



Sarantis Group's ESG Targets and Roadmap Conference Call

Thursday, 27th March 2025, 16:00 (GR Time)

Conductors:

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&
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Conference Call Conducted by Chorus Call Hellas



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OPERATOR: Ladies and Gentlemen, thank you for standing by. I am Mina your Chorus Call operator. Welcome and thank you for joining the Sarantis Group conference call and Live Webcast to present and discuss the Sarantis Group's ESG Targets and Roadmap. With us today we have Mr. Ioannis Bouras, Group CEO and Mr. Christos Varsos, Group CFO.

At this time, I would like to turn the conference over to Mr. Giannis Bouras, Group CEO. Mr. Bouras, you may now proceed.

BOURAS I: Hello everyone, welcome to our ESG strategy and decarbonisation plan going forward. Thank you for joining this call. I'm very happy that we're here today after the annual results presented a few days ago to discuss our agenda around ESG.

Today we have a few things to share with you, very practical and very specific. So just a reminder about Sarantis Group, the sustainability at the core of our strategy, so we want to share a few things here. The commitment to high standards of responsible governance, which is very important in the environment, our decarbonisation journey together with specific targets, what is the role of innovation and R&D on this journey, and of course, in the social part, the empowering of our ecosystem. So, let's move on to the next slide.

Sarantis Group, you may be aware, we had the announcement of the results a few days ago. Sarantis Group is growing nicely, 600 million revenue in 2024, 81.6 million EBITDA, 60 years of presence, a huge and very strong distribution network and coverage. We are working in 13 countries and of course, as we presented in our

annual results, we have a selected international market that we are developing.

3,111 employees in our Group and of course, we have eight production facilities in Greece, Poland and Ukraine. Of course, our focus to our brands and categories, beauty and skin and sun is one of the categories that we are growing fast over the last years. Personal care with significant growth in 2024, home care solutions, a big category for us.

And of course, there we had STELLA acquisition in 2024, which is a company in Poland. And of course, as you will see later, there was an impact in our carbon footprint. The private label business also is part of the home care solutions portfolio.

And of course, traditionally, we have strategic partnerships. We work with very big companies around the world in our region. And this is a part of our business, which is around 25%.

Just a reminder about our strategy, our scope of work. We are working in Central and Eastern Europe and of course, some international markets on beauty. We have three main categories, home care solutions, personal care and beauty.

On these categories, we do bolt on acquisitions. And of course, our strategic distribution partners in beauty care is the scope of work. Of course, Sarantis is very well established in Central Eastern Europe.

We believe that we have a uniqueness in the region. It is very important for the development of our business. We have a very strong and deep consumer understanding.

We are also revitalizing local brands and local jewels, as we call them, after acquisitions that we have performed in the past. Significant investments around the infrastructure. And over the last 10 years, Sarantis has increased significantly the manufacturing footprint in all categories, and especially in the home care solutions category in Poland, which is also an important factor for our carbon footprint.

And this is where we do a lot of investments to improve our competitiveness. And all the investments, as you will see later, are linked also with our decarbonization journey. The long-term approach, we have the family culture and of course, the frontline decision leadership and with a lot of fast decision making.

This is also something that we are working very hard. The big priorities, we are in a growth journey. We have created an organic growth platform over the last years, and we are focusing on growing organically and acquisitions coming on top of that.

The simplification and efficiency journey is also critical. And this is also important in order to manage properly all the carbon footprint of the business. And of course, the development of the people.

You will see some examples later. And the organizational capability development is also critical for us. Now, today we are going to speak about the sustainability, the ESG.

And the way we approach the ESG in Sarantis Group is more from a value creation point of view. And how?

Because at the end of the day, we are a consumer goods company.

And we are selling on daily basis thousands and millions of pieces to our consumers. And this is the moment of truth, right? We are serving consumers, and this is where we have to focus at the end of the day.

Creating a value creation stream based on our ESG strategy, this is the most critical thing for us. It's not about... compliance and risk mitigation is also necessary. And we have to comply with EU regulations, of course, whether with the new regulations around the ESG and decarbonization journey.

And that's why we run the double materiality as a group in order to identify potential risks, either financial or non-financial risks. And so, we're working on that as well. But at the end of the day, the biggest value, the biggest benefit for the business is also the value creation through the ESG agenda.

Now, governance coming first. And if you remember, or just to remind you that Sarantis took significant steps over the last one and a half year on towards the governance improvement. And from the middle of 2024, we have a new Board of Directors consistent by four Executive Directors, six Non-Executive Directors, 30% of members are women.

We have four out of six independent non-executive directors. And the duration of the Board is four years. And important is that all the committees of the group of the Board are run by independent directors.

And you can see the names over here that I think they are great with it as a group from a Board point of view is significant. And I think this is adding value and supporting the stakeholders and the shareholders of the group. However, also the ESG committee is part of the committees.

And as you can see here, the Board of Directors is working with the ESG committee. ESG committee is very well linked with audit committee because as you know, reporting is also critical from the ESG point of view. Sustainability Reporting is part of our commitments and our obligations as a group.

And of course, the connection of the committees is critical. And of course, at the management level, the executive committee is on top of it. The reason that I'm presenting you today is giving you also the chance to understand that we take ESG very seriously as a group.

And of course, we have created a role: a Head of ESG that is already with us and to support the execution of the agenda and the support to the whole, all the journey.

Now, on the environment side of our decarbonization journey, here I want to tell you that as I promised personally during our investor days back in March 2024, that we come up in the beginning of 2025 with proper targeting. Here we've done a very huge work in the Q4 of 2024 that completed at the beginning of 2025.

In this work, because we wanted to be very, very serious about the decarbonization journey of Sarantis Group, we have applied different methodologies, proper tools for

measuring and getting the numbers right for our group. And first of all, we calculated the footprint of Sarantis Group, and you will see later numbers. Then we work on the value creation levers.

And of course, we are having an implementation and mobilization plan, which is including all the actions we need to take going forward. All this data, all this analysis is a part of our group right now, together with the head of ESG and the relevant teams in the group. We know how to measure and get accurate data out of our business.

So, this is really critical, making sure that whatever we promise or action plan that we put behind ESG and decarbonization journey is accurate and very well planned.

Here, you can see numbers based on 2023. And right after that, I will show you the 2024 numbers. 2023 was not including Stella Pack and 2023 will be the base year as a reference. As you can understand, we are a consumer goods company. The majority of the carbon emissions are coming out of Scope 3 emissions, whether it's upstream or downstream.

As you can see on the top right corner, the total footprint is 555,000 tons of CO₂. Out of this, 22,000 tons is Scope 1 and Scope 2. And the rest is coming out of Scope 3. So, it is -- as you can see, the majority of the impact is coming out of the purchased goods and of course, the design of our portfolio, raw materials and packaging.

All these things are resulting in 32% of the footprint. And of course, the use of sold products directly from the

consumers is 58%, which is a massive number. And of course, you will see later how we treat all these emissions.

Regarding Scope 1 and Scope 2, this is around 4.6%. This is something that is mainly energy consumption. And you will see later the commitments on this area.

If we go to 2024, you will see a similar picture with a bigger number, of course, as a total number, 701,000 tons of CO₂. Why? Because Stella Pack came into the group.

And Stella Pack, and you can see now the Scope 1 and 2 emissions are higher in terms of percentage because Stella Pack and the regranulation facilities that they have are energy intensive, and of course, resulting in a bigger Scope 1 and Scope 2 contribution. However, the regranulation is very positive on the Scope 3 emissions. You will see later some examples of that.

What I would like to show you with this chart is that now we have a very accurate way of measuring the carbon emissions in different scopes. And this is important to know where you are and measure properly your numbers. And this is the commitment, right?

Because here is the map, which is very much focused on the 2023 to 2030. As I said, the base year is 2023, because we have measured properly our carbon emissions in 2023. We have added Stella Pack in 2024. So, and this is something we can measure properly as we're moving on.

So, what is the commitment? The first commitment is out of scope one and scope two carbon emissions. First of all, in 2026, we are planning to get ecovalley listings and begin

reporting CDP, later in March 2026, which is important for everybody.

In 2027, we will commit the mid-term CO2 scope three reduction target. And I think you can understand that because we started measuring properly scope three in 2023 and 2024, we need more time to identify the opportunities and commit to specific targets. However, regarding scope one and scope two that we are more experienced on measuring and is more internal based, we commit to 42% reduction by 2030 with base year 2023.

And this objective is SBTi aligned. And we believe this is a good number for us to achieve. Of course, long term commitment 2050, we commit to net zero carbon footprint across the group value chain. And this is aligned with the Paris Treaty. And of course, this is critical also to have it as a long-term objective.

Now, benchmarking is also critical for us because we have to compare ourselves with the peer companies and companies with similar type of portfolio. So, as you can see where Sarantis is sitting today, on the left side of the slide, where scope one scope two is the major objective. But of course, as of 2027, we need to move Sarantis on the right-hand side with proper commitments for scope three targets. And we are all committed to that.

So, we are getting to the map with the bigger companies around the world and we put Sarantis closer to others. And this benchmark is critical because we need to understand where we're sitting versus the rest of the industry. And this is, as you can see here clearly, the scope one and scope two reduction plan from 2022 into... we went to 50,000 tons

in 2023, where we did the assumption of Stella Pack together so we can have a base year for 2023. And what we are aiming by 2030 to go down to 29,000 tons, which is this is the 42% reduction in absolute emissions in CO₂, scope one and scope two.

And we have a target of 2027 at 44,000 tons. And this is regardless and regard.. and all these CAPEX investments or the investments we do around photovoltaic panels. And all the investment plans we have already committed for 2025 and 2026, is linked with all this reduction from the energy point of view, because at the end of the day, this reduction is coming out of energy consumption.

Now, here, just to give you a highlight of what is the pathway to our decarbonisation goals, and the first chart here is energy and supply and demand. So here, you can see all the activities that we have taken underway around our, our supply chain, including photovoltaic panels investment in Greece, in Poland, of course.

This is proving that we do all the necessary CAPEX investments resulting in lower carbon emissions. And of course, one of the biggest investments we do all the expansion in housing recycling technology for both companies in Poland, which is Polipak and Stella Pack, which that is including, of course, reduction of energy consumption because of the new machines and new investments. So, this is a very granular plan that we follow through as a whole business regarding the energy and supply demand.

Now, when it goes to more scope three initiatives that we will speak in a minute, with our two major groups, one is

the packaging, how you are reducing the plastic or the packaging use for our products. And whether we use lower volume or lower grams per plastic bottle or different packs that they are replacing current packaging or the third part is the sourcing, and how you can move virgin plastic that we use in our products to more recycling plastic for our garbage bags.

Or when you shift materials that we use in our portfolio, they are close to aluminium to paper or materials are more carbon, carbon CO₂, less producing less CO₂ for the environment. So, these are examples just to tell you that there are specific and practical action plan that the business needs to follow.

Now, however, not everything is available and everything is easy. So, we need the innovation that will provide solutions to our decarbonisation journey. And here, on the upstream regarding the product design, you can see some examples that we have done the exercise to see what is the impact on CO₂ emission.

And you can see on the left-hand side, the DOIPAX is a different format, Doypack versus plastic bottles, that you can see that minimum 75% reduction of CO₂ emissions from if we substitute the one packaging format with the other.

Of course, on this journey, it needs to happen gradually, we need to take consumers with us. It's not like that's why it's critical to communicate and convince for this change.

Or you can see on the middle of the garbage bags, replacing the virgin material with recycling material that

again, the impact for scope three emissions is around 70, minimum 70, 75%. And that's why we have presented again, that we are expanding our capability to recite from post consumer ways to produce plastic material, which is resulting in that big drop.

Now, on the right-hand side, there is one of our beauty brands that we have launched recently, you can see that we have a refillable beauty as we call it, refills into our glass jars.

If you don't, if you buy the refill, you are reducing the footprint by 87%. So, as you can understand, all these changes need to be properly passed to the consumers, consumers needs to be properly educated and understand what is the benefit for them as well by using the product. So, it is a longer-term game.

And this is something we are ready to take as a Sarantis Group. This is upstream, of course, but when you go downstream, things are becoming even more challenging, because at the end of the day, this is linked a lot with the use of the products from the consumers. And there, you need to educate even further.

So that's why we need more time. When we discuss about scope 3 targets, to be able to measure and understand what it takes to reduce the CO2 emissions. But here you see some ideas that we are working on, including the use of propellant gases in our products, or using more sustainable packaging in response, of course, to the regulation and market trends, or new formulas that they can have an impact to the sole products, meaning using

less water or producing less waste and less energy by the user. Okay..

So, this is from the decarbonisation journey. Now empowering the ecosystem and of course, we are focusing mainly on our workforce in Sarantis group. And as the business is growing over the years, we have grown our workforce by 34%. And of course, this is linked with our expansion acquisitions that we did.

Of course, the women representation remains 50%. And of course, the new recruitment is 53%. So, we are keeping the balance and we're working towards this direction.

And of course, 94% of our workforce in 2024 is employed on a full permanent basis. So, this is a commitment to stable and inclusive employment. Now, one of the areas that we want also to work harder, this is something that we want to improve even further.

And as you saw during the presentation, external benchmarking always helpful around health and safety. Today, as we speak, our current performance in 2024 is the recordable incident rate per 200,000 working hours 1.18. While the industry benchmarking from 2023 point of view is 0 to 73. So, we have a gap.

And we have to work towards the improvement, and we commit on the next three years to reduce our rates below minimum the same or below the industry average. As I said before, Sarantis expanded significantly over the last few years and the supply chain increased significantly. So, this is creating a little bit of more pressure to the health and safety.

That's why we need to give extra focus on the following period. The strategic approach on that is, of course, strengthening the governance of the health and safety. So, we need to develop proper policies and clear accountability and important structures.

The second thing is, all the investments we do, all the CAPEX investments, just to remind you, in 2025, we plan to have 40 million investments. In 2026, around 30 million. So, all these CAPEX investments will include health and safety KPIs.

And of course, the modernization of our equipment and implementation of all this will help significantly on health and safety. And at the same time, tailored training programs, improving the root cause, I mean, identifying the root causes of incidents in our operations, and the continuing employee engagement will support the safety-first culture in our organization.

Regarding learning for growth, this is critical as the organization grows and developing our people to drive our future. And we have, we are investing in upskilling and career development for employees. The investment is 83% increase over the 2024 versus 2023. So, this is a real proof that we are taking people development seriously.

And, of course, we're working in multi-layer support, whether it's leadership development or skills development. This is also critical and at the same time, we're investing in infrastructure with new ERP systems that are implementing in place, but creating an environment for training development with a central digital first approach.

Significant number of hours around the training of our employees. And we believe that we continue this journey, and we want to work on this further in the following years, but this is a real proof that we are taking all the developmental journey of our people seriously.

So, with this slide, we have concluded, I have concluded the discussion and the presentation today. So, we are ready now for questions.

OPERATOR: Ladies and gentlemen, there are no questions at this time. I will now turn the conference over to management for any closing comments. Thank you.

BOURAS I: Thank you for being present today in this call. Of course, we are open for any questions if you have later on. So, you can contact our business for that. This is going to be - this is the first time we came up and... we have a question, I think.

OPERATOR: Thank you. We just received a webcast question. It is from Natalia Svyrou Svyriadi from Eurobank equities. And I quote, "how these targets translate into cost containment initiatives?". Thank you.

BOURAS I: Yes. How do these targets translate on cost containment initiatives? At this moment in time, the only thing that we have in mind is to buy the green energy. This is something that it may result. But if this happens gradually and properly, this can be a benefit also, not having an impact in our costs.

On the other side, if you've been to other discussions with this group regarding re-granulation or plastic or post-consumer waste using for garbage bags, this is having a

big impact in our scope 3 emissions and at the same time has a cost benefit for the organization. And the other thing is on refillable beauty, for example, this is something that is adding value to the consumers from a consumer's point of view.

So, for us, it's not the cost or the Doypacks versus the plastic bottles. And from the consumers, it's cheaper if they buy, so they have a real value. So, without having extra costs for us. So that's why all this journey needs to be linked with consumer benefits and consumer interaction as well.

So, we have a wish also, "good luck with the execution of the program. Thanks for the presentation". Thank you for the good luck. It is true that we, I don't think we need luck. We have a good plan, and we have the will to execute the plan. And then we believe the good thing is now from this presentation onwards, we will update you on the objectives and the achievements every year, whenever we have reviews, whether it's six months or annual results, we will include the progress on this journey.

We have also another question, "very informative data. Could you remind us every how many years does this have to change for corporate governance clarity?" I'm not 100% sure. I know, I think, how many years?

VAROS C:

We have put the targets for 2030 initially, however, the mid-term targets for 2027. So, what you're going to see is that we have the target, the 42% reduction in scope 1 and 2 is for between now and 2030 with a base of 2023, including STELLA, practically.

So, in this respect, the first target which also connects with the targets for the executive committee and the managers for the group is for 2027 with a 15% reduction. Then we'll continue monitoring for 2028 etc. until 2030, which is the final initial commitment of 42% reduction.

BOURAS I: And of course, in 2027, when we come up with the targets for scope 3, this is going to be included in our incentive schemes as well. "The auditors, I mean."

VAROS C: What do you mean by the auditors? Obviously, with the auditors currently, we started this year to actually.. the ESG report was part of our sustainability commitment, was part of our annual report. And this had the limited assurance as well. And moving forward, we'll continue doing so on an annual basis.

And obviously, the double materiality, if you're talking about the double materiality element, this is also something that we follow every year. So practically, if we want to make it simpler, we have the years of the targets. Double materiality, every time we're looking at the risk on the different two matters, whether it is financial or non-financial measures, and we're having audit on ESG every year. So, I think that puts a little bit of time frame.

BOURAS I: Okay. I think we have no others.

OPERATOR: Yes, Mr. Bouras, no further questions. You can kind of hand in for closing. Thank you.

BOURAS I: Yes. Thank you. Thank you for being present to this presentation. As I said, this is going to be a base for our future reviews. And as I said, it's going to be included in our annual results presentation. And of course, any other

developments, when we have more news on the scope 3, bear with us.

We're working on this to be able to come up with commitments in 2027, the latest. So, thank you for this participation. And yes, thank you. Keep in touch. If you have any other questions, feel free to contact us. Thank you.