

MÁDARA  
organic skincare

# ESG REPORT

*Environmental Sustainability*

*Social Responsibility*

*Corporate Governance*

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*Simple at first glance, yet powerful enough to shape everything that followed: can beauty and care for the planet truly coexist without compromise?*

That question was first asked 20 years ago. We had little more than a fascination with natural botanicals, a deep respect for science and an enduring curiosity. Two decades later, that curiosity has become knowledge of the plants rooted in Northern soil, of the resilience it requires to realise ambitious goals and of what it truly means to build a responsible business from the ground up.

This year's B Corp certification marks an important milestone in that journey. More than recognition, it is a reflection of where we began and the values that have guided us ever since. B Lab's standards are rigorous and uncompromising and I believe represent the direction our industry needs to serve our customers and the planet alike.

What fills me with great pride is our team's courage to confront difficult questions head-on. Time and again, they have chosen integrity over convenience, remaining steadfast in the values that define us.

I believe beauty is, at its heart, an act of care. For ourselves, for one another and for the future we are shaping together. These are the pillars MÁDARA was built on and they will continue to support us as we look ahead to the next chapter of our journey.



Lotte Tisenkopfa-Iltner  
Co-founder of MÁDARA

*There are years that validate your direction, and there are years that strengthen your resolve. For MÁDARA, 2025 was both.*

For more than two decades, we have built our company on a belief that the standards we apply to our products should be inseparable from the standards we apply to our impact on the world around us. Becoming a Certified B Corporation in the first half of the year was a testament to our commitment, that we practice what we preach and we do so to the highest regard.

The certification process challenged us to look closely at our governance, processes and environmental impact. It demanded honesty, discipline and a willingness to improve. More importantly, it reinforced that meaningful progress is built through tangible action and consistency over time.

We saw that growth reflected in our figures. In 2025, turnover increased by 12%, driven by strengthening customer relationships and expansion into new markets, including Saudi Arabia. At the same time, total GHG emissions fell to 130.5 tonnes, our lowest since 2017, despite a 31% increase in production volume. For the fourth consecutive year, 100% of our electricity came from certified renewable sources, maintaining Scope 2 emissions at zero. These are no small feats.

Some of the most meaningful progress, however, cannot be measured in figures alone. It lives in the working culture we continue to build and in the dedication of our team. It shines in our partnerships with organisations such as the MARTA Centre and Nature Conservation Agency and in the transparency we believe our customers deserve to push our industry towards greater accountability.

The momentum we gained in 2025 gives us confidence for the future. I believe that beauty and responsibility should move forward together and today, I see that belief becoming more tangible with every step.



Gunta Šulte  
MÁDARA Chief Executive officer

# ESG Performance at a Glance 2025



**NATURAL OR ORGANIC CERTIFIED**  
MÁDARA cosmetics are certified according to the international COSMOS standard, which defines and supervises all ingredient sourcing, packaging and manufacturing processes.

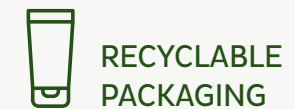


93% of our plant-based ingredients (plant oils, plant extracts, waxes, butters, floral waters) come from certified organic farming

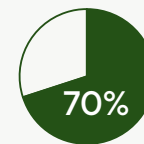


Learn more at [bcorp.com](https://www.bcorp.com)

Full governance audit completed under B Corp™ certification process



The primary packaging (bottles, tubes, flacons) has been made of recyclable materials since 2006



**GENDER DIVERSITY RATIO**

Female employees at MÁDARA: 70%



**86%**

of the total cardboard used was made of recycled materials



**HELPING THE COMMUNITY**

Contributions to Biedriba "Centrs MARTA" to support their mission in protecting women's rights and providing essential services to survivors of violence, and the adoption of the Ozollejas meadow in the Gauja National Park nature reserve to ensure the long-term restoration and protection of Latvia's natural biodiversity.

**LOW CO<sub>2</sub> EMISSIONS**



**21.54 g** of GHG emissions

per product manufactured (Scope 1 + Scope 2) in 2025

PART 1

# *Redefining Formulations:* The Power of In-House Research

*Since our inception, MÁDARA has been driven by a single conviction: that nature, understood scientifically and respected fully, is the most powerful ingredient in skincare. Our mission is to make that power accessible - in formulas that are safe, effective, and transparent in every detail.*



At MÁDARA, sustainability is inseparable from scientific independence. Every innovation begins in our in-house R&D laboratory in Latvia, where our multidisciplinary scientific team bridges the gap between raw botanical power and dermatological precision. By maintaining direct oversight of the research and formulation process, we prioritise comprehensive ingredient traceability and rigorous quality standards. Our localised R&D approach allows us to navigate complex global supply chains with greater accountability, ensuring that our formulations consistently align with our evolving ESG benchmarks and exceed industry-standard safety requirements.

In 2025, a primary focus of our internal research was the development of high-performance, plant-based alternatives to complex synthetic actives. The result of this intensive R&D cycle is the Kojic Alternative Serum – a scientifically validated solution designed for the gentle care of skin affected by pigmentation.

By leveraging advanced bio-actives, we have achieved a formulation that ensures high

stability and excellent skin compatibility. This innovation provides a targeted approach to improving skin appearance while prioritising the comfort and balance of the skin barrier, offering an effective plant-derived choice for modern skincare.

The Kojic Alternative Serum addresses one of the most prevalent global skin concerns by targeting uneven skin tone resulting from UV exposure, chronological ageing, and post-inflammatory responses such as acne-related marks. Our formulation strategy moved beyond simple ingredient substitution as our multidisciplinary scientific team engineered a synergistic plant-based complex designed to modulate melanin production with clinical precision. This advanced approach ensures optimal tolerability for the consumer and makes the high-performance solution suitable even for those with sensitive skin. Furthermore, the innovative formula eliminates the photosensitization risks that act as a common drawback of traditional brightening agents and allows for safe and effective daytime application within a modern skincare routine.

The Kojic Alternative Serum addresses a prevalent global concern by improving the appearance of uneven skin tone resulting from UV exposure, chronological ageing, and post-inflammatory marks. Our formulation strategy moved beyond simple ingredient substitution; our multidisciplinary scientific team engineered a synergistic plant-based complex designed to target visible surface pigmentation with clinical precision.

This advanced approach ensures optimal skin compatibility, making this high-performance solution suitable even for sensitive skin. Furthermore, the innovative formula is designed to be non-photosensitizing, a common challenge with traditional brightening agents. This allows for effective daytime application within a modern skincare routine, though we



recommend following with a high-SPF sunscreen to protect the skin and maintain long-term results.

Although kojic acid is a well-known industry benchmark for reducing the appearance of skin pigment spots, MÁDARA has identified an opportunity to elevate this category by addressing the common challenges associated with traditional formulations.

While conventional kojic acid is often sensitive to light and air, our multidisciplinary scientific team has prioritised the development of a highly stable, plant-based alternative that maintains its potency throughout its shelf life. This focus on formulation stability ensures a more reliable and consistent experience for the consumer, delivering visible results without compromising the integrity of the product over time.

Furthermore, we have engineered this solution to offer an exceptionally gentle profile, making it suitable even for those with sensitive or delicate skin barriers. By prioritising skin compatibility alongside efficacy, we have developed a high-performance botanical complex that serves as a sophisticated alternative to traditional brightening agents.

This proactive approach to formulation anticipates increasingly stringent global regulatory standards, ensuring our products remain at the forefront of industry evolution. By leveraging the versatility of bio-based actives, we provide high-performance solutions that embody the MÁDARA philosophy of autonomous process management, total transparency, and rigorous scientific inquiry. Our commitment to these principles ensures that every product reflects our dedication to consumer well-being and technical integrity.

The strategic value of this innovation is confirmed by independent instrumental data

and dermatological trials. By introducing a high-performance, nature-derived alternative to established industry staples, we have further strengthened our portfolio in alignment with evolving EU regulatory frameworks.

This transition demonstrates our ability to deliver measurable, science-backed results while proactively adapting to the shifting landscape of ingredient standards. Our focus remains on enhancing product efficacy through green chemistry, ensuring that our portfolio not only meets today's consumer expectations but is also built for the long-term requirements of the global market.

#### Product Efficacy Metrics (2025)

- Instrumental Efficacy: 11% reduction in melanin content confirmed after 8 weeks of use.
- Consumer Perception: 97% of participants reported a more even skin tone; 90% noticed less visible pigment spots.
- Safety Profile: 0% reported photosensitivity, allowing for safe and effective daytime application – a significant competitive advantage over traditional brightening agents.

The development of the Kojic Alternative Serum demonstrates MÁDARA's ability to integrate rigorous research with the Precautionary Principle. By proving that plant-derived chemistry can meet high clinical performance standards through advanced molecular design, we reinforce our position at the forefront of evidence-based, responsible skincare.

This achievement underscores our commitment to pushing the boundaries of green chemistry, delivering high-efficacy solutions that harmonize with the skin's natural physiology. Our focus remains on creating sophisticated, high-performance formulations that reflect our core values of scientific independence and technical excellence, ensuring MÁDARA remains a preferred choice for the conscious, results-driven consumer.

PART 2

*Understanding  
What Matters Most:*  
**Our Double Materiality  
Assessment**

*Knowing where you stand is the beginning of  
going somewhere better.*



In 2025, MÁDARA continued to strengthen its sustainability governance by conducting a Double Materiality Assessment in alignment with the European Sustainability Reporting Standards (ESRS) under the Corporate Sustainability Reporting Directive (CSRD). This process helps us to systematically identify and evaluate the sustainability topics that are most significant both in terms of their impact on people, nature, and society, and their financial relevance to MÁDARA's long-term performance.

By combining stakeholder perspectives and internal insights, the assessment provided a transparent overview of our strengths and challenges – our pros and cons – in managing sustainability impacts and opportunities across the value chain. The results form the foundation for our future priorities and action plans, ensuring that MÁDARA focuses on what truly matters, guided by science, integrity, and a deep respect for the natural world.

### Why We Conducted a Double Materiality Assessment

Sustainability at MÁDARA is our very origin story – a foundational truth that has defined every organic harvest, every scientific break-

through, and our entire workplace culture since the day we began. To ensure that our actions continue to create genuine long-term value, MÁDARA in 2025 undertook its first Double Materiality Assessment.

The aim was to evaluate which environmental, social, and governance topics are the most relevant for our business and for our stakeholders, in line with the European Sustainability Reporting Standards (ESRS). The process helped identify areas where MÁDARA has the strongest positive influence, as well as those where further progress is needed – our strengths and challenges. This insight now provides the foundation for a focused and strategic sustainability roadmap for the coming years.

### Our Approach to Materiality

This assessment was built upon the framework of the EU Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS), ensuring our strategy aligns with the highest regulatory benchmarks from the very outset. Our methodology centred on the principle of Double Materiality, which captures two distinct yet interconnected dimensions:



- Impact Materiality (“Inside-Out”): Identifying MÁDARA’s actual and potential impacts on people and the environment.
- Financial Materiality (“Outside-In”): Assessing sustainability-related risks and opportunities that affect MÁDARA’s financial health and long-term resilience.

In partnership with KPMG Baltics SIA, we engaged a broad spectrum of stakeholders across our entire value chain – from suppliers and employees to customers, investors, and regulators. This collaboration leveraged rigorous desktop research and industry benchmarking to conduct a detailed IRO (Impacts, Risks, and Opportunities) analysis, establishing a transparent, evidence-based foundation for our 2025 disclosures.

### Identifying What Matters Most

The assessment confirmed six core ESRS sustainability topics as material for MÁDARA. These results provide a holistic view of our performance, balancing our responsibility toward nature and society with our strategic growth objectives:

- Environmental Priorities: a sharp focus on climate change and resource use/circular economy, reflecting our commitment to planetary boundaries.
- Social Dimension: prioritising people and consumers, with an emphasis on fair employment, holistic wellbeing, diversity, and uncompromising product safety.
- Governance & Trust: maintaining ethical governance and transparent supplier relationships as the bedrock of our operational integrity.
- Company-Specific Innovation: recognising innovation as a unique material topic – a testament to MÁDARA’s

heritage as a science-driven pioneer in natural cosmetics.

This integrated insight ensures that our sustainability roadmap is not only compliant with ESRS but is deeply resonant with the actual realities of our operations and the expectations of our stakeholders.

### How Findings Guide Our Sustainability Strategy

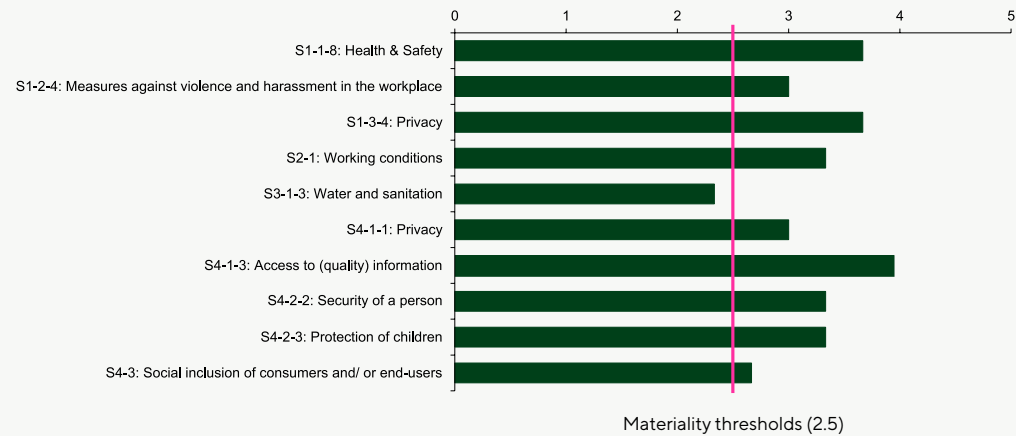
The 2025 assessment marks a turning point: it transforms sustainability oversight into a strategic decision making tool. Each material topic identified will directly inform our future goals, performance indicators, and disclosures under the ESRS. By understanding where our actions have the greatest effect, we can refine our priorities – from emission reduction and packaging innovation to workplace wellbeing and ethical supply chain practices.

This ensures that sustainability at MÁDARA remains rooted in measurable progress, transparent governance, and accountability to all who place their trust in us.

### Cross-Cutting Social Priorities: Impact Materiality Across All Stakeholder Groups

The chart below consolidates MÁDARA’s impact materiality scores across all social ESRS topics – S1 (Own Workforce), S2 (Value Chain Workers), S3 (Affected Communities), and S4 (Consumers and End-Users) – ranked by the severity of MÁDARA’s assessed impact on people. This view presents a single, unified picture of where MÁDARA’s social footprint is most significant, enabling to understand the relative weight of each topic before the detailed disclosures follow in Part 4.

Topics affecting workforce, communities, and consumers and end-users (by severity of impact):



Source: KPMG Baltics SIA, Double Materiality Assessment – Impacts, Risks and Opportunities (IRO), MÁDARA Cosmetics, 2025. Materiality threshold: 2.5 on a 5.0 scale. Assessment conducted in accordance with ESRS 1 (General Requirements) under the EU Corporate Sustainability Reporting Directive (CSRD).

Unlike the paired impact/financial charts presented for individual topic groups, this chart shows impact materiality only – the dimension that captures MÁDARA's effect on people rather than the effect on MÁDARA's finances. This framing is deliberate: it places people at the centre of the social analysis, consistent with the ESRS philosophy that human impact is a material concern in its own right, independent of its financial consequences for the reporting company.

Access to quality information (S4-1-3) scores highest across all social topics – the most significant impact MÁDARA has on any external stakeholder group. This reflects the scale and reach of MÁDARA's consumer communications across 52 geographical markets and the fundamental importance of accurate, non-misleading product and sustainability claims to the informed choices of tens of thousands of customers. In the context of the EU Green Claims Directive and growing consumer scepticism toward sustainability assertions

in the cosmetics industry, this is also the topic where the gap between impact materiality and governance maturity is most acute.

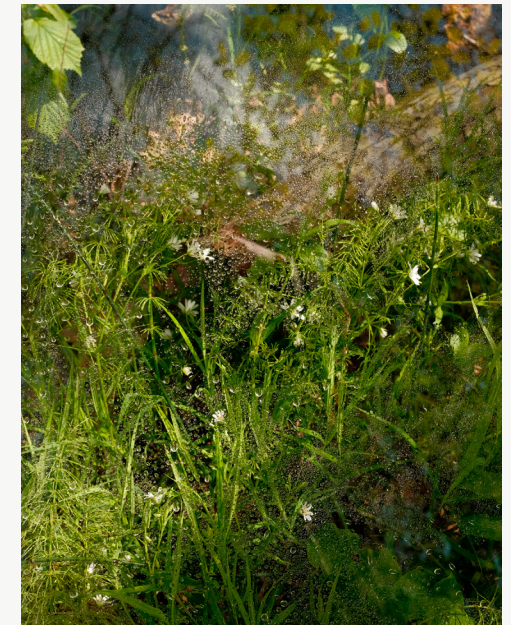
Health and Safety (S1-1-8) and Privacy (S1-3-4) both score above the materiality threshold for own workforce impact, confirming that MÁDARA's physical and digital obligations to its employees are not peripheral governance concerns but core social responsibilities with measurable human consequences. The 2025 investments in workplace safety infrastructure – the Mission Zero (Misija Nulle) charter, the near-miss QR reporting system, and the dedicated Health, Safety and Facilities department – are a direct operational response to this finding.

Measures against violence and harassment (S1-2-4), working conditions in the value chain (S2-1), security of a person (S4-2-2), privacy for consumers (S4-1-1), and protection of children (S4-2-3) all score above the threshold, forming a cluster of topics where MÁDARA's reach – through its workforce, supply chain,

and consumer base – creates genuine human impact obligations that must be actively managed rather than passively monitored.

Social inclusion of consumers and end-users (S4-3) and water and sanitation (S3-1-3) approach but fall below the threshold, indicating topics where MÁDARA's positive contributions – its inclusive product range, responsible water management – are meaningful but not yet of sufficient scale or intensity to cross into full material obligation.

Taken together, this consolidated view confirms that MÁDARA's most significant social impact runs along two parallel axes: the quality and integrity of what it communicates to consumers, and the safety and dignity of the people who work within and alongside its operations. Both axes are addressed in detail in the chapters that follow.



Next Steps and Continuous Improvement

The Double Materiality Assessment will be regularly reviewed and updated as part of MÁDARA's integrated sustainability management system. We aim to maintain open dialogue with our stakeholders, benchmark progress, and continually improve our performance. The insights of 2025 provide a strong foundation – but the journey toward deeper sustainability integration continues, shaped by learning, transparency, and the consistent pursuit of excellence.

The detailed findings of this assessment are distilled into the subsequent chapters of this report, providing a transparent look at our impact and objectives. While the 2025 insights offer a robust foundation, our journey toward deeper sustainability integration remains an unfolding narrative driven by a culture of continuous learning, radical transparency, and an uncompromising pursuit of excellence.



PART 3

# Environmental *Sustainability*

*We enjoy the shade of the tree we did not plant*



MÁDARA remains steadfast in its mission to craft skincare that harmonises high-performance science with a profound respect for both human well-being and the natural world. Our commitment is brought to life through meticulously formulated certified organic and natural skincare solutions, where we prioritise the use of pure, organic raw materials and innovative, circular packaging. By utilising recyclable and post-consumer recycled (PCR) content and maintaining a clean, low-impact manufacturing cycle, we ensure our products are safe for both our customers and the planet. With 93% of our plant-based ingredients sourced from certified organic farming, we continue to champion biodiversity and strictly limit the use of synthetic pesticides and harmful chemical processing.

MÁDARA's certification framework operates at two distinct and complementary levels – product and entity – each serving a precise, verifiable function. At the product level, MÁDARA's formulations are certified by ECOCERT Greenlife according to the international COSMOS standard (COSMeTic Organic and Natural Standard). COSMOS governs the full lifecycle of each product: ingredient sourcing and organic status, permitted chemical processes, packaging materials, and manufacturing conduct. This certification provides third-party, formula-by-formula validation that what is on our label reflects what is in the bottle. It is the scientific integrity of our craft, applied at the molecular level.

At the entity level, 2025 marks a transformative threshold in MÁDARA's conscious evolution: since April 2025, MÁDARA Cosmetics is a Certified B Corporation™ – the second company to receive this designation in Latvia, and part of a global community of more than 9,900 businesses committed to meeting rigorous standards of social and environmental performance, accountability, and transparency.

Where COSMOS certifies the product, B Corp™ certifies the company. The B Impact Assessment

evaluated MÁDARA holistically – across governance structures, worker conditions, community engagement, supply chain management, and environmental performance. It confirmed what our founding values have always held: that a business can balance profit with purpose, not as an aspiration, but as a demonstrable, data-verified operating reality.

In accordance with both the COSMOS standard and our B Corp™ commitments, MÁDARA maintains a comprehensive environmental management plan that addresses the full manufacturing lifecycle – from raw material sourcing through production, packaging, and delivery. This is not a static compliance document; it is a living system of vigilant monitoring, designed to generate year-on-year insight and drive continuous, measurable improvement.

We recognise that operating within planetary boundaries requires precise understanding of where and how our footprint accumulates. Our key environmental performance indicators – tracked, reported, and benchmarked annually – are:

- CO<sub>2</sub> emissions (Scope 1 and Scope 2, including company vehicles)
- Energy consumption
- Water consumption
- Rainwater pollution
- Waste management
- And others

By integrating these rigorous standards into our daily operations, MÁDARA continues to prove that conscious business practices are the foundation of long-term resilience and beauty.

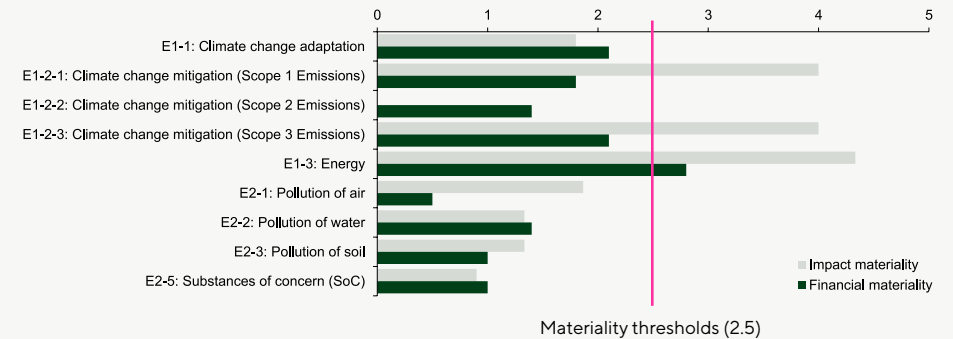
**Environmental Materiality:  
What the Assessment Tells Us**

The chart below presents the results of MÁDARA's 2025 Double Materiality

Assessment for environmental topics E1 through E3, as assessed by KPMG Baltics SIA. Each topic is scored against two dimensions – impact materiality (the significance of MÁDARA's effect on the environment) and financial materiality (the significance of environmental factors for MÁDARA's financial position) – on a scale of 0 to 5. The materiality threshold is set at 2.5; topics crossing this line in either dimension are subject to ESRS disclosure obligations and are addressed in the chapters that follow.



**E1-E3: Environmental Topics**



Source: KPMG Baltics SIA, Double Materiality Assessment - Impacts, Risks and Opportunities (IRO), MÁDARA Cosmetics, 2025. Materiality threshold: 2.5 on a 5,0 scale. Assessment conducted in accordance with ESRS 1 (General Requirements) under the EU Corporate Sustainability Reporting Directive (CSRD).

The results confirm that energy (E1-3) is the most materially significant environmental topic for MÁDARA, crossing the threshold in both dimensions – reflecting the operational reality of fossil gas dependency for thermal energy and the strategic opportunity presented by the transition to renewable alternatives. Scope 1 GHG emissions (E1-2-1) and Scope 3 GHG emissions (E1-2-3) are both financially material above the threshold, the latter representing the most significant current data gap in MÁDARA's climate reporting, as no value-chain carbon accounting has yet been initiated. Climate change adaptation (E1-1) sits close to the materiality threshold, reflecting the physical risks that changing weather

patterns pose to MÁDARA's botanical ingredient supply chain.

Pollution topics (E2-1 through E2-5) and Scope 2 emissions (E1-2-2) score below the materiality threshold across both dimensions, reflecting the mitigating effect of MÁDARA's 100% renewable electricity procurement, COSMOS-governed manufacturing standards, and existing operational controls. These topics remain monitored and are disclosed in Chapter 3.3.

The detailed performance data, management approach, and year-on-year KPIs for each of these topics are presented in the sub-sections that follow.

## 3.1. Sustainable Ingredients

*Good ingredients are not a starting point. They are the whole argument. At MÁDARA, what we choose to put into our formulas – and what we refuse – defines the integrity of everything that follows.*

### Natural Ingredients: The Case for Bio-Active Science

MÁDARA's formulation philosophy rests on a conviction held since 2006 and sharpened by nearly two decades of Northern European botanical research: the most effective skin-care is built from the synergy between clean science and nature's own intelligence. This is not a marketing position. It is a technical and ethical operating principle, applied at every stage of ingredient selection, sourcing, and validation.

The scientific rationale is well established. During the course of the 20th century, a large number of synthetic ingredients were introduced into cosmetic formulations without

adequate safety assessment. Subsequent research has identified negative health impacts associated with many of these substances, and regulatory authorities have since banned a significant number of them. Organic and naturally derived ingredients – cultivated without synthetic pesticides, chemical fertilisers, or growth enhancers – offer inherently lower contamination risk. They are free from the by-products of chemical synthesis: for example, the manufacture of polyethylene glycol, a widely used synthetic cosmetic ingredient, can yield 1,4-dioxane, a recognised carcinogen. Organically-sourced botanical materials do not carry this burden.

The evidence for skin-safety through natural sourcing is therefore not aspirational. It is chemical, traceable, and verified by third-party certification – specifically by ECOCERT Greenlife under the international COSMOS standard, which governs every ingredient we use.

### Our Botanical Portfolio: Scope and Certification Status

MÁDARA's active formulation portfolio comprises 180 plant-based raw materials – plant oils, extracts, waxes, butters, and floral waters – drawn from certified organic farms, primarily in Northern Europe. Of these, 168 ingredients, representing 93.3% of our plant-based portfolio, are certified organic under COSMOS standards. This figure has remained consistently above 93% since 2022, reflecting a deliberate sourcing discipline rather than an incidental outcome. Maintaining this threshold requires continuous supplier management,



as organic certification must be verified and renewed across our supply chain each year.

The COSMOS Natural category reflects MÁDARA's granular approach to makeup certification, where each individual shade variant – including each tone within the Skin Equal and Skinonym foundation ranges – is assessed and certified independently. This means every pigment blend in our decorative portfolio meets COSMOS standards for ingredient safety and environmental impact, not merely the base formula. We consider this level of transparency to be the appropriate standard for a NASDAQ Baltic-listed company making public sustainability claims.

### The Precautionary Principle: What We Do Not Use

Alongside what MÁDARA selects, our ingredient integrity is equally defined by what we exclude – categorically, and without exception.

In accordance with COSMOS standards, MÁDARA applies a rigorous precautionary principle: if credible scientific evidence suggests that an ingredient, technology, or process could pose a risk to human health or the environment, it is not included in our formulations or manufacturing processes. This is not a discretionary filter. It is a binding commitment.

In practice, this means:

- **GMO-free formulations:** Genetically modified organisms are strictly excluded from all MÁDARA products.
- **No irradiation:** Gamma and X-ray irradiation of raw materials is explicitly prohibited.
- **Avoiding from crude oil derivatives:** MÁDARA strictly avoids the use of mineral oils, paraffin, petrolatum, and other synthetic derivatives of crude oil. We replace these with



plant-based oils, waxes, and natural alternatives that are biodegradable and renewable.

– **Microplastics-free:** All MÁDARA cosmetics are manufactured without microbeads. Where exfoliation is required, we use natural alternatives – such as volcanic sand – that pose no risk to aquatic ecosystems.

– **CITES compliance:** All raw materials respect the requirements of the Convention on International Trade in Endangered Species of Wild Fauna and Flora.

– **Kind to animals:** MÁDARA does not use raw materials extracted from living or slaughtered animals. The majority of our products are vegan. The only non-vegan ingredient in our range is beeswax, sourced in strict compliance with COSMOS standards through processes that do not cause the death of the animal.

## Sustainability of Stem Cells



This method delivers three measurable sustainability benefits:

- Active ingredients are isolated from field-level contaminants, including microbes and pesticide residues, improving purity.
- No agricultural land, freshwater irrigation, or pesticide use is required at the extraction stage.

Approximately one in five plant species on Earth is currently at risk of extinction. Conventional botanical harvesting, particularly of rare or slow-regenerating species, contributes directly to habitat degradation and biodiversity loss. Plant stem cell technology offers a precise and verifiable alternative: bio-active compounds are cultivated in controlled conditions from plant cell cultures, without harvesting live plants or disturbing their natural habitats.



- By applying controlled stress conditions – such as elevated UV exposure – to plant cell cultures, production of specific skin-protective molecules can be accelerated, increasing yield efficiency without increasing ecological impact.

Plant stem cell actives are now incorporated across multiple MÁDARA product lines.



## 2025 Product Ingredient Highlights

### KOJIC ALTERNATIVE SERUM

In 2025, MÁDARA's R&D team significantly evolved our bio-active ingredient programme by integrating high-performance actives derived from clean biotechnology. A cornerstone of this advancement is our latest Anti-Pigmentation formulation, featuring Alpha Arbutin synthesised through green bio-fermentation.

This active was selected specifically to align with the company's rigorous criteria for sustainable raw material sourcing. Produced through a controlled fermentation process, it ensures high purity and consistent quality while significantly reducing reliance on petrochemical-derived precursors. From a sustainability and formulation perspective, the integration of bio-fermented Alpha Arbutin delivers several key advantages:

**Responsible production** – A natural-origin, biotechnological process with a fully traceable and transparent supply chain.

**Resource efficiency** – High efficacy at lower concentrations allows for a leaner formula, optimizing the total active-substance load.

**Formula Integrity** – Exceptional stability and skin tolerance reduce the need for additional stabilisers or aggressive auxiliary ingredients, offering a safer alternative to synthetic agents with higher sensitization risks.

At the molecular level, Alpha Arbutin functions as a potent tyrosinase inhibitor, effectively reducing melanin synthesis to promote an even skin tone. Compared to kojic acid, it demonstrates superior stability within the for-



mulation; compared to thiamidol, it provides an equivalent depigmenting effect while maintaining the inherent benefits of a natural-origin, bio-based material.

The serum's efficacy was validated through independent third-party instrumental testing at Dr Koziej Sp. z o.o. Sp. k. measurement laboratories. The results confirmed that the product harmonizes skin tone with an efficiency comparable or superior to benchmark formulas containing kojic acid or thiamidol. This advancement further proves that molecular precision and ecological responsibility can coexist to deliver peak dermatological performance.

## AGE PRO LINE

Parallel to our work with bio-fermented actives, MÁDARA's R&D department reached a new high-performance formulation by integrating the red macroalgae extract, Gigartina Stellata, into our Age Pro line (*AGE PRO Smooth Day Cream*, *AGE PRO Renew Night Cream* and *AGE PRO Intense Wrinkle Serum*). This addition exemplifies our shift toward Marine Biotechnology – field that allows us to capture the potent bio-active properties of

the ocean without compromising its delicate ecosystems.

The integration of Gigartina stellata extract allows us to merge advanced anti-aging solutions with a more sustainable raw material profile. This active ingredient provides powerful antioxidant protection and supports the skin's natural barrier function, achieving peak dermatological performance through an optimized concentration.



## 3.2. Sustainable Packaging

*The right packaging is not the greenest packaging in the abstract – it is the most appropriate solution for each specific product, assessed across its full life cycle.*

Packaging sustainability has been an integral part of MÁDARA's product design since the company's founding in 2006. In 2025, we formalised this long-standing practice into a clear design principle: the best and most appropriate packaging for each product – evaluated not by a single material metric, but across the full set of criteria that determine real-world environmental impact. For each packaging decision, we assess:

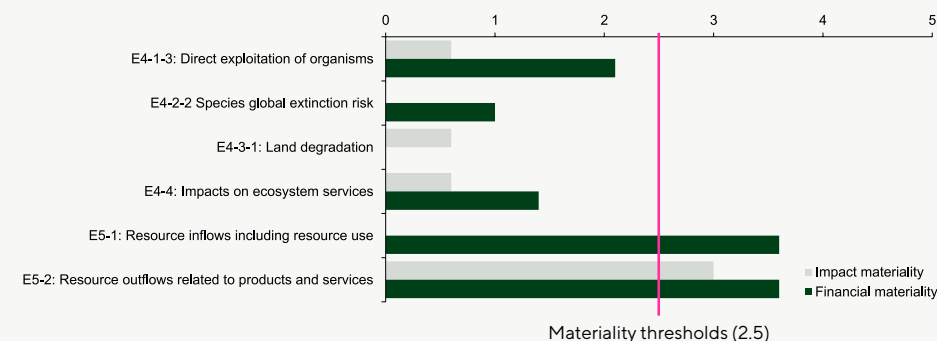
- Product safety and quality – the packaging must protect formula integrity throughout its shelf life.
- Consumer functionality – ease of use, product extraction efficiency, and minimal waste at point of use.
- Supply chain constraints – material availability, supplier certification, and transport impact.
- End-of-life recyclability – sortability within standard municipal recycling streams, and compatibility with existing infrastructure.

This framework moves us beyond a static recycled-content target toward a more rigorous, life-cycle-aware approach to circular packaging design.

### Biodiversity and Circular Economy Materiality – What the Assessment Tells Us

The chart below presents the results of MÁDARA's 2025 Double Materiality Assessment for E4 – Biodiversity and Ecosystems, and E5 – Resource Use and Circular Economy, as assessed by KPMG Baltics SIA. The E4-E5 assessment produces one of the most analytically instructive patterns in the entire DMA: a near-complete inversion between impact and financial materiality across biodiversity topics, alongside strong double materiality in the circular economy domain.

### E4-E5: Environmental Topics



Source: KPMG Baltics SIA, Double Materiality Assessment - Impacts, Risks and Opportunities (IRO), MÁDARA Cosmetics, 2025. Materiality threshold: 2.5 on a 5.0 scale. Assessment conducted in accordance with ESRS 1 (General Requirements) under the EU Corporate Sustainability Reporting Directive (CSRD).

Resource inflows including resource use (E5-1) and resource outflows related to products and services (E5-2) both cross the materiality threshold in both dimensions – making them doubly material and therefore the highest-priority topics in this section of the report. The financial materiality scores for both are among the highest recorded across all environmental topics in the DMA, reflecting the direct commercial exposure created by the EU Packaging and Packaging Waste Regulation (PPWR), supply chain resource dependency, and the reputational and compliance risk of packaging that is designed for recyclability but does not achieve recovery in practice. These two topics anchor the packaging strategy described throughout this chapter.

Direct exploitation of organisms (E4-1-3) presents the sharpest contrast in the chart: a meaningful financial materiality score approaching the threshold, alongside a low impact materiality score. This pattern reflects the mitigating effect of MÁDARA's COSMOS certification – which prohibits wild harvesting without sustainability controls and restricts the use of ingredients that place direct pressure on wild species populations – while the financial score acknowledges that supply chain dependency on botanicals with limited cultivation alternatives creates residual sourcing risk, particularly in the context of EUDR compliance requirements for ingredients such as palm oil derivatives.

Species global extinction risk (E4-2-2) and impacts on ecosystem services (E4-4) score below the threshold in both dimensions, reflecting the indirect nature of MÁDARA's biodiversity footprint – mediated through certified organic supplier networks rather than through direct land use or harvesting operations. These scores do not imply the



absence of risk; they reflect the current mitigating effect of certification-based sourcing governance. The DMA explicitly notes that COSMOS certification, while meaningful, does not constitute a comprehensive biodiversity management framework, and identifies ecosystem-level monitoring as a strategic gap requiring attention in the medium term.

Land degradation (E4-3-1) scores low across both dimensions, consistent with MÁDARA's manufacturing profile – a single production facility with no agricultural land use – and

its supplier base of certified organic farms where soil health practices are a certification requirement.

The packaging design principles, PCR content commitments, mono-material transition strategy, and circular economy practices that respond to the E5 materiality findings are presented in the sections that follow.

### Primary Packaging: Recyclable Materials and Circular Design

MÁDARA's primary packaging – bottles, tubes, flacons, and jars – is made predominantly from recyclable polymers or glass, in strict compliance with COSMOS-permitted materials. No PVC, chlorinated plastics, or polystyrene are used in any MÁDARA packaging. All material selections must be confirmed in writing by our suppliers, providing documented traceability throughout the supply chain.

Our COSMOS-permitted packaging materials include: Polyethylene (PE), Polyethylene terephthalate (PET), Polypropylene (PP), PETG, Glass, Aluminium, Wood, and Paperboard. PLA (non-GMO) is also permitted where structurally suitable.

### 2024 packaging design milestones carried into 2025:

Building on improvements initiated in 2023 and delivered in 2024, the following design changes now form the baseline for our 2025 portfolio:

- **Elimination of glossy coating** on bottle designs, significantly improving sortability in standard plastic recycling streams.

- **Phase-out of hot foil stamping and aluminium caps** in favour of recyclable alternatives – a transition that removes a key obstacle to material recovery at end of life.

- **Airless flacon systems** deployed across multiple lines (Retinol Alternative, SOS+ Sensitive), allowing consumers to extract up to 99% of the formula and minimising product waste.

- **70% PCR tube sleeves** now standard across several product lines, including SOS+ Night Cream, SPF sunscreens, and small-format moisturisers.



### The Shift to Mono-Materials: Designing for the Recycling Stream

The most significant strategic evolution in our 2025 packaging approach is the deliberate move toward **mono-material solutions** – packaging constructed from a single polymer type, which enters standard recycling streams cleanly and without the material separation challenges associated with composite formats.

In practical terms, this means:

- **Replacing multi-polymer combinations** with single-resin alternatives wherever product performance allows
- **Selecting closure and cap materials** that match the primary container polymer, avoiding incompatible material combinations that contaminate sorting streams
- **Prioritising PP and PET** as the preferred plastics where applicable, given their established recycling infrastructure in European markets

This shift is not cosmetic. A recyclable bottle fitted with a non-recyclable component is, in practice, a composite material – and will be treated as residual waste by most sorting facilities. Mono-material design closes that gap.

### PCR Content: Keeping Materials in Circulation

Post-consumer recycled (PCR) content remains a core pillar of our packaging strategy. By incorporating materials recovered from consumer waste streams, PCR use reduces demand for virgin plastic production, supports the viability of recycling infrastructure,

and lowers the carbon footprint of our packaging on a life-cycle basis.

MÁDARA applies PCR content where three conditions are met simultaneously: the recycled material maintains the structural and safety performance of the packaging, the supplier can provide certified traceability of the recycled content, and the aesthetic result is consistent with product quality standards.

#### Established PCR commitments:

- Large-volume liquid products (shampoos, body washes, liquid soaps) are packaged in **100% Prevented Ocean Plastic (POP)** – plastic collected from coastal communities before it reaches the ocean, sourced through a programme affiliated with the Ethical Trade Initiative to ensure fair labour conditions at collection sites.
- Tube sleeves across multiple skincare lines contain a minimum of **70% PCR content**.
- Selected bottles in our haircare and body-care lines use **70% PCR PET**.

We recognise that PCR content must be balanced against durability and product safety. We do not apply PCR targets in isolation; the material must perform to the same standard as virgin polymer in the relevant application.

### Transportation packaging

MÁDARA continues to optimize its downstream value chain by ensuring that our logistics packaging aligns with our broader circular economy objectives through a multi-tiered system engineered for both structural integrity and resource efficiency. Our approach



focuses on maximising recycled content and minimising the demand for virgin fibers, utilizing inner transportation boxes made from 100% recycled material and outer master cartons composed of 83% recycled material to provide necessary durability for global transit while prioritising reclaimed resources. As our direct-to-consumer footprint grows, we also ensure our online shipping boxes maintain high sustainability standards by consisting of at least 71% recycled cardboard. By prioritising these high-percentage recycled materials across our logistics operations, MÁDARA

significantly offsets the requirement for primary raw materials, successfully saving approximately 86.88 tonnes of virgin cardboard from production based on our 2024–2025 volume metrics. This reduction in new material demand not only preserves forest ecosystems but also lowers the energy and water intensity associated with our distribution network as we continue to explore further weight-optimisation and glueless box designs to enhance the sortability of our transport materials at their final destination.

## Sustainable Packaging Highlights: 2025 Launches and Brand Evolutions

*Packaging is the last decision we make about a product – and the first thing a customer touches. In 2025, here is how we made that moment count:*



**AGE PRO Smooth Day Cream, 50ml**

The non-recyclable PETG cap was replaced with a recyclable PET cap, creating a mono-material system where both the flacon and cap are fully recyclable through standard recycling streams. The pump remains non-recyclable within standard recycling infrastructure.



**AGE PRO Renew Night Cream, 50ml**

The previously non-recyclable PETG cap was replaced with a recyclable PET cap. This transition results in a mono-material packaging system where both the flacon and the cap are now made entirely from PET, rendering both components recyclable through standard recycling streams.



**AGE PRO Hydra Firm Hyaluron Jelly, 75ml**

The pump and cap now incorporate 30% post-consumer recycled (PCR) material, reinforcing the existing mono-material system where both the flacon and cap are made from PET and are fully recyclable through standard recycling streams. The pump remains non-recyclable within standard recycling infrastructure.



**AGE PRO Intense Wrinkle Serum, 30ml**

The previous multi-material packaging – a glass bottle combined with a mixed PP pump and PET cap – was replaced with a PET airless flacon and PET cap, creating a mono-material system where both the flacon and cap are fully recyclable through standard recycling streams. This simplification significantly eases consumer-side sorting and recycling. The pump remains non-recyclable within standard recycling infrastructure.



**AGE PRO Contour Wrinkle Eye Cream, 15ml**



**Mineral SPF50 Sunscreen Stick, 12g**

The product is housed in a fully recyclable mono-material PP packaging, supporting straightforward end-of-life sorting and recycling through standard recycling streams.



**KOJIC ALTERNATIVE Pigment Serum, 30ml**

The product features a re-cyclable PET flacon and recyclable PET cap, forming a mono-material system where both components are fully recyclable through standard recycling streams. The pump remains non-recyclable within standard recycling infrastructure.



**HYDRA GLOW Hyaluron Peptide Serum, 30ml**

The product features a re-cyclable flacon, supporting end-of-life sorting and re-cycling through standard recycling streams. The pump remains non-recyclable within standard recycling infrastructure.



**Hyaluron Biotic Mist, 100ml**



**H<sub>2</sub>O Tint Hyaluron Tinted Serum, #1 May Flower, 30ml**   **H<sub>2</sub>O Tint Hyaluron Tinted Serum, #2 Moon Flower, 30ml**   **H<sub>2</sub>O Tint Hyaluron Tinted Serum, #3 Sun Flower, 30ml**   **H<sub>2</sub>O Tint Hyaluron Tinted Serum, #4 Wild Flower, 30ml**   **H<sub>2</sub>O Tint Hyaluron Tinted Serum, #5 Dream Flower, 30ml**

These products are housed in a recyclable PE tube incorporating 39% post-consumer recycled (PCR) material, reducing the use of virgin plastic while supporting end-of-life recyclability through standard recycling streams.

Environmental Sustainability



**Kizuna telpu aromāts, 150ml**



**Glycolic Glow glikolskābes toniks, 150ml**

The product features a fully recyclable flacon made from 100% post-consumer recycled (PCR) material, eliminat-ing the use of virgin plastic in the primary packaging. The pump is non-recyclable.



**AGE PRO Hydra Firm Hyaluron Jelly, 15ml**



**AGE PRO Renew Night Cream, 15ml**



**KOJIC ALTERNATIVE Pigment Serum, 15ml**

The product is housed in a recyclable PE tube, sup-orting end-of-life recycla-bility through standard re-cycling streams.

The product features a fully recyclable flacon made from 100% post-consumer recycled (PCR) material, eliminat-ing the use of virgin plastic in the primary packaging. The pump is non-recyclable.



**MIDSUMMER Soft Silk Mineral Bronzer, #1 HEAT, 9g**



**MOONLIGHT Soft Glow Mineral Highlighter, #1 STARDUST, 6g**

PET packaging contains 59% PCR material. Detachable metal pan for easy sorting.

Environmental Sustainability

REBRAND 2025



**ACNE Intense Blemish and Pore Serum, 20ml**

The product name was up-dated to ACNE Intense Blemish and Pore Serum, more accurately reflecting its serum texture and role within the skincare routine.



**Vitamin C Illuminating Recovery Cream, 50ml**

The previous PP flacon and PET cap combination was replaced with a PET flacon and PET cap, creating a mono-material system where both components are fully recyclable through standard recycling streams. This change simplifies end-of-life sorting and improves overall packaging consistency. The pump remains non-recyclable within standard recycling infrastructure.



**DERMA COLLAGEN Peptide Serum, 30ml**

The previous multi-material packaging – a glass bottle combined with a mixed PP pump and PET cap – was replaced with a PET airless flacon and PET cap, creating a mono-material system where both the flacon and cap are fully recyclable through standard recycling streams. This simplification significantly eases consumer-side sorting and recycling. The pump remains non-recyclable within standard recycling infrastructure.



**DERMA COLLAGEN Peptide Day Cream, 50ml**

The non-recyclable PETG cap was replaced with a recyclable PET cap, creating a mono-material system where both the flacon and cap are fully recyclable through standard recycling streams. The pump remains non-recyclable within standard recycling infrastructure.



**DERMA COLLAGEN Peptide Night Cream, 70ml**

The product is housed in a recyclable tube incorporating 47% post-consumer recycled (PCR) material, reducing the use of virgin plastic while supporting end-of-life recyclability through standard recycling streams.

## REBRAND 2025



**SKIN EQUAL Soft Glow  
Foundation, 30ml**

The previous multi-material packaging – a glass bottle combined with a mixed PP pump and mixed PP cap – was replaced with a PET airless flacon and PET cap, creating a mono-material system where both the flacon and cap are fully recyclable through standard recycling streams. This simplification significantly eases consumer-side sorting and recycling. The airless format also allows up to nearly 100% of the product to be used, significantly reducing product waste. The pump remains non-recyclable within standard recycling infrastructure.

## NEW BUSINESS SEGMENT – HORECA (Hotels, Restaurants, Catering)



**HORECA  
Wild Woods  
Hand and Body Wash**



**HORECA  
Wild Woods  
Shampoo**



**HORECA  
Wild Woods  
Conditioner**



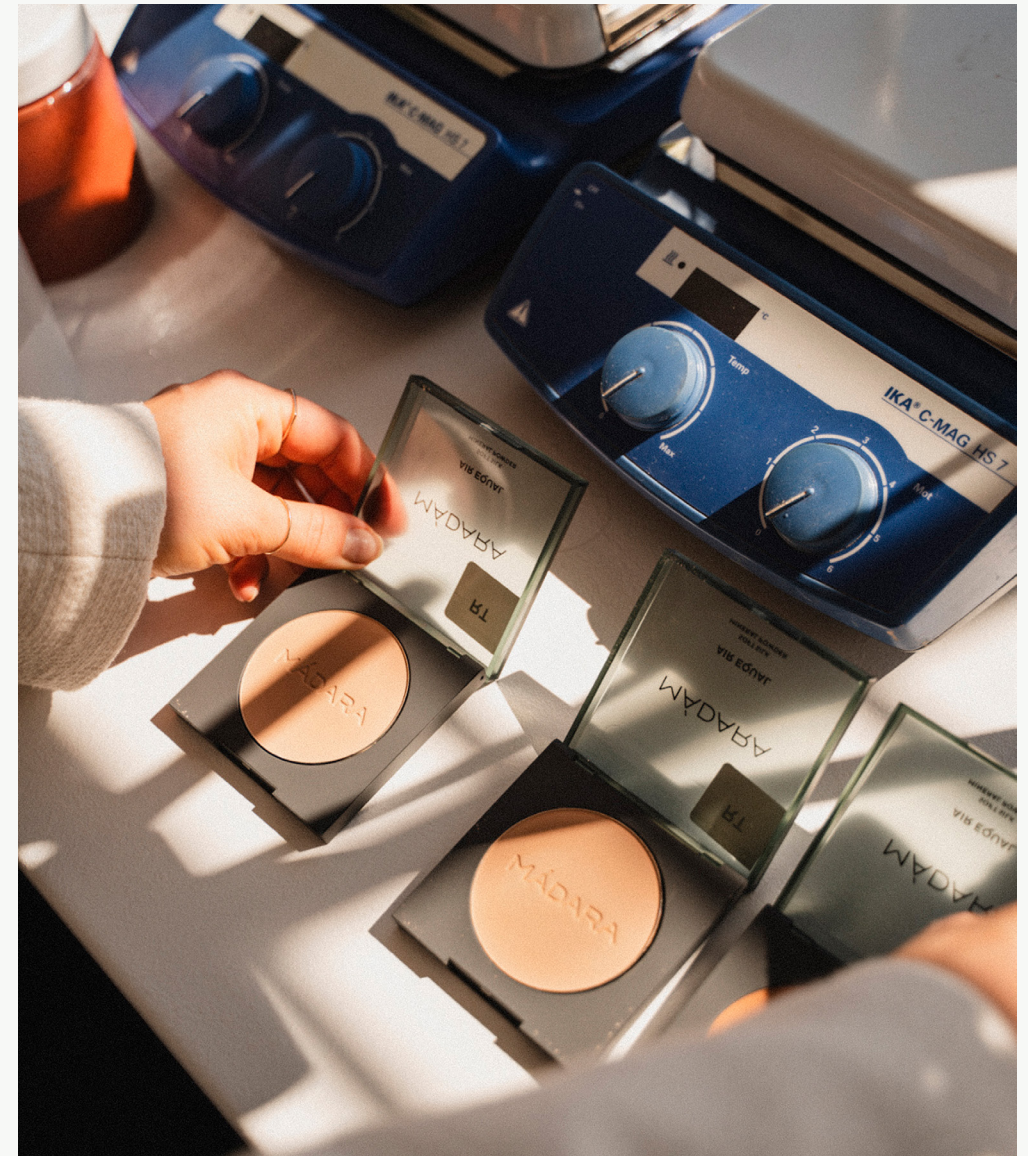
**HORECA  
Wild Woods  
Body Lotion**

The product features a fully recyclable flacon made from 100% post-consumer recycled (PCR) material and a recyclable cap, eliminating the use of virgin plastic across both components and supporting end-of-life recyclability through standard recycling streams.

## 3.3. Sustainable Manufacturing

*The production process and all related activities of Mádara Cosmetics are designed to be low in energy consumption. Minimising resource use is both an environmental and a commercial imperative; accordingly, energy consumption is subject to strict monitoring through our company-wide Energy Saving Policy, which assigns clear responsibilities to every employee.*

*Our production equipment is manufactured by industry-leading engineering companies selected in part for the efficiency of their integrated energy solutions.*



### GHG Emissions (E1\*)

CO<sub>2</sub> and greenhouse gas (GHG) emissions are primary determinants of climate change, generated principally through the combustion of fossil fuels. For MÁDARA, Scope 1 emissions – direct emissions from gas combustion in production and from company-owned vehicles – represent the primary source of operational carbon output. Scope 2 emissions, arising from purchased electricity, have been eliminated entirely since 2022 through the company's transition to 100% certified renewable electricity.

In 2025, MÁDARA's total GHG emissions fell to 130.5 tonnes CO<sub>2</sub> - the lowest level recorded since 2017, and a reduction of 20.9% from the 164.90 tonnes recorded in 2024. This result is not attributable to reduced business activity; as Section 3.3 E2 demonstrates, production volumes continued to grow. The reduction reflects genuine operational



improvements in both process efficiency and facility energy management.

Total Scope 1 emissions in 2025 comprised two components:

- Production emissions (gas combustion for manufacturing and facility heating): 96.7 t CO<sub>2</sub>, down from 128.70 t in 2024 – a reduction of 24.9%
- Fleet vehicle emissions: 33.8 t CO<sub>2</sub>, down from 36.0 t in 2024 – a reduction of 6.1%

The reduction in production emissions reflects both improved process efficiency and a significant optimisation in facility climate control, detailed in Section E3 below. Vehicle emissions decreased modestly, consistent with ongoing efforts to optimise delivery routes and fleet utilisation.

The Indirect Scope 2 GHG emissions attributable to MÁDARA remain nil in 2025. All electricity consumed in our operations is sourced exclusively from renewable energy, verified annually by the AS Latvenergo POWERED BY GREEN certificate. This commitment has now been maintained without interruption for four consecutive reporting years (2022-2025).

MÁDARA is aware of the methodological discussion regarding market-based versus location-based Scope 2 accounting. Our Scope 2 figure of zero is reported on a market-based basis, reflecting the verified renewable energy certificates held. The KPMG-conducted Double Materiality Assessment (2025) has identified the long-term availability and cost stability of renewable energy certificates (GoO/RECS) as an emerging risk to be monitored in future reporting periods, alongside the opportunity to explore Power Purchase Agreements (PPAs) or on-site renewable generation to further strengthen the structural basis of our zero Scope 2 position.

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>GHG Emissions (E1), t</b>	95.06	132.08	139.12	164.11	197.96	206.46	154.20	148.70	164.90	130.5
Scope 1:	74.14	122.19	139.12	114.05	163.70	184.04	154.20	148.70	164.90	130.5
Production	67.44	110.38	112.89	110.78	120.70	141.43	118.95	113.34	128.70	96.7
Vehicles	6.70	11.81	26.23	37.27	43.00	42.61	35.25	35.37	36.0	33.8
Scope 2 (electricity):	20.92	9.89	0	16.06	34.26	22.42	0	0	0	0
<b>Energy Intensity (E2), kg/EUR</b>	0.02	0.025	0.022	0.015	0.012	0.011	0.009	0.008	0.008	0.006
<b>Kg per unit manufactured</b>	0.071	0.090	0.082	0.085	0.080	0.079	0.063	0.058	0.033	0.022

Source: Internal Company Records. All figures in tonnes CO<sub>2</sub> equivalent.

The ten-year dataset reveals two structurally important trends. First, the peak in total emissions of 206.46 t in 2021 has been followed by a sustained and accelerating reduction, with the 2025 figure representing a 36.8% decrease from peak. Second, the elimination of Scope 2 emissions from 2022 onward accounts for a meaningful portion of this structural improvement, but 2025 also demonstrates the first significant reduction in Scope 1 production emissions since 2023 – confirming that decarbonisation is now progressing across both emission categories simultaneously.

### Emissions Intensity (E2)

Energy intensity measures the carbon efficiency of operational output – the GHG emissions generated per unit of economic or physical activity. A sustained downward trend in this indicator, concurrent with business growth, constitutes evidence of absolute decoupling: the company is expanding production while reducing its environmental resource consumption per unit of output.

The data confirms that this decoupling is not a recent development at MÁDARA – it is a long-term structural trend, now spanning a decade.

In 2025, energy intensity per unit manufactured fell to 0.022 kg CO<sub>2</sub>e per unit – down from 0.033 kg in 2024 and from a peak of 0.090 kg in 2017. This represents a 75.6% improvement in per-unit carbon efficiency over the nine-year period, and a 33.3% improvement in a single year from 2024 to 2025.

Intensity expressed as kg CO<sub>2</sub>e per euro of turnover declined to 0.006 kg/EUR in 2025, continuing a consistent downward trajectory from 0.020 kg/EUR in 2016. This metric demonstrates that MÁDARA generates meaningfully more revenue per unit of carbon emitted than it did at any prior point in the company's history.

### Energy Usage (E3)

Natural gas remains MÁDARA's primary source of thermal energy, used for two distinct operational purposes: space and facility heating, and steam generation for manufacturing processes. Understanding the balance between these two end-uses is essential for accurate interpretation of year-on-year gas consumption figures, as each is driven by different operational variables – ambient climate conditions in the case of heating, and production utilisation in the case of steam generation.

Total gas consumption decreased in 2025 to 34,901.74 kg (17,718 m<sup>3</sup>), from 36,411.58 kg (18,507 m<sup>3</sup>) in 2024 – a reduction of 4.1% in volume terms.

	2024 (kg)	2024 (m <sup>3</sup> )	2025 (kg)	2025 (m <sup>3</sup> )	YoY Change
Facility heating	24,819.82	12,618	16,470.12	8,373	-33.6%
Steam generator – manufacturing	11,591.76	5,893	18,431.62	9,370	+59.0%
<b>Total</b>	<b>36,411.58</b>	<b>18,507</b>	<b>34,901.74</b>	<b>17,718</b>	<b>-4.1%</b>

Source: Internal Company Records.

The aggregate reduction in gas consumption of 4.1% conceals a significant and analytically important operational shift between the two end-use categories.

Facility heating consumption decreased by 33.6%, from 12,618 m<sup>3</sup> to 8,373 m<sup>3</sup>. This reduction reflects improved climate control efficiency in the manufacturing facility, including optimised heating management and – consistent with patterns observed across multiple reporting years – the influence of ambient winter temperatures. This trend is consistent with MÁDARA's multi-year investment in building energy efficiency.

Steam generator consumption for manufacturing increased by 59.0%, from 5,893 m<sup>3</sup> to 9,370 m<sup>3</sup>. This increase directly reflects higher manufacturing utilisation in 2025 – greater production volumes require more steam in the production process. This is not an efficiency deterioration; it is the expected signature of a company scaling output. The key indicator to examine in conjunction with this figure is the per-unit intensity metric (E2), which demonstrates that the increased steam input generated disproportionately higher production output, confirming improved process efficiency.

MÁDARA is using the facility more productively – heating it more efficiently while running the production equipment at higher

utilisation – and the net result is a 4.1% reduction in total gas consumption alongside a 33.3% improvement in per-unit carbon intensity.

### Energy Intensity (E4)

Energy intensity expresses the energy required per unit of activity, output, or any other organisation-specific metric. It provides a normalised measure of facility efficiency that is independent of absolute changes in production volume or headcount, enabling meaningful year-on-year comparison of operational performance.

In 2025, MÁDARA's energy intensity was 0.125 MWh per square metre of floor space of MÁDARA headquarters – a marginal reduction of 0.8% compared to 0.126 MWh/m<sup>2</sup> in 2024 – and 1.915 MWh per full-time employee, representing an increase of 5.7% compared to 1.811 MWh/FTE in 2024.

The per-square-metre figure continues the long-term downward trend, now representing a 62.7% reduction from the 0.335 MWh/m<sup>2</sup> recorded in 2021. This trajectory reflects sustained investment in facility energy efficiency – optimised heating management, energy-efficient lighting installed throughout all buildings, and progressive improvement in the energy performance of production processes.

The per-employee figure increased modestly in 2025. This movement should be interpreted in context: as detailed in Section E3, gas consumed by the steam generator for manufacturing increased by 59% in 2025, directly reflecting higher production utilisation and a significant increase in total production volume. The energy input per employee therefore rose in line with the scale of manufacturing activity, not as a consequence of reduced efficiency. Read alongside the per-unit carbon intensity improvement to 0.022 kg CO<sub>2</sub>e per unit manufactured (Section E2) – a 33.3% year-on-year improvement – the 2025 E4 data confirms that the facility is producing more, per person and per square metre, than at any previous point in the company's history.

### Energy Mix (E5)

The combustion of fossil fuels is a primary contributor to greenhouse gas emissions and broader environmental degradation. Transitioning operational energy supply toward renewable sources is a foundational requirement of any credible decarbonisation strategy.

MÁDARA's energy supply comprises two primary sources: **liquefied propane gas (LPG)**, used for thermal energy – space heating and steam generation for manufacturing processes – and **electricity**, used for production equipment, lighting, and facility systems.

In 2025, MÁDARA continued to source **100% of its electricity from certified renewable sources**, verified by the AS Latvenergo **POWERED BY GREEN** certificate. Our renewable electricity is generated from a combination of hydroelectric power plants, biomass combustion facilities, and wind power plants operating within the Latvian and regional grid.

This represents the fourth consecutive year of 100% renewable electricity procurement,



following the company's initial transition in 2022. As confirmed in MÁDARA's 2025 Double Materiality Assessment conducted by KPMG Baltics, this status eliminates all Scope 2 market-based GHG emissions and constitutes a material, verified contribution to climate change mitigation. The assessment also identified the growing cost and availability risk associated with renewable energy certificates (Guarantee of Origin instruments) as a medium-term risk to monitor, and flagged Power Purchase Agreements (PPAs) and on-site generation – including solar – as potential structural alternatives for future consideration.

### Water Usage (E6)

At MÁDARA, we recognise that clean water is fundamental to environmental well-being. We diligently manage our water resources, focusing on reducing wastewater pollution and optimising consumption throughout our manufacturing operations.

MÁDARA uses water for three primary purposes:

1. Highly purified water as a direct product ingredient

- 2. Water for manufacturing and cleansing/hygiene processes
- 3. General facility and office use

The majority of total water demand is used for manufacturing and cleansing/hygiene processes.

In 2025, our total water consumption reached **8.219 m<sup>3</sup>**, an increase of **7.0%** compared to 7.680 m<sup>3</sup> in 2024. This increase is directly attributable to higher production volumes – output grew by 31% in 2025 – meaning that water consumption per unit of production fell significantly year-on-year. The proportionally smaller increase in water use relative to production growth reflects ongoing improvements in process efficiency across manufacturing and cleaning operations.

### Eco-friendly cleaning and hygiene

The cleansing and disinfection agents used throughout MÁDARA's manufacturing operations are:

- Natural plant alcohol
- Natural plant-based surfactants
- Iso-propyl alcohol
- Amphoteric surfactants
- Hydrogen peroxide

All agents are subject to rigorous verification by ECOCERT Greenlife as an independent auditing body, ensuring alignment with COSMOS manufacturing standards and minimising the environmental burden of process hygiene on our wastewater stream.

### Reinforcing recycling

To promote the practice of sorting and recycling among skincare consumers, MÁDARA

accepts empty product packaging at our brand stores in Riga. As an incentive, we offer a discount for every packaging item brought back to the store. The collected packaging is then responsibly sent for further recycling.

Beyond our consumer take-back programme, we meticulously manage our operational waste streams at source. Waste is segregated at our Mārupe facility into distinct categories – cardboard, paper, plastic, glass, production residues, and hazardous materials – and collected by SIA Eco Baltia vide, our contracted waste management partner. MÁDARA also returns difficult-to-recycle silicone release liners to the label supplier for specialist reprocessing, keeping these materials within a circular loop rather than directing them to residual waste.

Waste generated in 2025\*:

Waste type	Tonnes in 2025
Everyday waste (general waste generated by manufacturing and the office)	35.04
Paper and cardboard (packaging materials, office paper)	37
Plastic packaging (ingredient drums etc)	15
Glass	0.63
Waste from building and office equipment maintenance (used bulbs, batteries, etc.)	0.165
Waste from production (defected bulk, expired ingredients)	5.2

*\*Based on the amount of waste sent out for recycling during the calendar year*

MÁDARA sorts cardboard, paper, plastic and other waste materials, sending them to specialised recycling companies, which ensure recycling of the materials whenever possible.

## MÁDARA and the LEAN philosophy

*At MÁDARA, our production process is continually evolving, with a persistent focus on enhancing efficiency at every stage of how we create our products. To drive this, we fully embrace the LEAN philosophy – an approach centred on systematically eliminating all non-value-adding activities and waste, thereby streamlining daily operations, minimising errors, elevating product quality, and boosting overall job satisfaction. Such a methodical approach profoundly impacts our company's sustainability, benefiting both our environmental footprint and our social responsibility.*

*Our dedicated LEAN team is integral to this commitment. Comprising individuals passionate about process improvement and making work more efficient for everyone, this team consistently identifies and implements improvement projects each month. Their proactive involvement ensures that LEAN principles are not merely theoretical, but are actively integrated into daily practice, driving continuous positive change across the organisation.*

### Operational Transformation

2025 marked a year of significant operational transformation at MÁDARA. With the appointment of a Chief Operating Officer, a new operational structure was established, optimising workflows, process governance, and departmental management across the company.

Production was restructured into four specialised units, each with a clearly defined scope of responsibility. As part of this reorganisation, a skills matrix was developed to enable structured employee rotation both within production and across the broader supply chain – building the cross-functional capability needed to sustain operations independently during high-demand campaign periods. This



internal capacity reduced outsourcing costs by 29% compared to 2024.

Logistics, procurement, and warehouse operations were consolidated into a unified Supply Chain function, creating clearer accountability and broader professional development pathways for team members. A dedicated Planning Department was established, combining internal resources with industry expertise. Improved data flows and new planning tools - calibrated to sales forecasts for more precise material procurement - were introduced to support operational decision-making.

These structural improvements - including the establishment of a Planning Department that blends internal resources with industry expertise - significantly enhanced data flow and introduced new quality assurance systems alongside advanced procurement tools driven by sales forecasting. Combined with investments in new equipment (such as a new filling machine opening a new technological direction, additional printing equipment, and a 3D printer), these initiatives enabled MÁDARA to increase production volume by 31% compared to 2024, equivalent to an additional 100 tonnes of output.

**Production**

Ensuring proper cleaning and maintenance of production equipment remains a critical factor in our manufacturing process. Each machine undergoes thorough washing to prevent contamination. Cleaning procedures are optimised specifically for similar product types, reducing washing times by two thirds - delivering substantial savings in water, electricity, and cleansing detergent consumption.

We continue to refine our material circulation process from filling to the packaging area, which has significantly reduced stocks of prepared materials and minimised workflow errors. Our focus on sustainable packaging remains embedded in production operations: products with minor packaging defects are made available through the Company's Factory Outlet sale, preserving the resources invested in their production rather than generating avoidable waste.

**Workplace Safety and Infrastructure**

In 2025, multiple internal and external occupational safety and fire safety audits were conducted, and an improvement action plan was developed and implemented across production and warehouse areas. Actions included shelf reinforcement and inspection, optimised movement flows for employees and visitors, the creation of designated safe zones, installation of visual communication boards and information screens, safety barriers, and additional CCTV coverage to enable more effective incident assessment.

Electrical installation measurements were carried out and material technical improvements implemented. Investment was also made in office renovation and expansion, installation of new air conditioning systems in both office and warehouse areas, and the modernisation of the heating system with more powerful and safer heating equipment.

**Quality Performance**

In 2025, MÁDARA implemented a unified OPS KPI system operating across three levels - business, operational, and departmental - providing structured, measurable

oversight of quality performance across the organisation.

The results are concrete. A systematic approach to quality management and the consistent introduction of corrective actions delivered a 12.6% reduction in customer complaints compared to 2024. The total complaint rate stands at 429 PPM (parts per million of units sold), equivalent to 4 complaints per 10,000 units sold. There were zero product recalls from the market during 2025.

The number of production deviations recorded relative to output volume increased by 24% compared to 2024. This increase reflects

the enhanced rigour of MÁDARA's internal monitoring and reporting systems - a higher detection rate is a direct consequence of the more systematic quality oversight introduced during the year - and is assessed in conjunction with the reduction in customer complaints, which confirms that product quality reaching the consumer continued to improve.

Taken together, these indicators demonstrate that structured governance and purposeful operational development deliver measurable results - for our products, our customers, and the efficiency of our manufacturing operations.



PART 4

# Social *Responsibility*

*Skincare for humanity*



## 4.1. Foundations of Social Responsibility

*The core purpose of MÁDARA is linked to the powerful concept of benefiting humanity and equality. We live by and promote these values in everything we do: producing safe and sustainable products, creating fair and supportive working conditions, building a responsible and transparent supply chain, engaging openly with our community, and pursuing ethical business practice at every level of the organisation.*

Social responsibility is an integral part of MÁDARA's values and purpose. The core purpose of MÁDARA is linked to the powerful concept of benefiting humanity and equality. We live by and promote the values of humanity and equality in everything we do: producing safe and sustainable products, devising safe and natural beauty solutions, creating safe and fair working conditions, maintaining a sustainable supply chain, opening our factory to the general public, and pursuing transparent and ethical business practice. Every morning we come to work to create a better world – product by product, process by process, innovation by innovation.

In 2025, this long-held commitment received its most rigorous external validation to date. As a Certified B Corporation™ since April 2025, MÁDARA has undergone a comprehensive, evidence-based assessment of its impact on workers, customers, community, and the environment. The B Impact Assessment does not reward intention – it requires documented proof. Every statement, practice, and policy must be substantiated by data, facts, and verifiable records. Achieving certification confirms that MÁDARA's social responsibility is not a stated value, but a demonstrable, measurable operating reality.



B Corp™ certification also marks a shift in framing: our social obligations now extend beyond our own employees and supply chain. As a certified B Corp™, MÁDARA is formally accountable to all stakeholders – the people inside the organisation, the customers who use our products, the communities in which we operate, and the planet we share. This accountability is structural, not aspirational, and it deepens the foundation on which Part 4 of this report is built.

## 4.2. Equality and Humanity



*The foundational purpose of MÁDARA is inextricably linked to human well-being, social equity, and absolute transparency. We translate these values into daily operations by developing safe, biocompatible formulas, ensuring fair and empowering working conditions, and strictly auditing our ethical supply chain. By keeping our factory open to the public, we champion a culture of radical honesty. Every innovation we introduce is a deliberate step toward a more equitable world, proving that conscious business practices can actively drive positive societal change.*

### Non-discrimination (S6)

MÁDARA aims to foster respect and equality among all members of its community. We are a diverse and international company, and individuals of different cultures, values, national origins, races, genders, marital statuses, sexual orientations, and political opinions are all part of our community. Our non-discrimination approach rests on two principles:

**Respect** – All Company members share mutual respect in their interactions and encounters. We abide by cultural norms and laws in all markets where we operate. Even where personal beliefs or viewpoints differ, it is our responsibility to engage with the perspectives of others with grace and understanding.

**Social inclusion** – People of all viewpoints and backgrounds are welcomed in our Company.

Bias, prejudice, and racism have no place in our organisation or community. We expect all employees to treat clients, partners, and colleagues in the same manner, regardless of socioeconomic status, national origin, gender, or sexual orientation.

### Social Materiality: What the Assessment Tells Us

The chart below presents the results of MÁDARA's 2025 Double Materiality Assessment for S1 – Own Workforce, as assessed by KPMG Baltics SIA. The results reveal a workforce profile where MÁDARA's positive social contributions are both genuine and measurable, while also identifying the areas where financial exposure is highest and strategic attention is most warranted.

**S1: Own Workforce**



Source: KPMG Baltics SIA, Double Materiality Assessment - Impacts, Risks and Opportunities (IRO), MÁDARA Cosmetics, 2025. Materiality threshold: 2.5 on a 5.0 scale. Assessment conducted in accordance with ESRS 1 (General Requirements) under the EU Corporate Sustainability Reporting Directive (CSRD).

Adequate wages (S1-1-3) scores as the most financially material workforce topic – the highest financial materiality score in the entire social assessment – reflecting the direct link between compensation competitiveness, employee retention, and operational continuity. This is consistent with the 2024 employee satisfaction survey finding that pay adequacy ratings declined year-on-year, and confirms that the 2025 remuneration model review was a material business priority, not merely an HR initiative.

Secure employment (S1-1-1), work-life balance (S1-1-7), and freedom of association (S1-1-5) all record high financial materiality scores above the threshold, reflecting MÁDARA's structural commitment to stable full-time employment, flexible working arrangements, and an open feedback culture – practices that the DMA identifies as active generators of positive impact for employees rather than compliance minimums.

Training and skills development (S1-2-2) crosses the financial materiality threshold, confirming that investment in employee capability is not only a social responsibility but a commercially material factor in MÁDARA's

ability to scale production, reduce outsourcing dependency, and sustain quality standards during periods of rapid operational growth.

Health and safety (S1-1-8) and measures against violence and harassment (S1-2-4) score below the financial threshold but carry meaningful impact materiality scores, reflecting the importance MÁDARA places on psychological safety and physical protection in the workplace – topics directly addressed through the 2025 near-miss reporting system and the Misija Nulle charter commitment.

Privacy (S1-3-4) and social dialogue (S1-1-4) score below both thresholds, indicating that current governance structures in these areas are adequate for MÁDARA's present operational scale, though both are monitored as the organisation grows.

**Human Rights (S10)**

Respect for human rights is at the core of MÁDARA. Business at the Company is conducted in a manner that respects the rights of all parties involved, complying with all

applicable legal requirements. This policy applies to every employee of the Company and is built on the following commitments:

**Diversity and inclusion** – We value the diversity of our employees. Discrimination of any sort is discouraged and strictly forbidden. We do not tolerate disrespectful or inappropriate behaviour or unfair treatment. Harassment is not tolerated in the workplace or in any work-related circumstance outside the workplace.

**Freedom of collective bargaining** – We do not restrict our employees from joining labour unions.

**Safety of the workforce** – We aspire to provide an injury-free and healthy workplace and comply with all applicable safety and health laws and regulations, as well as our internal requirements. Together with our employees, we continuously improve safety measures by identifying risks and providing targeted education and training.

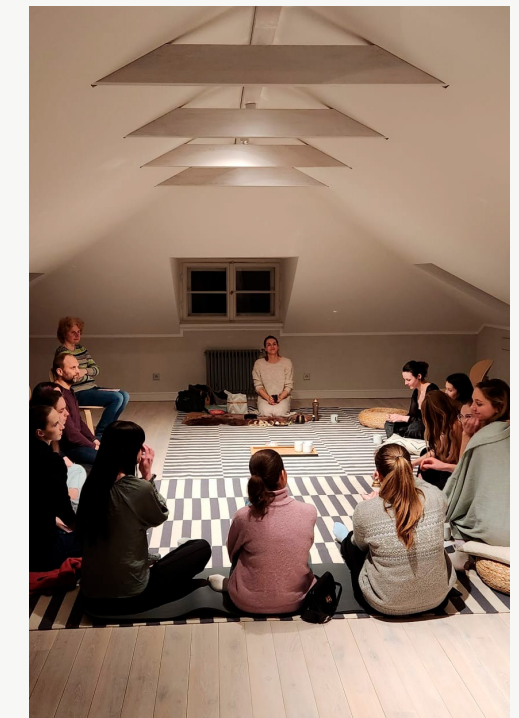
**Forced and Child Labour (S9)** – Forced labour, including prison labour, indentured labour, and any form of slavery, is strictly forbidden. Employment at MÁDARA is only possible on voluntary grounds, with no threat of penalty or sanction. Children under 18 years of age are not permitted to be hired for work in hazardous positions. The terms and conditions of employment are made available to all employees before their employment commences.

**Work Hours, Salaries, and Benefits**

Employees of MÁDARA receive competitive wages relative to the industry and the specifics of the local labour market. We comply with all applicable wage, working hours, overtime, and benefits legislation.

- All employees are provided with:
- Free-of-charge health insurance covering medical services and psychotherapy sessions
  - Personal accident insurance
  - A paid day off on their birthday
  - A one-time allowance of EUR 500 in the event of a newborn, plus parental leave in accordance with Latvian law (10 working days plus 2 months for fathers; 1-1.5 years for mothers)
  - A one-time allowance of EUR 250 and 2 paid days off in the event of the death of a close relative
  - Paid mental health days
  - Flexible and hybrid working arrangements for office staff, supporting work-life balance

For factory and warehouse employees, MÁDARA ensures stable work schedules, avoiding night shifts and weekend working to protect personal time and rest.



## Social Responsibility Initiatives in 2025

### BUILDING A SOCIALLY RESPONSIBLE WORKPLACE

*At MÁDARA, we are dedicated to fostering a workplace culture where mutual support is ingrained in our daily interactions. We continuously work to enhance both the individual and collective experiences of our employees. This commitment is demonstrated through a range of employee wellbeing and professional development programmes. To ensure these initiatives truly resonate, we conduct regular employee surveys, allowing us to craft programmes that directly contribute to the overall wellbeing and satisfaction of every member of the MÁDARA team.*



#### Wellbeing matters

We place a strong emphasis on work-life balance, recognising its crucial role in employee satisfaction and overall health. For office staff, we offer flexible and hybrid working arrangements; for factory and warehouse colleagues, we maintain stable schedules that protect personal time, free from night shifts or weekend work. Our standard company benefits include health insurance covering free counselling and psychotherapy sessions, two paid mental health days per employee per year, and a paid day off on each employee's birthday.

The annual employee satisfaction survey continues to provide a clear and consistent signal: year after year, the primary reasons people choose to work at MÁDARA are our brand, our values, and our team. These are

followed by management approach and decision-making, and salary and benefits. Overall satisfaction results remain stable. The key development priority identified for the coming years is improving team structure and internal communication and collaboration – themes raised both in open-ended responses and in quantitative results. Towards the end of 2025, work began on a structured plan to modernise our internal communication approach, with implementation planned for 2026.

#### Fostering a culture of continuous learning

At MÁDARA, we believe that investing in our people's knowledge and capabilities is fundamental to both individual growth and organisational resilience. In 2025, approximately **40% of employees attended at least**

**one training or development activity** during the year.

The current focus is on building strong leadership competencies across the organisation, ensuring that every colleague benefits from skilled and supportive managers and team leads. Training offerings in 2025 included:

- Sales training
- Management and team lead development programmes
- Manager support groups
- Open workshops available to all employees: time planning and prioritisation; media literacy ("How to identify reliable information?"); AI skills, knowledge, and use cases; and seminars on financial wellbeing – covering smart financial decisions, pensions, investments, and savings
- Dedicated team and team lead workshops to align work processes and goals

In addition, **22 colleagues advanced within their department or moved to a new role or set of responsibilities** during the year, demonstrating that internal mobility and professional growth are concrete, measurable outcomes of MÁDARA's development culture.



Continuous learning at MÁDARA extends beyond formal training programmes to the way we share knowledge, set direction, and keep the entire organisation informed and aligned. Each year, MÁDARA holds a company-wide **Annual Employee Conference** – an opportunity for the whole team to reflect on what has been achieved and to look ahead at the goals and priorities for the year to come.

MÁDARA also improved the structure and content of its regular **Townhall meetings** to make them more relevant and accessible for all team members. MÁDARA's workforce spans two working realities: part of the team operates remotely and works primarily in English, while the other part works on-site and communicates in Latvian. The updated Townhall format ensures that the substance and key messages are consistent across both audiences, while the delivery is adapted to remain genuinely relevant to each group. Clear, inclusive internal communication is the foundation of a team that can act with shared purpose – and we continue to refine this as the organisation grows.

#### Performance review cycle

In 2025, MÁDARA introduced a structured, company-wide performance review cycle held twice per year, incorporating a management roundtable to make the evaluation process more transparent, consistent, and useful for all participants. Results are analysed to identify top talent and key contributors who can drive change, deliver results, and create value in line with company goals and values. The process has also proven valuable for surfacing situations where performance requires early attention, or where interpersonal tension between colleagues can be identified and addressed constructively. The focus going forward is to refine the process itself

so that it is practical and comfortable for employees, managers, and process owners alike.

### Recognitions and awards

In 2025, MÁDARA received or renewed several external recognitions that reflect the quality of our working environment:

**"Diversity is Strength"** – assessed and awarded by the Society Integration Foundation of Latvia (SIF), this recognition confirms MÁDARA's commitment to building an inclusive and open workplace. We believe diversity is a resource and a driver of development – it strengthens teams, fosters creativity, and delivers better results.

**"Family-Friendly Workplace"** – also awarded by the Society Integration Foundation of Latvia, this status recognises our commitment to helping employees balance professional and family life. It affirms our conviction that em-



ployee wellbeing and work-life balance are the foundations of sustainable growth.

**TOP Employer – 1st place in Manufacturing** – for the **fourth consecutive year**, MÁDARA Cosmetics ranked first in the manufacturing category of Latvia's most influential employer ranking, based on assessments by current, former, and prospective employees. This result reflects the consistent work of the entire organisation and is a source of genuine pride.

In 2025, MÁDARA received two significant international product recognitions that reflect the growing market validation of our approach to performance-driven sustainable beauty.

At the **Dutch Beauty Awards** ceremony in Amsterdam, MÁDARA won first place in the Popular Green Product category with the Skinonym foundation – marking our second consecutive year as category winner, following the previous year's recognition for the Retinol Alternative Serum. Back-to-back victories in the same category, across two distinct product types, confirm that MÁDARA's clean formulation standards translate into results that consumers and industry judges recognise and return to.

MÁDARA H<sub>2</sub>O Tint was named the **No. 1 Sustainable Decorative Cosmetic by GLAMOUR Germany** – one of Europe's most widely read beauty publications. This recognition places MÁDARA's innovative water-based tinted formulation at the top of the sustainable makeup category in the German market, one of the most discerning and sustainability-conscious beauty markets in Europe.

Together, these awards reinforce that sustainable and high-performance are not competing standards at MÁDARA – they are the same standard, recognised now by consumers, trade professionals, and international media alike.

### Staying active and healthy together

An active lifestyle and physical wellbeing remain a central part of MÁDARA's culture, promoted through activities that bring the team together.

In spring 2025, 20 colleagues participated in the annual Rimi Riga Marathon, running across all distances – 42, 21, 10, and 6 km. Together, the team covered a combined total of 293 km.

In summer, the company organised team sports games in a safari-inspired setting – an afternoon that balanced healthy competition with collective enjoyment.

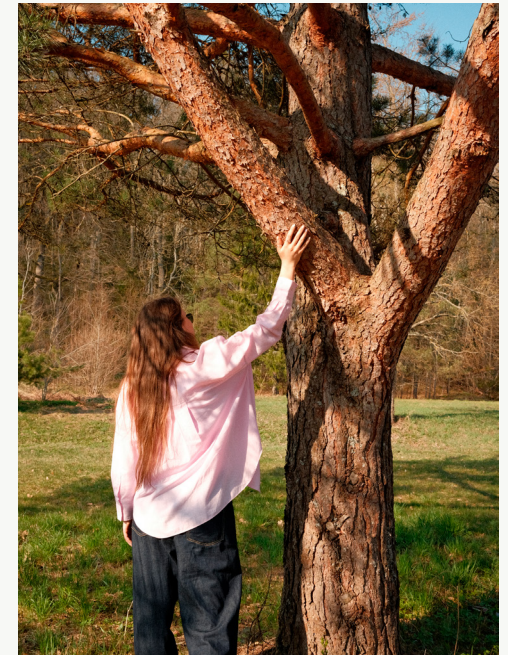
The annual blood donor day continued as an established tradition, giving colleagues the opportunity to contribute to the community during working hours, with a paid day off provided in recognition of their participation.

MÁDARA also supported the Women's Run at Lucavsala in June, forming a team of colleagues who participated in the 5 and 10 km distances.

### MÁDARA adopts a meadow

In 2025, MÁDARA took on the stewardship of Ozolleju meadow – a meadow situated in the Gauja National Park Nature Reserve, in a beautiful location on the banks of the Gauja river near Murjāņi. In partnership with the Nature Conservation Agency of Latvia, MÁDARA is committed to maintaining and protecting this ecologically valuable meadow to support biological diversity.

Meadows left unmanaged typically become overgrown with shrubs and invasive species. To prevent this, the meadow requires regular



mowing, clearing, and maintenance – work that MÁDARA's team carries out directly, as active participants rather than financial donors. In spring 2025, 40 colleagues travelled to Ozolleju meadow for a working day: building hay rack foundations, digging, raking, and clearing. After the work, some continued to a nearby hiking trail; others visited the Imants Ziedonis Museum. A second working visit is planned for summer, when the cut hay will need to be gathered.

This initiative reflects MÁDARA's conviction that care for the natural world cannot be a passive commitment. The meadow is where Northern nature lives – and MÁDARA's responsibility to it is practical, physical, and ongoing.

### 10 years at Zeltiņu iela

In 2025, MÁDARA celebrated 10 years at its Zeltiņu Street facility in Mārupe – the man-



er Lotte shared her own experience and inspiration – how juniper, chanterelles, birch, and other Northern ingredients find their way into MÁDARA formulas, their true character preserved from forest to formula.

The day was not only about mushrooms. It was a reminder that we, too, are part of nature – and that MÁDARA's work is, in its deepest sense, an invitation to remember that.

The walk ended with a meal laid out in the forest clearing by Gājēdis: set tables, the warmth of food, and conversations that no one wanted to end. Exactly how one should feel after a good day in the forest – a little tired, very happy.

ufacturing home that has grown alongside the company, its team, and its ambitions. The milestone was marked with a moment of reflection, revisiting the original move-in process together with the company's founders. Ten years of production, innovation, and daily commitment – made possible by the people who fill those walls every day.

#### A forest date: "Mad about mushrooms"

In autumn 2025, MÁDARA invited its closest community – influencers, partners, and creatives – into the Northern forest for an afternoon that was equal parts education, foraging, and quiet conversation with nature.

In collaboration with Latvian State Forests and restaurant Gājēdis, we walked approximately 6 km along an unmarked trail chosen by the LVM team – unhurried, with stories exchanged, laughter shared, and baskets in hand. Along the way, an LVM forest guide introduced the group to the ecology of the Northern forest: how forests grow, how to live in harmony with them, and what nature can teach us about ourselves. MÁDARA's found-

The strength of a brand lies in meaningful relationships and in the stories that form its soul. This forest date was about stillness and conversation, about learning and remembering, about spending time with people who care. Nature is not only the inspiration behind our products – it is MÁDARA's heart.

#### Morning Rave

At 6:00 on the morning of 11 April, nearly 200 people gathered in the centre of Riga to celebrate MÁDARA's certification as a B Corporation™ – the way MÁDARA knows best: together, in motion, and with genuine joy.

The Morning Rave was not a corporate announcement. It was an invitation to the community – to customers, colleagues, partners, and friends – to mark a milestone that belongs to all of them. B Corp™ certification is a recognition of how a company treats its people, its planet, and the society it operates within. Celebrating it at dawn, with music and movement and 200 people who chose to show up at six in the morning, felt like exactly the right expression of what that means.

## 4.3. Equality in Figures

### Gender Pay Ratio (S2)

The Gender Pay Ratio quantifies the extent and influence of salary disparities between genders within our organisation. Calculated as the median male salary divided by the median female salary, it reflects the broader issue of gender pay inequality prevalent in the labour market, which disproportionately affects women. The average gender pay gap across the EU stands at approximately 13%, with women in managerial roles earning on average 23% less than their male counterparts. Latvia records one of the highest gender pay gaps in the EU at 19%.

In contrast to these trends, MÁDARA consistently demonstrates a distinctive gender pay profile in which women, on average, earn comparably to or more than men across most levels of the organisation. Any annual fluctuations in our internal pay ratio, regardless of direction, are attributable to specific job roles and market conditions. When analysed by seniority, these variations can sometimes be a mathematical consequence of using median calculations and the significant proportion of female employees in the overall workforce. In certain higher-paying specialist areas – such as e-commerce and IT – men are more represented, which can skew the aggregate ratio at certain levels. There is, however, no gender discrimination within the scope of the same job position at MÁDARA.

### Employee Turnover (S3)

Employee turnover rate is an important indicator of both the effectiveness of the human resources management system and the overall work environment. It is the percentage of employees who leave the organisation voluntarily or due to dismissal, retirement, or death in service. A lower rate indicates greater

employee satisfaction and reduces the costs associated with recruitment and onboarding. At the same time, some level of turnover is a natural and healthy part of organisational life, as new colleagues bring fresh perspectives, skills, and energy.

In 2025, MÁDARA's employee turnover rate was 32% – an increase from 19% in 2024 and the highest rate recorded in the five-year reporting period. We report this figure with full transparency and without deflection.

The elevated turnover in 2025 is directly linked to the significant organisational transformation that took place during the year – the restructuring of operational departments, the creation of new functions, the introduction of a new management layer, and the fundamental changes to workflows, responsibilities, and team compositions that accompanied this growth. In times of substantial organisational change, turnover tends to rise: some colleagues find that a restructured role no longer aligns with their expectations or career direction, while the pace and nature of change can itself be challenging to navigate.

In departments where turnover was notably higher, individual conversations were held with every affected colleague to understand the specific circumstances, and immediate action was taken to address the primary challenges identified. MÁDARA does not treat turnover as an abstract metric – each departure is examined and, where possible, used to improve the organisation.

Day-to-day, MÁDARA monitors the overall mood and engagement of teams through employee surveys conducted three times per year, supplemented by regular one-to-one conversations between managers and their direct reports. This ongoing pulse-checking

allows issues to be identified and addressed promptly rather than surfacing only at the point of departure.

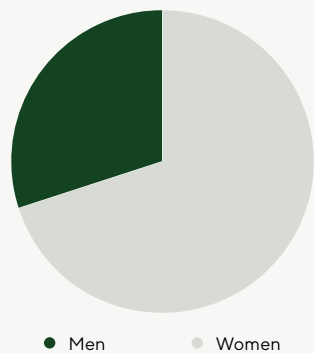
The structural changes completed in 2025 – clearer roles, stronger leadership capability, a more systematic performance review cycle, and improved internal communication – are expected to support greater organisational stability in 2026. The turnover figure is acknowledged as a priority area for improvement in the coming reporting period.

**Gender Diversity (S4)**

The percentage of female full-time employees relative to the total number of full-time employees; this ratio indicates the degree of gender representation within the workforce and can highlight risks related to workplace inequality.

In 2025, MÁDARA employed a total of 181 people – 127 women and 54 men.

Employees MÁDARA  
Women: 70% | Men: 30%



**Contractors, Consultants and Part-Time Worker Ratio (S5)**

The distribution of employee contract types is a key indicator of job stability and the

scope of benefits and security an organisation provides. At MÁDARA, we firmly believe in fostering a foundation of secure, full-time employment wherever operationally possible.

In 2025, the ratio of part-time employees was 11.8% – an increase of 1.4 percentage points compared to 10.4% in 2024. To provide a broader perspective, the average part-time employee ratio over the last seven years (2019-2025) has been 6.0%.

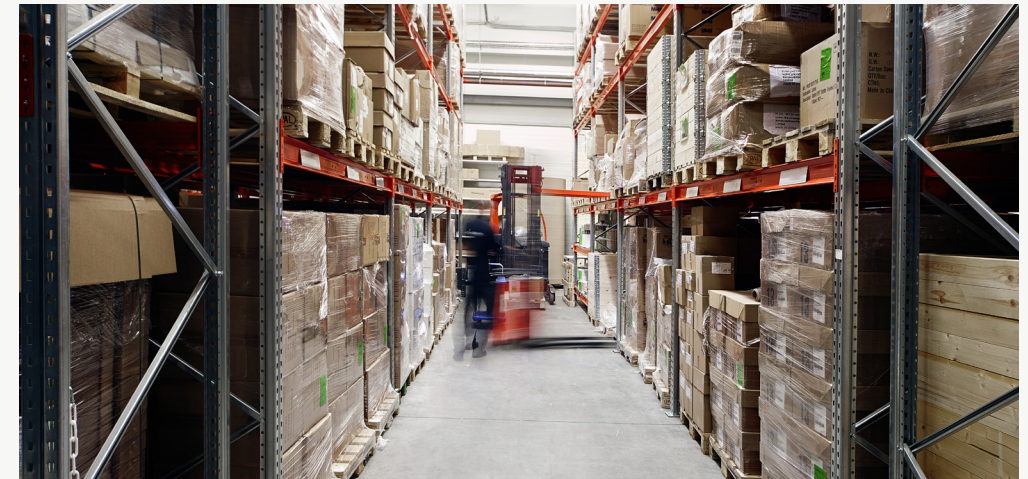
The continued increase in part-time roles in 2025 reflects the operational transformation underway in the company. The significant expansion of production capacity – including the introduction of shift-based production towards the end of the year – required a more flexible staffing model during the transition period, as new workflows and team structures were established. Part-time and flexible contracts serve a legitimate operational function in this context, providing the workforce agility needed to scale production responsibly while full-time roles are defined and filled.

With 88.2% of the workforce engaged on full-time contracts, MÁDARA continues to provide the majority of its employees with the employment stability, consistent income, and full benefits entitlement that underpin the social security and long-term wellbeing of its team. This commitment to predominantly full-time employment remains a cornerstone of our approach to responsible employment practice within the broader Latvian community.

**Human Rights Violations (S11)**

The number of grievances or judgments regarding human rights impacts during the reporting period: 0.

**4.4. Health & Safety at MÁDARA**



*Creating a safe working environment and caring for the health of our employees is one of the main focuses of human resource management at MÁDARA.*

**Safety of the workforce:**

There is a risk assessment for each job position at the Company. Based on these risks, a personalised instruction is created in order to define the equipment standards and protection tools required, if any (e.g. specialised shoes, helmets, etc.). MÁDARA provides employees with all protection tools needed and organises regular checks of how employees comply with the health and safety policy.

Each employee has been informed about the health and safety policy and trained before they commence work. MÁDARA organises centralised health and safety training once a quarter.

Health and safety of the workforce is regulated by the legislation of the Republic of Latvia; MÁDARA respects all regulations and norms and has implemented a comprehensive health and safety policy.

There is a dedicated Safety Officer at MÁDARA, responsible for ensuring that both the employer and employees comply with

safety legislation and that health and safety policies are adhered to at all times. MÁDARA has entered into a contract with a health and safety advisory and training company to ensure independent double control of all issues related to health and safety.

In the case of work in increased risk areas or with specialised equipment (e.g. warehouse loader), dedicated training is organised. Only those employees who have completed training and obtained a special permit may operate specialised equipment or work in increased risk areas. Walking areas throughout the factory and warehouse are clearly marked to ensure the safety of both employees and company visitors.

**Near-Miss Reporting**

Effective safety management depends on surfacing risks before they become incidents. In 2025, MÁDARA introduced a structured near-miss reporting system to make it straightforward for every employee to flag a potentially hazardous situation as soon as it is observed.

QR codes labelled "Near Miss" have been installed throughout the Zeltiņu iela facility, currently in the warehouse and production airlocks, with gradual roll-out to all other areas of the building planned. By scanning the code, any employee can immediately submit a report describing the circumstances of a potential risk or near-miss event, and attach short video clips or photographs to help the responsible team understand and resolve the issue effectively.

A quarterly recognition programme has been introduced to encourage active participation: the three most engaged reporters each quarter are acknowledged and rewarded. The objective is to build a culture where every observation counts – where employees are the first line of safety awareness and where rapid information-sharing becomes a daily habit.

**Mission Zero – A Public Commitment to Zero Accidents**

In 2025, MÁDARA joined Misija Nulle ("Mission Zero") – a Latvian national initiative uniting employers, social partners, and state representatives around a common goal: zero workplace accidents and a systematic, long-term investment in employee health and well-being.

By signing the Misija Nulle charter, MÁDARA made a formal public commitment to continuously improve the working environment, share best practices across the initiative's network of signatory organisations, and engage with expert communities to proactively reduce risks and build a stronger safety culture. Misija Nulle reflects a conviction that resonates with MÁDARA's own values: that the health and safety of every person at work is not a regulatory obligation to be met, but the foundation of every daily decision and action throughout the organisation.

**Fire safety**

- There are fire evacuation plans in the MÁDARA building at 131 Zeltiņu Street, Mārupe, Latvia.
- Each employee has been informed about fire safety and undergone training before the commencement of work.
- MÁDARA organises a centralised fire evacuation exercise once per year.

**Health of the workforce**

Mandatory health examinations are organised by MÁDARA once per year in order to guarantee each employee easy access to medical professionals and ensure that all employees fulfil their mandatory health assessment requirements.

MÁDARA provides employees with free-of-charge health insurance covering the costs of medical services in accordance with the insurance programme, as well as personal accident insurance.

Office staff are offered a flexible working module, allowing employees to balance professional and personal commitments in a way that supports overall well-being.

**Injury Rate (S7)**

Low injury and absentee rates are generally associated with positive trends in staff morale and productivity. The investments made in 2025 – the establishment of a dedicated Health, Safety, and Facilities department, the introduction of the near-miss reporting system, and the signing of the Misija Nulle charter – collectively reflect MÁDARA's commitment to sustaining and improving on this record through structural, preventive measures rather than reactive responses.

**4.5. Together with Society**

*We are firm believers in social responsibility -in fact, it is at the heart of MÁDARA brand values and purpose.*

*The Company aims to make a positive difference to the communities where we operate through our activities, communications, and business practices.*

Each year, we consider the issues that resonate with our brand values and hold significance for both our MÁDARA team and the communities we serve. By focusing on these shared priorities, we aim to offer meaningful support to the people and places that shape who we are. We stand firmly behind those we support and align our words and actions, as we believe that speaking up for those whose voices trail off is equally important.

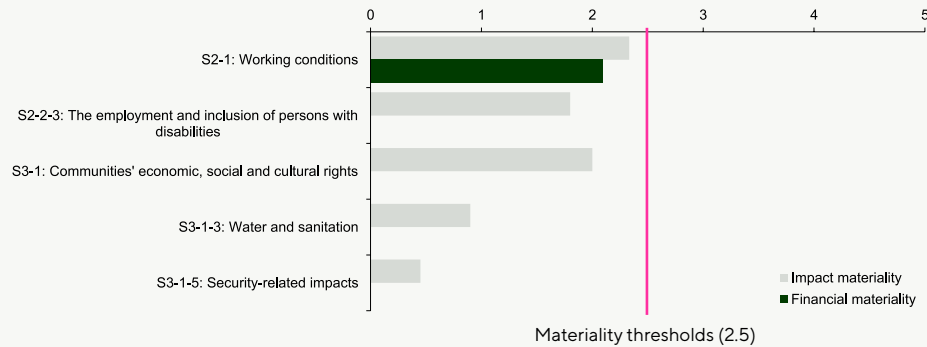
We also deeply believe in educating and inspiring children and young people to pursue their careers in scientific fields, by showing one of the many applications that science can have in real life. Our factory doors are genuinely open – to students, to families, to university groups, and to the world.

**Supply Chain Workers and Community Materiality: What the Assessment Tells Us**

The chart below presents the results of MÁDARA's 2025 Double Materiality Assessment for S2 – Workers in the Value Chain, and S3 – Affected Communities, as assessed by KPMG Baltics SIA. Scores reflect impact materiality (MÁDARA's effect on people beyond its own workforce) and financial materiality (the significance of these factors for MÁDARA's business performance) on a scale of 0 to 5. The materiality threshold is set at 2.5.



**S2: Value Chain Workers and S3 - Affected Communities**



Source: KPMG Baltics SIA, Double Materiality Assessment – Impacts, Risks and Opportunities (IRO), MÁDARA Cosmetics, 2025. Materiality threshold: 2.5 on a 5.0 scale. Assessment conducted in accordance with ESRS 1 (General Requirements) under the EU Corporate Sustainability Reporting Directive (CSRD).

A defining characteristic of this section of the assessment is that all topics scored here fall below the materiality threshold in both dimensions. This does not mean these topics are unimportant – it means that MÁDARA's current operational model, scale, and existing governance structures place them within a manageable risk profile at this time. They remain actively monitored and will be reassessed as MÁDARA's supply chain complexity and community footprint evolve.

Working conditions in the value chain (S2-1) records the highest scores in this group – approaching but not crossing the materiality threshold from an impact perspective, and scoring meaningfully on financial materiality. This reflects a real and acknowledged gap: MÁDARA's Supplier Code of Conduct has not yet been formally enforced through supplier sign-off, and no binding long-term contracts exist with the approximately 70 suppliers classified as critical. The DMA flags this as a medium-term governance priority, and a structured supplier engagement programme is planned for 2026.

Communities' economic, social and cultural rights (S3-1) scores close to the threshold on impact materiality, reflecting MÁDARA's active role as a significant employer and community participant in the Mārupe municipality and the broader Latvian context. The community initiatives documented in this chapter – from the Shadow Day programme and factory open days to the meadow stewardship project and charitable partnerships – are the practical expression of MÁDARA's responsibility toward the communities in which it operates.

Employment and inclusion of persons with disabilities (S2-2-3), water and sanitation (S3-1-3), and security-related impacts (S3-1-5) score low across both dimensions, consistent with MÁDARA's manufacturing profile and the nature of its community interactions. These topics are disclosed for completeness and will be revisited if operational circumstances change materially.

The social initiatives, community partnerships, and supply chain practices that re-

spond to these findings are described in the sections that follow.

**Shadow Day**

Each spring, students across Latvia step into the professional world for a day – following someone in a role that interests them, to understand what that work actually looks and feels like in practice. MÁDARA has participated in the Shadow Day initiative for many years, and 2025 was no exception.

On 4 April, 28 shadows joined the MÁDARA team. Students were introduced to the company's purpose, values, and growth story, and had the opportunity to ask questions, see the production facility in person, and attend presentations covering the company's approach to sustainability and business. The professional areas explored ranged from product development project management and laboratory analytics to sales, production, HR, and beyond. Some of these students may well become future professionals in one of these fields – perhaps even future MÁDARA colleagues.

**A visit from the President of Latvia**

In 2025, MÁDARA Cosmetics received a visit from the President of Latvia. The visit recognised MÁDARA as an example of Latvian manufacturing excellence – a company that has built a globally recognised brand from its roots in Latvia, combining scientific rigour with a deep commitment to sustainability and responsible business practice. We were proud to welcome the President to our Mārupe facility and to share what daily life and work at MÁDARA truly looks like.

**University of Buffalo student visit**

MÁDARA welcomed a student group from the University of Buffalo, visiting Latvia as part of a Riga Business School study programme. During the visit, students were introduced to the story of the MÁDARA brand – its origins, development, and core values – and gained a broader understanding of our products, production processes, laboratory operations, and warehouse structure. It was a genuine pleasure to share our experience and to see strong international interest in natural cosmetics and sustainable manufacturing. Exchanges like this matter: they connect the next generation of business professionals with companies that show what responsible commerce can look like in practice.



### Family Day

On a Friday afternoon at Zeltiņu iela, the usual rhythm of the facility was replaced by something considerably more energetic: 56 curious children filled the building, discovering where their parents spend each working day.

The evening opened with games led by entertainers and closed with a Science Show that delighted children and adults in equal measure. A sincere thank you to the events team, the station facilitators, the parents who brought their families, and most of all to the children - for their sparkling curiosity and their inexhaustible enthusiasm.

### Blood Donor Day

MÁDARA's annual Blood Donor Day continued in 2025, with the Latvian State Blood Donor Centre mobile unit visiting the Zeltiņu iela facility. More than 25 colleagues donated blood or attempted to do so. Participation is entirely voluntary, and every employee who donates receives a paid day off as recognition of their contribution to public health. Giving blood is one of the simplest ways to save a life - and doing it together, during working hours, is the kind of small collective act that reflects the community MÁDARA tries to be.

### Charity donation: Otrā Elpa

In 2025, MÁDARA participated in a charitable donation initiative with Otrā Elpa (Second Breath), Latvia's network of charity shops. Donated items are sorted by Otrā Elpa - some are passed on to partner organisations, others are sold in their shops, with proceeds direct-

ed to the charitable programme "Dāvā otro dzīvību" (Give a Second Life) - a collaboration between Otrā Elpa, the Children's Hospital Foundation, and the Children's Clinical University Hospital. MÁDARA was glad to contribute to a cause that supports children's health and puts unused resources back into purposeful circulation.

### The scent of Latvia at Expo 2025 Osaka

In one of the year's most distinctive moments of brand and cultural ambassadorship, MÁDARA's exclusive ambient fragrance accompanied designer Arthurs Analts' interactive installation KIZUNA at Expo 2025 Osaka, representing Latvia at the World Exposition in Japan.

Diffused throughout the space of the Baltic Pavilion, the scent evoked the rich, woody, living essence of the Baltic forests - a thread of Northern nature woven quietly across continents, connecting visitors in Osaka to the ecosystem that lies at the heart of every MÁDARA formula. It was a reminder that a scent can carry a place, a philosophy, and a way of understanding the world - and that Northern nature, as MÁDARA has always believed, speaks a universal language.

Congratulations to Arthurs Analts and the entire Baltic Pavilion team on this extraordinary installation.



PART 5

**Corporate**  
*Governance*

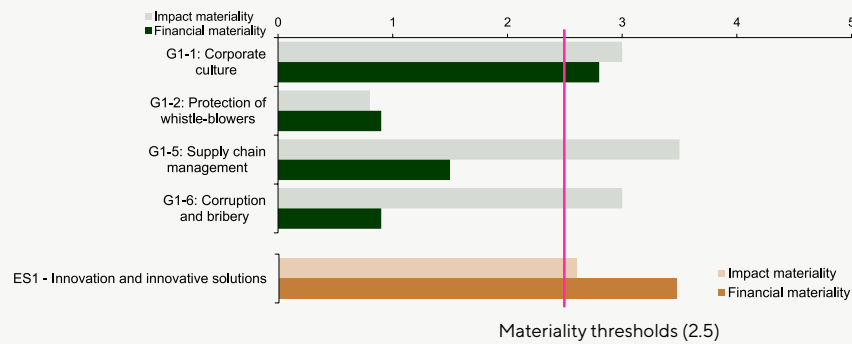


**Governance and Innovation Materiality:  
What the Assessment Tells Us**

The chart below presents the results of MÁDARA's 2025 Double Materiality Assessment for G1 – Business Conduct topics, alongside ES1 – Innovation and Innovative

Solutions, a MÁDARA-specific material topic identified through the DMA process as uniquely relevant to the company's business model and competitive position. Scores reflect impact materiality and financial materiality on a scale of 0 to 5. The materiality threshold is set at 2.5.

**Governance and MÁDARA-Specific Topics**



Source: KPMG Baltics SIA, Double Materiality Assessment – Impacts, Risks and Opportunities (IRO), MÁDARA Cosmetics, 2025. Materiality threshold: 2.5 on a 5.0 scale. Assessment conducted in accordance with ESRS 1 (General Requirements) under the EU Corporate Sustainability Reporting Directive (CSRD).

Two features of this chart are immediately analytically significant. First, the governance topics show a consistent pattern: impact materiality scores exceed financial materiality scores across all four G1 sub-topics, indicating that MÁDARA's governance decisions have greater consequences for people and society than the direct financial risk they currently carry for the business. Second, Innovation (ES1) inverts this pattern entirely – recording the highest financial materiality score in the entire DMA, while its impact materiality sits just below the threshold. This is the only topic in the assessment where financial materiality substantially dominates impact materiality, and it is analytically decisive: innovation is not primarily an ethical obligation for MÁDARA, it is a commercial survival imperative.

Corporate culture (G1-1) crosses the materiality threshold in both dimensions – the only G1 topic to do so – confirming that the values, transparency standards, and behavioural norms embedded across MÁDARA's organisation are material both to the people who experience them and to the business outcomes they drive. The 2025 performance review cycle, the Townhall restructuring, the annual employee conference, and the near-miss reporting culture are all governance instruments that respond directly to this finding.

Supply chain management (G1-5) records the highest impact materiality score among the G1 topics, reflecting the breadth of MÁDARA's sourcing relationships – approximately 1,200 suppliers across 36 countries – and the absence of formal, signed supplier code of

conduct agreements. The gap between the scale of MÁDARA's supply chain exposure and the current maturity of its supplier governance framework is the most structurally significant governance risk identified by the DMA, and is the subject of a priority action plan for 2026.

Corruption and bribery (G1-6) scores above the materiality threshold on impact materiality while its financial materiality remains low, reflecting the positive effect of MÁDARA's existing Ethics and Anti-Bribery Policy – which demonstrably reduces financial exposure – while acknowledging that the policy's scope and enforcement represent genuine ethical obligations to all stakeholders who interact with MÁDARA's business.

Protection of whistleblowers (G1-2) scores below the threshold in both dimensions, consistent with MÁDARA's current scale and internal culture. However, as EU whistleblower

protection legislation continues to develop and CSRD reporting obligations increase, this topic is expected to grow in regulatory relevance. The development of a formal whistleblower mechanism is identified as a monitored priority.

Innovation and innovative solutions (ES1) stands apart from all other topics in the DMA. Its financial materiality score is the highest in the entire assessment – above all environmental, social, and governance topics – reflecting the fundamental role of R&D differentiation in MÁDARA's competitive positioning, brand premium, and long-term revenue resilience in the natural cosmetics market. MÁDARA's biotechnological ingredient platform, in-house formulation capability, and science-institution partnerships are not sustainability accessories; they are the primary mechanism through which MÁDARA creates and defends value.

**Board – Board diversity (G1)**

The company has a two-tier management structure comprised of the Management Board and the Supervisory Board. While the Management Board has responsibility for everyday management, the Supervisory Board represents shareholder interests in General Meetings and oversees the activities of the Management Board. The percentage of Total Board seats occupied by gender: **Women: 75% | Men: 25%**.



**Uldis Iltners**

Mr Iltners, born in 1983, is a member of the Company's Management Board. He was the Chief Executive Officer of the Group until May 22, 2023. Mr Iltners graduated from the

BA School of Business and Finance in 2003 with a bachelor's degree in business management and leadership. Before co-founding the Group in 2006, he worked as a private entrepreneur, for instance as CEO and analyst at an IT consulting service providing computer simulation assisted production controlling and optimisation for manufacturing companies. He is Member of the Board in SIA Cosmetics Nord, SIA SLFNMD and SIA KALVI Capital.



**Lotte Tisenkopfa-Iltnere**

Ms Tisenkopfa-Iltnere, born in 1982, is the Chairman of the Company's Management Board. Ms Tisenkopfa-Iltnere graduated from the University of Latvia

in 2005 with a bachelor's degree in Asian studies, where she mastered Asian culture, business and the Japanese language. Co-founded the Group in 2006. In 2009 Ms Tisenkopfa-Iltnere completed the Swedish Institute Management programme of leadership and corporate social responsibility practices. Since 2016, has worked as a volunteer for MARTA Centre, an NGO that works with issues relating to victims of domestic violence and human trafficking. Apart from her volunteer work, she does not hold any positions or perform any activities outside the Group that are significant with respect to the Group.



**Gunta Šulte**

Ms Šulte, born in 1983 is Chief Executive Officer of the Group, assumed on May 22, 2023, and a member of the Company's management board since July 12, 2023. Ms Šulte holds

a Bachelor's degree in Economics and Business Administration from the Stockholm School of Economics in Riga and a Master's degree in Fashion and Design Management from SDA Bocconi School of Management in Milan. Before the appointment as CEO of the Group, she has acquired close to two decades of experience in management positions, bringing invaluable international expertise to her new role. She does not hold any positions or perform any activities outside the Group that are significant with respect to the Group.



**Tatjana Nagle**

Ms Nagle, born in 1996, is a member of the Company's Management Board. Ms Nagle has a Degree of Bachelor of Science in Economics and Business from SSE Riga. Ms Nagle

joined the Group as a business analyst in 2018, from 2021 fulfilling the role of Chief Financial Officer. She does not hold any positions or perform any activities outside the Group that are significant with respect to the Group.



**Disclosure practices (G9)**

The Management Board has the duty to submit a report on the activities and financial position of the company that is open to the public once every 6 months. The report shall include the financial performance of the company for the past 6 months as well as describe the recent outcomes of Management board activities and outline future strategies for development.

**Supervisory Board**

Name	Position	Involved in executive activities of the Company
Anna Ramata-Stunda	Chairman of the Council	No
Edgars Pētersons	Deputy Chairman of the Council from 20.06.2025	No
Kati Sulin	Member of the Council from 20.06.2025 until 03.11.2025	No
Liene Drāzniece	Deputy Chairman of the Council until 20.06.2025	Yes



**Kati Sulin**

Mrs. Sulin has held senior management positions at renowned Nordic companies including Fazer, Sanoma, DNA, and Ifolor. She has a proven track record in driving profitable

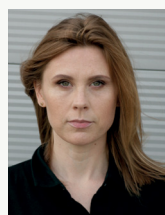
business growth, developing strong brands, and harnessing customer insights. Her expertise also spans digital transformation and strategic innovation. Since February 2025, Mrs. Sulin has taken on the role of CEO at Transmeri. In addition, she currently serves on the boards of Apetit Plc, LocalTapiola Life Insurance, and Viestimedia.



**Anna Ramata-Stunda**

Since 2010, Ms Ramata-Stunda has worked as a researcher and in 2016 also became a lecturer at the University of Latvia. Currently Ms Ramata-Stunda

is a PhD Candidate in Biotechnology at the University of Latvia, a member of the Latvian Association of Microbiologist and a cofounder of two biotechnology companies – SIA InCell and SIA Alternative Plants. A number of scientific publications and cutting-edge patents in biotech are also on her list.



**Liene Drāzniece**

Ms Drāzniece has received a degree in Visual Communication from the Latvian Academy of Art and later Design Direction specialisation from the Instituto Marangoni Milano. Ms Drāzniece has spent years working as an art director for major Latvian brands. She is also the author of several brand identities for consumer goods and niche products.



**Edgars Pētersons**

Mr Pētersons, a graduate of Stockholm School of Economics in Riga, has worked as a marketing and brand consultant since 2007. He is a co-founder of one of the leading creative and strate-

gic agencies in Latvia – WKND. He is working with some of the leading Baltic brands to help them break into new markets.

**Incentivised Pay (G3)**

Currently, the Management Board is not incentivised to execute a long-term ESG strategy. Nevertheless, it is a part of every employee's duties and day-to-day activities to work in accordance with the environmental, social and corporate governance guidelines stated in this report.

**Collective Bargaining (G4)**

While our employees are not currently members of any collective labour organizations, MÁDARA Cosmetics fosters a culture of direct, transparent, and proactive communication. We actively encourage our team to share insights on operational improvements and enhancing daily work-life quality. This open-door policy ensures that employee voices are a primary driver of our continuous organisational development.

MÁDARA Cosmetics is committed to providing a physical and emotional work environment that exceeds Latvian legislative requirements, as our focus on well-being is fundamental to promoting productivity and ensuring every employee can reach their professional potential. Regarding safety standards, all team members receive regular training in fire safety and general workplace protection to maintain a secure environment. Furthermore, as part of our preventative health measures, compulsory health checks are conducted with strict regularity to monitor and support overall employee wellness. To ensure sustainability in practice, we provide all necessary high-quality protective clothing, specialized equipment, and tools so that every task is performed in a safe and sustainable manner.

We utilise structured feedback loops to maintain high levels of satisfaction and



engagement, starting with quarterly "pulse" surveys and comprehensive annual satisfaction assessments that are analysed by the executive team to identify and implement necessary improvements. Furthermore, employees are encouraged to approach any member of the executive team to discuss company-wide strategies or individual career progression, fostering a culture of accessibility. This commitment to transparent communication is reinforced during "all-hands" meetings, where management provides guaranteed responses to all questions, including those submitted anonymously, to ensure total accountability and trust.

The year 2025 was marked by significant structural improvements and steady growth, with the Group maintaining a stable and expanding team that reached an average of 214 employees, up from 207 in 2024. This growth was supported by team optimisation through the revamping of our planning and manufacturing structures, creating clearer ownership of processes and opening new development paths for our staff. This expansion has been accompanied by a strong focus on internal

mobility, allowing employees to evolve their skillsets and acquire new knowledge by transitioning into different roles within the company based on their professional interests. Furthermore, obtaining the international B Corp certification™ in early 2025 served as a major milestone, further solidifying our dedication to the highest standards of employee well-being and governance. Throughout these developments, fair labour practices have remained a cornerstone of our operations, being strictly applied across all hiring processes as well as horizontal and vertical promotions. This approach ensures an inclusive everyday work-life where all employees are empowered and provided with the necessary support to fulfill their individual work targets and professional potential.

**Supplier Code of Conduct (G5)**

MÁDARA has a strong position with regard to its suppliers. We strive to ensure responsible supplier relationship by integrating environmental, social and ethical standards. The relationship is maintained via a constructive dialogue. The Supplier Code of Conduct (the Code) dictates the requirements for suppliers in terms of their responsible business conduct. At a minimum, we expect that our suppliers comply with the national regulations and meet the requirements of the Code. The company expects suppliers to follow the requirements listed below:

**Labour and human rights**

1. The supplier does not discriminate on the basis of national origin, race, colour, gender, sexual orientation, marital status, political opinion and disability.
2. The supplier provides its employees with working conditions, hours, wages and leave in accordance with local regulations and industry.

3. Personal information of employees is gathered and stored respecting employees right to privacy.
4. The supplier prohibits forced labour practices including prison labour, indentured labour or any forms of slavery.
5. The supplier prohibits child labour practices in the company that could damage children’s physical or mental health or prevents them from attending school.

**Health and safety**

1. The supplier ensures healthy and safe working conditions, takes preventive measures to minimize the risk of work-related accidents and injuries.

**Environment**

1. The supplier complies with the local environmental law in a systematic manner.



2. The supplier has a written environmental policy that is relevant to its type of operation and size.
3. The supplier complies with MÁDARA environmental guidelines and requirements.

**Business integrity and operations**

1. The supplier complies with all applicable laws and regulations concerning bribery, corruption, fraud, intellectual property rights and competition.
2. The supplier provides a complaint mechanism for managers, workers and communities to report workplace complaints.
3. The supplier acts according to written or verbal agreements, and it has sufficient financial resources to deliver what is required.
4. The supplier keeps the quality standard of the product/service and minimizes the risk of a faulty product.
5. The supplier ensures that the resources allocated for purchasing products/services are used efficiently and generate the most value.
6. The supplier seeks to ensure that everyday communication is clear and problem-solving is solution driven.

**Ethics & Anti-Corruption (G6)**

Every employee has been introduced to the values and inner culture of the company and is expected to follow these guidelines. The values of humanity and equality embody respect, openness, friendliness and honesty among each other, which can also be considered as the ethical code of conduct of the company. These values apply not only inside the company, but also to outside communication and partnerships.

**Introduction**

It is the policy of MÁDARA to comply with all applicable anti-bribery and anti-corruption

laws. This Policy also exists to act as a source of information and guidance for those working for the company. It helps employees recognise and deal with bribery and corruption issues, as well as understand their responsibilities.

Bribery is defined as an act of offering, giving, promising, asking, agreeing, receiving, accepting, or soliciting something of value or of an advantage so to induce or influence an action or decision. Bribery is not limited to the act of offering a bribe. If an individual is on the receiving end of a bribe and they accept it, they are also in breach of this policy.

The most prevalent forms of bribery and corruption stem from:

1. Payments to a company’s employees or their relatives, or to a third party, to secure an advantage in business transactions.
2. Political contributions made to secure an advantage in business transactions.
3. Charitable sponsorships used to secure an advantage in business transactions.
4. Gifts, hospitality and expenses payments made to secure an advantage in business transactions.

**Purpose**

The sole purpose of this anti-bribery policy is to set out the responsibilities of the company and those who work for us in regard to observing and upholding our zero-tolerance position on bribery and corruption.

**Scope**

This policy is applicable to employees, related personnel (spouse, children, etc.) of the company and third parties acting on behalf of the company and is valid to all business dealings and all jurisdictions where the company operates.

How does one identify a bribe?

When in doubt, the following questions can be asked:

1. am I being asked to pay something/provide any other benefit over and above the cost of the services being performed?
2. am I being asked to make a payment for services to someone other than the service provider?
3. are the hospitality or gifts I am giving or receiving reasonable and justified? Would I be embarrassed to disclose them?
4. when a payment/other benefit is being offered or received, do I know or suspect it is to induce or reward favourable treatment, to undermine an impartial decision-making process or to persuade someone to do something that would be regarded the proper performance of their job?

#### Policy

The company does not engage in bribery or corruption. It is contrary to the company's policy for any employee or third party to request, offer, solicit, make or receive any payments or inducements which are illegal, unethical or represent a breach of trust. A bribe does not actually have to take place - just promising to give a bribe or agreeing to receive one is prohibited. The company does not make direct or indirect contributions to political parties.

It is acceptable to receive gestures of hospitality and goodwill as long as the giving or receiving of gifts meets the following criteria:

1. It is not made with the intention of influencing the party to whom it is being given to obtain a business advantage.
2. It is not made with the suggestion that a return favour is expected.
3. It is in compliance with the local law.
4. It is given in the name of the company, not in an individual's name.

5. It does not include cash.

6. It is not selectively given to a key, influential person, clearly with the intention of directly influencing them.

7. It is appropriate for the circumstances (e.g. giving small gifts around Christmas or as a small thank you to a company for helping with a large project upon completion).

The company does not accept and will not make any form of facilitation payments of any nature. We recognise that facilitation payments are a form of bribery that involves expediting or facilitating the performance of a public official for a routine governmental action. The company will not make donations to support any political parties or candidates.

All employees are equally responsible for the prevention, detection, and reporting of bribery and other forms of corruption. They are required to avoid any activities that could lead to, or imply, a breach of this anti-bribery policy. If any employee breaches this policy, they will face disciplinary action and could face termination for gross misconduct. The company has the right to terminate any employee if they breach this anti-bribery policy. Compliance with this policy is mandatory for all employees. Failure to observe the terms of this policy may constitute a disciplinary offence, dismissal from employment and may expose individuals to civil or criminal proceedings.

#### Data Privacy (G7)

MÁDARA has made certain actions to mitigate risks related to data privacy and ensure a GDPR compliance. Since the data security and privacy of customers, partners and employees is crucial to the sustainable company operation, with the help of an external auditor, the company has revised and reviewed



all the documents, procedures and practices to improve the data privacy standards in the company. MÁDARA operates under the legislation of the Latvian Republic and has adopted a data privacy policy that complies with the criteria dictated by the law.

#### External Assurance (G10)

The company is audited by independent organisations, which check several of the criteria mentioned in the ESG report. One such organisation is ECOCERT Greenlife, covering

the audit for the sustainability of manufacturing practices and raw materials that are used in product manufacturing. Another organisation, Bureau Veritas Latvia SIA, performs auditing of all of the quality aspects of the product, including traceability, the manufacturing process and storage according to the ISO 22716:2007 standard.

The Financial Statements (including the consolidated financial statements of the Group for the financial year ended on 31 December 2025) have been audited by Deloitte Audits Latvia SIA.

MÁDARA  
organic skincare

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