the kitchen hand wash and balm to our list of containers which transitioned to using recycled plastic (>95% of post-consumer recycled PET). See our current list on the right table. This has allowed us to save 1,005,289 kg of virgin plastic. Currently, our percentage of recycled material in our PET portfolio is 78%. Next step, is to make our PET portfolio fully out of recycled content by 2025. On this journey, we're now in the phase of choosing recycled PET for our white coloured packaging.

Containers made	To be transitioned
Out 01 75% KI L1	
Bath crystal	White body cream jar
Bath foam	White body scrub jar
Body cream	White home spray jar
Body scrub	White kitchen hand balm
Cleansing foam	White shower oil bottle
Hand gel	
Home spray	
Kitchen hand balm	
Kitchen hand wash	
Milky bath	
Shower oil	

Last year, we transitioned from using virgin aluminium to using a minimum of 75% post-consumer recycled (PCR) for our iconic shower foam. As our bestselling product, the transition has allowed us to make CO<sub>2</sub> eq reductions in 2022 alone. Over the coming years, we will also change our other aluminium packs e.g. anti-perspirant spray and body mousse-to-oil. In 2022, we have introduced mono material tubes by changing our caps from PP to PE for our giftset mini's which improves the recyclability of these items enormously and therefore reducing waste. Currently, 68% of our total

assortment of tubes have transitioned to mono material.

## Refill - Products designed to be used over and over again

We are on a mission to make beautiful refillable

products that are optimally designed to use over and over again. Using less, while being able to enjoy considered, luxuriously designed products. We have introduced refill options for our body creams, hand soaps, fragrance sticks, skincare, shave cream and car perfumes. In 2022, our refillable products and corresponding refills made up just over 23% of our sales. Overall sales of refills grew by 59% compared to 2021, and this is a trend we are actively encouraging. We are continuously working on broadening our refill assortment and assessing which products have the potential to become refillable. To incentivise our customers to opt for refills over new products, we introduced our 'Be The Change' campaign where we have committed to planting, protecting, or restoring a tree for every refill sold. Thanks to our customers embracing the refill concept, we are using less of the planet's resources. In 2022 alone, we saved 802,587 kg in materials, 32,871 GJ-eq in energy, 1,766 tons of CO<sub>2</sub> -eq, and 19.3M litres of water. While this is a good start, we're always striving to find more solutions and ways we can improve them further. But the message is clear: fewer materials, less waste, better for the planet.

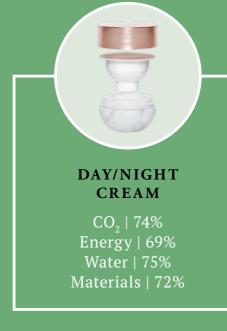
# REFILL SAVINGS PER PRODUCT

Resources saved with Rituals eco-conscious refill collection\*



















NTRODUCTION CLEAN CONSCIOUS CARING LOOKING FORW

# Why Mangroves?

Mangroves are one of the most effective carbon sinks - meaning they absorb more carbon from the atmosphere than they release. They're also a complete ecosystem that prevents severe floods and storms. They act as natural embankments to prevent soil erosion, and provide a nurturing ground for many aquatic species in the time of spawning. Many of the coastal communities get their income through fishing so the mangroves are vital for their livelihoods. The mangroves grow along the coastline, providing shelter from harsh weather. As a result of climate change, the local villages often experience storms and floods and the mangroves act as a natural barrier, protecting the village from

damage. However, in recent years the increased amount of turbulent weather has meant these forests have taken a hard hit – so are in vital need of restoration.

In order to achieve our goal of planting, protecting or restoring 5 million trees, we have been working with several partners around the world. First of all, in partnership with Earthday.org, we have planted 2 million mangrove trees in the Sundarbans region in India. Sundarbans is the largest mangrove forest area in the world, distributed between the two countries of India and Bangladesh, it covers approximately 1.1 million hectares.

We also collaborated with <u>Climate Partner</u>, planting 750,000 trees in Tudor Creek, close to Mombasa, Kenya. This area was once covered by 1,641 hectares of mangroves. Alongside these mangroves were plenty of avifauna, insects and other species complementing a healthy biodiversity corridor in the Junda community. However, due to the El Niño rains in the 1990s and continued anthropogenic activities, the mangrove population around Tudor Creek has decreased over time. The depletion of this ecosystem and biodiversity corridor in turn led to the decline of other species.

With continuous restoration efforts, the mangrove ecosystem will better support insects,

crustaceans and fish populations, plus the growth of terrestrial trees, flora and fauna. The increased fish stock creates sustainable livelihoods for the communities and the project also helps to educate locals on environmental conservation. The majority of these restoration efforts are done by women who earn a living from nursery establishments and selling seedlings.

Our third tree planting partner is the Sacred Forest Foundation who work on tree renaturation, conservation, and reforestation in the Arhuaco territory, Sierra Nevada de Santa Marta, Colombia. The Arhuaco people are an indigenous tribe who live in harmony with nature. Forced into the highlands for centuries by conquistadors, settlers and war, the Arhuaco's are now reclaiming their sacred sites and forests. The Sacred Forest Foundation aims to support them in this goal, to ensure nature is restored and protected by repurchasing, planting, restoring and rewilding nature.

We are very proud that we achieved our goal of 5 million trees in January 2023, and we won't stop there! We will continue to plant, protect, or restore a tree for every refill sold throughout 2023 as well.

### 2022 TREE OVERVIEW

Project	Trees grown	Status
Trees planted in 2020 & 2021 with Earthday.org	413,196	All planted
Planting mangroves at the Tudor Creek, Mombasa, Kenya – Climate Partner	750,000	All planted
Planting Mangroves At the Sundarbans, India – Earthday.org	2,000,000	All planted
Protecting the sacred lands of the Sierra Nevada de Santa Marta, Colombia - Sacred Forest Foundation	1,800,000	This project is a combination of planting, protecting and restoring. 50% of the project will be executed in H12023.
To be allocated	36,804	To be planted in 2023
	5,000,000	

WATCH THE VIDEO



# CARING

it is our passion to guide people on their journey of personal wellbeing





Rituals' mission is to inspire soulful living. We aim to help people focus not just on body and mind, but on the soul too.

We believe that the alignment and balance of these three human natures is the key to a fulfilling and soulful life.

As part of our philosophy, The Art of Soulful Living, we offer easy wellbeing tips and routines that provide moments of self-care and reflection, helping people to live more intentionally.

# OUR THREE KEY GOALS:



Turn everyday routines into more meaningful moments.



Help people reconnect and balance body, mind and soul with The Art of Soulful Living.



Continue to support Tiny
Miracles in providing lifechanging work to some
of the most excluded
communities in Mumbai,
India, empowering people to
break their own poverty cycle
and live truly independent
and confident lives.

INTRODUCTION CLEAN CONSCIOUS CARING LOOKING FORWARD

Rituals Sustainability Report 2022

### CUSTOMERS

To help our customers explore The Art of Soulful Living, we designed a compass to guide them on a journey of personal wellbeing. This compass is made up of 13 themes. From Awareness and Joy to Mindfulness and Gratitude, each of these themes shape and guide who we are as people. In 2022, we launched our first-ever coffee table book - The Book of Rituals - that delves into the compass points featuring in-depth articles, expert advice, recipes and stunning collages and photography by artist Jasper Abels.

We provided our consumers with easily adaptable routines and small habits to help them become a master of each theme and boost their wellbeing. Throughout the year of 2022 we spotlighted five themes in total: Awareness Reflection, Joy, Love and Gratitude via expert masterclasses, magazine articles, meditations and social posts.

# 14 Days to Soulful Sleep with Dr. Shelby Harris:



Led by our expert Dr. Shelby Harris, this masterclass aimed to help people sleep better and feel more rested. Dr. Shelby helped people to identify their sleep stealers, create better bedtime habits and discover how much more energised they can feel every day with her tips and tricks.

## Joy to the World with Mo Gawdat:



From how to use tech to cultivate kindness to the small habits that can bring joy to humanity – our happiness expert Mo Gawdat taught us how to live a happier life and spread positivity, in our lives and beyond.

# Mindfulness for Modern Life with Ruby Wax



Mindfulness expert Ruby Wax inspired us with advice and daily exercises to bring the abstract concept of mindfulness into our reality. This masterclass aimed to empower people with techniques to help them feel calm, focused and less stressed as and when they need to.

# **EMPLOYEES**

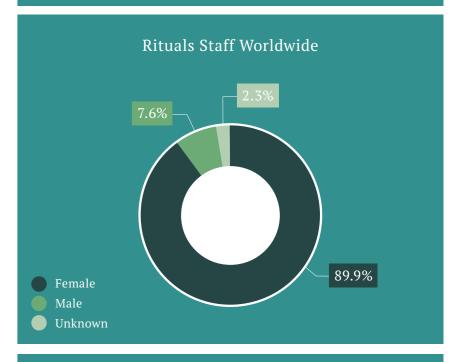
At Rituals, we believe in a soulful and sustainable way of life. As such, the wellbeing of our employees is our utmost priority. We believe that personal growth and development is important for the long-term success of Rituals. After all, happy and healthy employees are the key to a sustainable business model. At the end of 2022, our average full-time equivalent amounted to 5,870 (2021: 4,584), which is a growth of 28.1%.

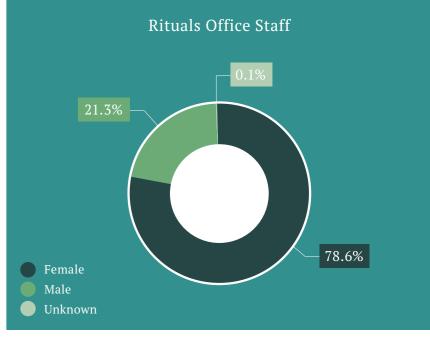
Rituals acknowledges the importance of diversity in a working environment. We recognise and welcome the value of diversity with respect to gender, age, race, ethnicity, nationality, sexual orientation, and other important cultural differences. Gender diversity is of key importance; therefore, Rituals has been, and is currently working towards the target of gender parity in the leadership team by 2023 (currently 39%). Our gender diversity policy and target ratios are in line with the Gender Balance in Management and Supervisory Boards Act that came into force in the Netherlands. At Rituals, the leadership team is composed of the Board of Directors, the operational and creative management teams as well as the country directors. Together they form our Global Leadership Team. This will be achieved by focusing more on a diverse pool of candidates.

Therefore, Rituals is focusing on recruiting strategies that produce more female candidates to select from. For our Board and Supervisory Board, we aim for at least 1/3 female members and 1/3 male members (currently 22%).

We always strive for sustainable employer brand awareness and engagement as well as sustainable recruitment. This combines making the most compatible hire with maintaining an environment that nurtures that talent in the long term. It requires efforts to retain employees and empower them being as productive as possible. With this we create sustainability in terms of a great company culture, individual wellbeing and big business successes which ultimately lead again in creating even stronger sustainable brand awareness and engagement for our employer brand.

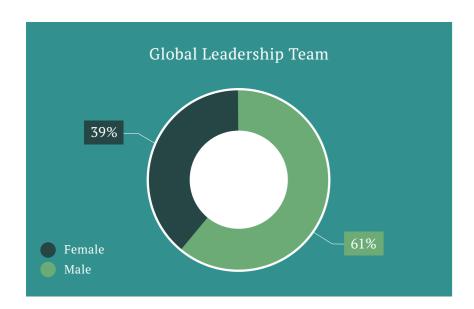
# GENDER BALANCE FOR THE YEAR 2022

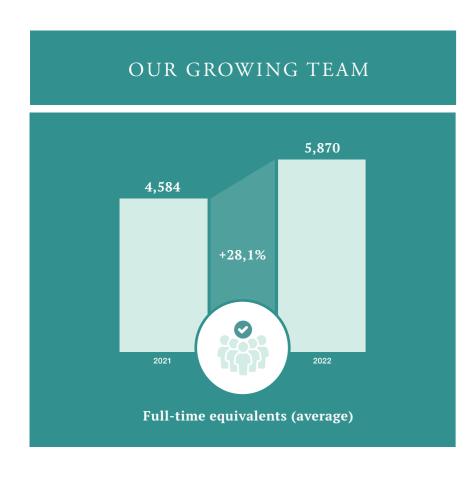




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## Rituals People Pulse Survey

In May we received the Rituals People Pulse Spring 2022 results. The response rate was 80% of all employees.

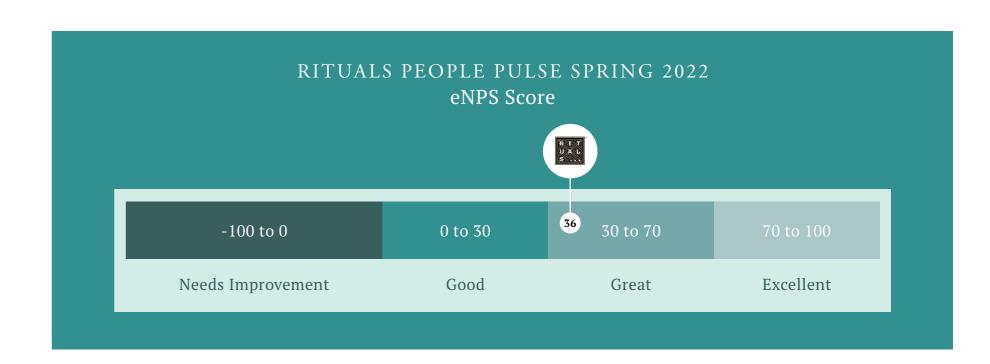
We are proud of the overall scores. On a scale of -100 to 100, we received an excellent eNPS score of 36. This is a slight decrease compared with 2021. This figure indicates the loyalty from our employees and their likeliness to recommend Rituals as an employer. On employee engagement we scored an average of 64%. After analysing the Rituals People Pulse feedback, we identified the following three key areas to focus on in 2022

- Career development: we are working on a new and improved career framework and have implemented the talent management frontline.
- Compensations & benefits: benchmarked the salary of store staff and created a compensation & benefits strategy.
- Soulful journey: e.g., renewed our styling guidelines, and started the digital workplace project.

Diving into the theme scores, we see an improvement on Inclusion, Engagement and Team leadership. Wellbeing was a new theme this year and 72% of the employees felt that their workload was good, however 23% thinks their work pressure was too heavy.

# Leadership and career development

In 2022 we have worked hard to create various leadership programmes for managers on different levels. We further improved our leadership programmes for Shop Managers and Area Managers and created a more elaborate programme for our first-time managers too. In 2022 we



started a pilot for young talent within head office teams. The purpose of this programme is to engage and develop young talents for a future role within Rituals at management or specialist level. In the pilot, 16 employees participated (10 CHO, 6 LHO) and we will continue this programme in 2023 alongside rolling out advanced leadership programmes too.

## Global People Academy & Goodhabitz

With a combination of online classroom sessions, face-to-face trainings, and GoodHabitz courses (on demand courses), we've created an extensive and flexible development opportunities that will support our employees in achieving their goals. We believe training, combined with on-the-job learning and feedback from colleagues, is the best way to develop skills and grow in a career.

### Feedback movement

Based on the Rituals People Pulse and FOAM (the framework of Rituals' DNA) scans, we have focused on the theme of 'feedback'. Feedback is important to stimulate a positive and growth mindset, personal development and it improves collaboration. The feedback movement started with an online session for LHO and CHO and was followed by four challenges to stimulate giving and receiving feedback. This programme helped to increase the amount of feedback given and improved employees' feedback skills.

### Rewards in 2022

When it comes to rewards, an important step in 2022 was to develop a new reward strategy, with more attention for wellbeing, sustainability, and fairness. On the back of this new strategy, we have started a review of our INTRODUCTION CLEAN CONSCIOUS CARING LOOKING FORWARD

Rituals Sustainability Report 2022

# Health management

In the Netherlands, we work with dedicated company doctors and case managers. This helps us to focus on sickness and prevention to decrease the sickness rate and improve the health of our employees. To support employees with stress-related issues, we are working together with dedicated coaches and providers, such as Liselotte Betist, Happy Brains Clinic and OpenUp.

### **OpenUp**

In 2022 we continued the cooperation with OpenUp initiative, offering employees access to psychologists as andwhenneeded. OpenUp is now active in the Netherlands, Belgium & Poland and 8% of the employees in these countries are making use of the OpenUp consultants. The most common reasons why people contact OpenUp are stress & anxiety, relationships, and self-confidence. In

the DACH region and in the Nordics we offer the same support, but with other providers. We intend to extend this initiative to more countries in the future as well.

### InspiRituals 2022

Our mission is to inspire soulful living. In order to encourage and empower our employees to make conscious choices in their work and daily life, we organise regular 'InspiRituals' sessions. During these sessions, experts from varying fields share their stories and eye-opening insights. In 2022 we organised:

- Soulful Sleep by Dr. Shelby Harris
- A Wellbeing Economy by Katherine Trebeck

### Karma Days

At Rituals, we value our employees, the people around us, and the environment we live in. The Ritual of Karma cultivates a desire to live positively, and practice kindness. Inspired by this concept, we offer our employees one volunteering day per year, so employees can take the time to spread kindness to the people and environment around us.

Here a few examples of how employees spent their Karma days:

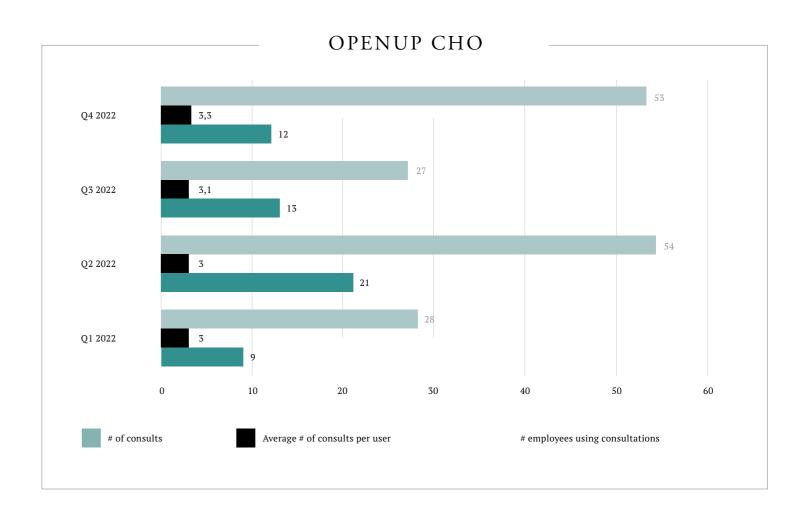
• Eight colleagues participated in 'day of the parents' in collaboration with the Make a Wish Foundation

and Princess Máxima Center in Utrecht (a hospital specialising in care for children with cancer), by providing a relaxing day, offering beauty treatments and hand massages.

 Our HR advice team organised an inspirational session for community members that have a disability or have difficulty finding work. They were invited to the Rituals office and the team provided them with insights into their talents and help in finding employment.

# Office Rituals

In 2022 we introduced Office Rituals. This digital workshop taught employees how to organise and maximise their time and improve focus and energy levels. Working smarter, not harder is the motto. The aim was that following this workshop, employees are able to plan fewer meetings, send fewer emails and create beautiful presentations with ease.





# TINY MIRACLES

Rituals has been a proud supporter of the Tiny Miracles Foundation since 2011. This pioneering, B Corp-certified foundation is on a mission to help some of the poorest communities in Mumbai, India, break out (and stay out) of the poverty cycle. They take a holistic approach, aiming to create fully self-supporting communities within a 10-year time frame. As part of this, Rituals contributes to the salaries needed to pay for education and healthcare plus, we also help to provide the community with work and income, giving them the first step in breaking out of their own poverty cycle.

Next to the financial contribution, we've continued to expand our collaboration. The co-designed Rituals bags made by the women working with Tiny Miracles in India, continue to be a big success. This year we sold 40,000 pieces and gave away 739,240 as a gift with purchase. At Tiny Miracles, anyone is welcome to work – and for those who cannot use a sewing machine or can't participate in the bag production for other reasons - we have a new opportunity. In 2023 we will be offering a bracelet as part of our Summer of Joy gift set and these 800,000 bracelets will be made by the people of Tiny Miracles.

In November 2022, Tiny Miracles opened a large workspace close to three of the communities in Mumbai and now

organises a bus that goes back and forth to pick up the employees. 160 people now work in this great open area. Not only is it a space where they can create Rituals products, but it also serves as a community centre where they host awareness sessions, skills training and there's a terrace which they can use for celebrations. The community members feel great pride in this space, and it's become a second home to many.

The foundation now also has a women's council, made up of seven community members, representing all the working women. They discuss how they can improve areas of their work and solve any issues. Monthly surveys are conducted among the women to better understand their needs, and how the foundation can further help them.







# DEAR READER,

Thank you for showing interest in Rituals' journey to sustainable wellbeing. We are excited to continue on this journey in collaboration with our employees, our consumers, and our partners. As we move into the future, we want to build on the work we have already achieved, leading with care, compassion and commitment to help create a better world. We are committed to taking the next steps needed to move closer towards the goals we have set ourselves.

In 2022, we made a huge commitment to achieve Net-Zero by 2050. This commitment marked an important milestone in our path to sustainable wellbeing, but we are aware this is just the beginning of this journey. In 2023, Rituals will build on our recent achievements and continue to work on reducing our environmental impact and hitting the goals we have set in our B Corp targets. This will prepare us for our re-certification in 2024. A couple of examples of our next big steps are increasing our use of recycled materials used in our packaging, increasing the circularity of our products and expanding our refill assortment.

We look forward to sharing the next chapter of our sustainable journey with you. For any questions or remarks, you can reach us at:

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