GALA GROUP

SENSUAL. NATURAL. AFFORDABLE.

GALA GROUP ESG REPORT 2023–2024

We brighten up lives, enhance memorable moments and care for current and future generations.

"Sustainable growth requires a transformational mindset."

Dear readers,
dear customers and business partners,

Every day, 3,300 GALA colleagues worldwide manufacture and market candles, home fragrance, and natural home decor products that delight consumers and inspire magical moments at home.

"What do consumers prefer? What solutions will build a competitive advantage? How can we further develop sustainable innovations in partnership with our customers?" In light of the ever-changing consumer landscape, these and other questions are on the top of our and our customers' minds.

In response as an internationally operating group that has laid out concrete transformational goals in its strategy, and sustainable answers to these challenges.

In my opinion, it was crucial to integrate transformational goals into our group processes and targets and to adopt a future-oriented approach to innovation in a constantly changing market environment. Only then will transformation-oriented capabilities become part of our corporate culture.

Sustainable growth requires a transformational mindset. Two years ago, the GALA GROUP defined its ESG strategy, focusing on sustainability and setting medium and long-term goals for environmental, social, and entrepreneurial topics important to our industry. While we have achieved initial successes, the journey is ongoing. As a group, we remain committed to advancing and focusing on our ambitions and goals and continuously pursuing them.

In addition to prioritizing the needs of our colleagues, customers, and other stakeholders, it was also important for us to gain an external perspective on our efforts. We therefore had our sustainability activities assessed by an external rating agency and included the feedback we received in the ESG management section of this report.

I am happy to present the second ESG report, covering FY 23/24.

Enjoy learning more about us and our efforts that we, as the GALA GROUP, have made towards a sustainable future.

Kind regards

Dr. Thomas Schröder
CEO of GALA GROUP

The three pillars of ESG

A defined ESG strategy with clear goals and milestones grounded in environmental, social and economic responsibility is a crucial enabler for GALA's sustainable growth.

GALA GROUP's key KPIs in focus:

ENVIROMENTAL SUSTAINABILITY

GREENHOUSE GAS EMISSIONS AND ENERGY MANAGEMENT

−25 % reduction in GHG Scope 1 and 2 emissions per ton of burning mass by 2030 (base year 2019/20)

CIRCULAR ECONOMY AND RAW MATERIALS

>35 % share of recycled materials in used plastic packaging by 2030

>45 % share of vegetable burning masses by 2030

❤ SOCIAL RESPONSIBILITY

EMPLOYEES

0 — LTIFR (Lost Time Injury Frequency Rate) by 2030

40 % — share of women in management roles by 2030

PRODUCT QUALITY AND SAFETY

< 0.3 % — COPQ (Cost of Poor Quality) in % of net external sales* by 2030

* Cost of Poor Quality (COPQ) is the measure of the costs associated with producing products that fail to meet the required quality standards, resulting in financial losses i.e. because of the need to rework, repair, cover the cost of claims, cost of bad quality of RM, etc.

⚙ GOOD GOVERNANCE

COMPLIANCE

100 % — share of employees who have read and are trained in the Code of Conduct by 2025

SUPPLY CHAIN RESPONSIBILITY

100 % — share of suppliers with an annual turnover > 50k€/year who have signed the Supplier Code of Conduct by 2025

Our ambitions

ESG target sustainability strategy target sustainability strategy 2023–2030	Status 2022–2023	**Status** **2023–2024**	Target 2025	Target 2030	Page references for reported measures

ENVIROMENTAL SUSTAINABILITY
Sustainable production & processes

CLIMATE ACTION

	Status 2022–2023	**Status 2023–2024**	Target 2025	Target 2030	Page references
Scope 1 and 2 GHG emissions per ton of material used in CO_2e/t	255 kg	**302 kg**	210 kg	180 kg	p. 48 ff.
Energy consumption	43.5 GWh	**36 GWh**	34 GWh	39* GWh	p. 50
Share of renewable energy	9%	**19%**	50%	100%	p. 51

CIRCULAR ECONOMY

	Status 2022–2023	**Status 2023–2024**	Target 2025	Target 2030	Page references
Scope 3 emissions per ton of material used in CO_2e/t	n.d.	**5,096 kg**	5,000 kg	4,200 kg	p. 58
Share of recycled materials in raw materials					p. 54 ff.
Corrugated & solid cartons	n.d.	**91%**	> 90%	> 90%	
Plastic (foils, containers and similar)	n.d.	**< 30%**	> 30%	> 35%	
Glass (mostly Post Industrial Recycled (PIR))	n.d.	**< 25%**	> 25%	> 35%	
Share of wax from vegetable sources	40%	**41%**	40%	45%	p. 54 ff.
Use of RSPO certified palm oil in the EU/India	100%	**98%**	100%	100%	p. 54 ff.
Share of plastic of total raw materials	n.d.	**1.1%**	0.8%	0.5%	p. 60 ff.
Waste intensity per ton of material used	53 kg	**53 kg**	32 kg	25 kg	p. 62 ff.
Total water consumption	64,800 m3	**62,400 m3**	58,300 m3	48,600 m3	–

SOCIAL RESPONSIBILITY
Positive impact on our communities

EMPLOYEES

	Status 2022–2023	**Status 2023–2024**	Target 2025	Target 2030	Page references
Lost time accidents per 1,000 employees	n.d.	**8.1**	0.0	0.0	p. 74 ff.
LTIFR (Lost Time Injury Frequency Rate) per 200,000 hours	0.68	**0.42**	0.0	0.0	p. 74 ff.
Absence rate in Europe	n.d.	**9.6**	>7	>5	p. 74 ff.
Number of work-related injuries	n.d.	**65**	<65	0	p. 74 ff.
Number of work-related injuries with more than one day lost	n.d.	**19**	<19	0	p. 74 ff.
Days lost due to injuries	n.d.	**578**	0	0	p. 74 ff.
Total number of hours worked	n.d.	**5.7 m**	5.3 m	6.6 m	p. 74 ff.
Share of female employees at all levels of the group	71%	**72%**	≥50%	≥50%	p. 75 ff.

* Increased absolute targets due to increasing sales/volumes

N/A: Key figures that are monitored on a regular basis, but for which targets still need to be defined.

ESG target sustainability strategy target sustainability strategy 2023–2030	Status 2022–2023	**Status** **2023–2024**	Target 2025	Target 2030	Page references for reported measures
Share of female employees in C-level and department leadership roles	n.d.	**34%**	34%	40%	p. 78 ff.
Share of workforce represented by elected employee representatives	90%	**90%**	≥90%	≥90%	p. 80 ff.
Share of operational sites certified according to ISO 45001 or another standard for labor or human rights management	50%	**50%**	≥50%	≥50%	p. 80 ff.
Share of workforce that has received career or qualification-related training	n.d.	**60%**	65%	80%	p. 82 ff.
Average number of hours of training for each employee per year	n.d.	**27 hours**	≥25 hours	≥25 hours	p. 82 ff.
Average number of hours of social, health and softskill training for each employee per year	n.d.	**20 hours**	≥20 hours	≥20 hours	p. 82 ff.

PRODUCT QUALITY AND SAFETY

COPQ: Cost of Poor Quality*	n.d.	**0.5%**	< 0.8%	< 0.5%	p. 86 ff.
OEE: Overall Equipment Efficiency**	77%	**78%**	80%	> 82%	p. 86 ff.
Delivery accuracy	95%	**96%**	> 95%	> 97%	p. 86 ff.
First pass yield***	99%	**98%**	> 99%	> 99%	p. 86 ff.

GOOD GOVERNANCE
Continuous improvement & growth

INNOVATION AND RESEARCH

Share of market pull innovations (GALA Innovation Process) with sustainable solutions, based on the next external sales of the final product sold per year	n.d.	**68%**	> 70%	> 75%	p. 94 ff.
Net external sales achieved by new products**** including customized design innovations	n.d.	**50%**	> 50%	> 55%	p. 94 ff.

COMPLIANCE

Number of employees who have read and are trained on the Code of Conduct	60%	**100%**	100%	100%	p. 96 ff.

SUPPLY CHAIN RESPONSIBILITY

Share of suppliers with an annual turnover > 50K who have signed the Supplier Code of Conduct	n.d.	**95%**	100%	100%	p. 102 ff.

* Cost of Poor Quality incl. value of customer claims, rework, rejections, scrap/turnover

** Industry standard for measuring manufacturing productivity as a percentage of quality (good parts only), performance (as fast as possible), and availability (zero downtime) in output per year. (Efficiency% x Availability% x Quality/FPY%)

*** Share of products to complete the production process divided by the number of products scheduled for production per year

**** New products in 2023-2024 = sales share of new products since 2021–2022, including corresponding SKUs, sold in 2023–2024

Contents
2023–2024 ESG Report

SENSUAL. NATURAL. AFFORDABLE.

44 Enviromental Sustainability

64 Social Responsibility

90 Good Governance

108 Reporting Appendix

About
GALA GROUP

Headquartered in Bavaria, Germany, GALA GROUP is one of the world's leading and fastest-growing manufacturers of candles, home fragrance and natural home decor with around 3,300 employees in Europe, the UK, North America and India.

GALA GROUP
SENSUAL. NATURAL. AFFORDABLE.

Internationally active – regionally present

The GALA GROUP produces, distributes and sells candles and scented wax products, home fragrance and natural home decor.

The GALA GROUP employed an average of 3,300 people (FTEs) over the fiscal year, and has production and sales locations in Europe, the USA and India.

The GALA GROUP sources primary raw materials, such as burning masses, jars and fragrances, mainly from regional suppliers. Roughly 95 % of GALA's procurement volume originates from Europe. GALA GROUP considers itself to be an innovative, dynamic solution provider that meets the needs of its international customers both locally and globally.

To this end, the group plans to continue to grow organically – by expanding its customer and product portfolio and extending its focus regions for sales growth, primarily in Europe. Additionally, GALA GROUP plants to focus its strategy on a B2B approach, which resulted in its ceasing its the direct-to-consumer jewel candle business in 2023.

Business operations are carried out at the companies sites in Germany, Hungary, Poland, the UK, the US and India.

RESPONSIBILITIES OF THE NATIONAL ENTITIES

🇩🇪 **GALA Germany**	📢 ⚗ $ ⤙ ⚙	🇩🇪 **GG BRANDS***	📢 ⚗ $
🇭🇺 **GALA Hungary**	$ ⤙ ⚙	🇬🇧 **GALA Candles UK Ltd.**	$
🇵🇱 **GALA Poland**	📢 ⚗ $ ⤙ ⚙	🇺🇸 **GALA North America**	📢 ⚗ $ ⤙ ⚙
🇮🇳 **GALA India Candles Private Ltd.**	📢 ⚗ $ ⤙ ⚙	🇮🇳 **Ramesh Flowers**	📢 ⚗ $ ⤙ ⚙
🇮🇳 **GALA India Decor Private Ltd.**	📢 ⚗ $ ⤙ ⚙		

* until 2023

📢 Marketing & Product Development   ⚗ Design $ Sales   ⤙ Distribution   ⚙ Manufacturing

GALA GROUP ORGANIZATIONAL CHART

As of 2024

GALA GROUP GmbH

100 %

GALA Germany GmbH

100 %

GALA Hungary Kft.

100 %

GALA Candles UK Ltd.

100 %

GG BRANDS GmbH

100 %

GALA Candles India Private Ltd.

100 %

GALA India Decor Private Ltd.

100 %

RAMESH Flowers Private Ltd.

100 %

GALA Poland Sp. z. o. o.

100 %

GALA North America Inc.

100 %

Flora Classique Inc.
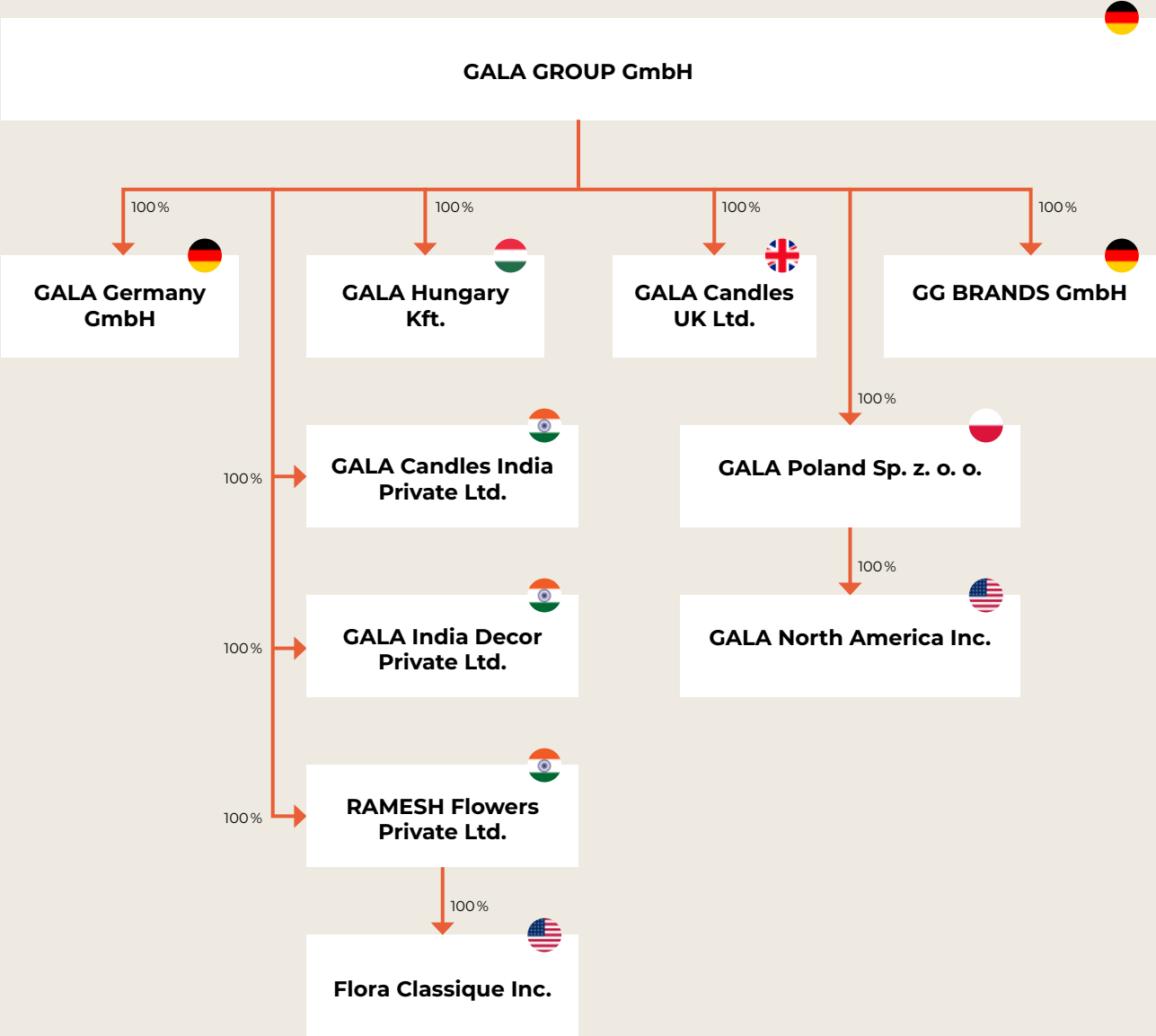
Organizational structure

MANAGEMENT BOARD

CEO
Dr. Thomas Schröder

CFO	**CSO**	**COO**
Klaus-Magnus Junginger	Camilo Eugenio	Dawid Wróbel

CHRO	**CMO**	**Procurement**
Monika Lakosné-Horváth	Katja Schulte	Alexander Steinbrecher

CEO India	**CEO USA**	**Group Strategy & Transformation**	**Process & Project Management**
Shashi Bhushan	Jason Sorvillo	Marco-Alexander Horchler	Dr. Frank Hanewinckel
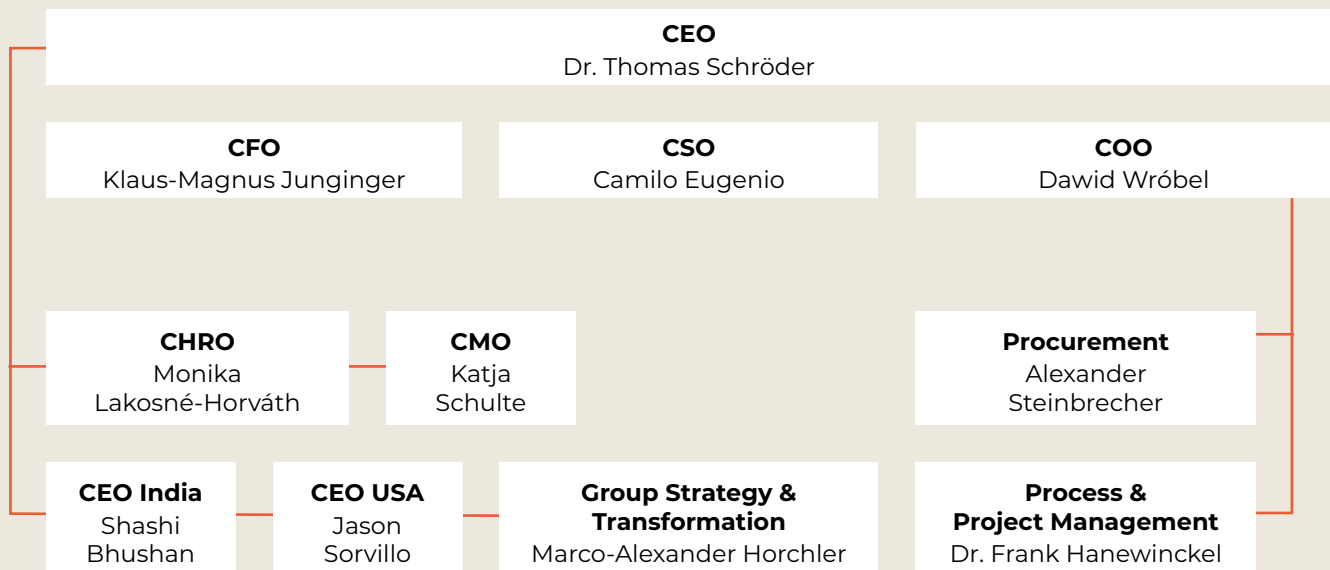
GALA GROUP Management Board
from left to right:
Klaus-Magnus Junginger (CFO)
Camilo Eugenio (CSO)
Dawid Wróbel (COO)
Dr. Thomas Schröder (CEO)

NORTH AMERICA

REVENUE SHARE [1]: **9 %**

NUMBER OF EMPLOYEES [2]: **25**

SHARE OF CO_2e EMISSIONS [3]: **1 %**

GLOBALLY PRESENT, REGIONALLY ACTIVE

Combined 100+ years of experience

We are an international solution provider for unscented and scented candles, home fragrance and natural home decor collections, with customers selling in more than 75 countries worldwide.

As manufacturer of tailor-made product lines for CPG brands, companies and retail we cover key markets such as the USA, Europe and India with further expansion into new markets planned.

▨ GALA GROUP core market

Locations with operational relevance:

1 Production, Sales and Marketing

2 Production, R&D, Sales and Marketing

3 Production

● Sales office/showroom

● Headquarters
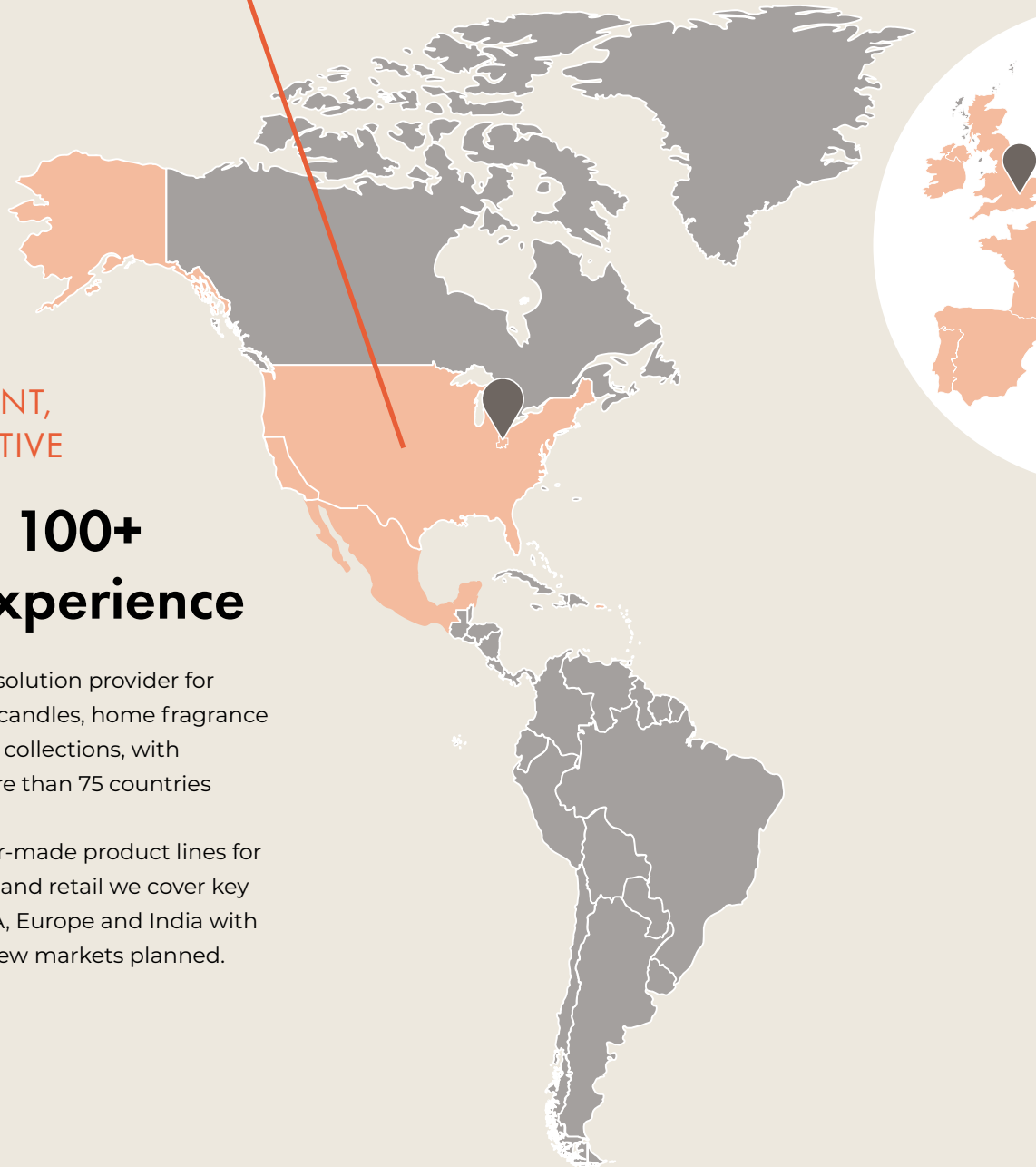
EUROPE

REVENUE SHARE [1]:	NUMBER OF EMPLOYEES [2]:	SHARE OF CO_2e EMISSIONS [3]:
90 %	1,034	84 %

of which:
DE: 191
PL: 746
HU: 95
GB: 3

of which:
DE: 19 %
PL: 53 %
HU: 12 %
GB: <0,01 %
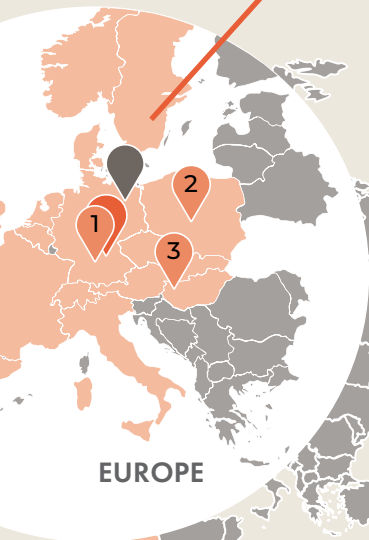
EUROPE

INDIA

REVENUE SHARE [1]: 1 %

NUMBER OF EMPLOYEES [2]: 2,240

SHARE OF CO_2e EMISSIONS [3]: 15 %
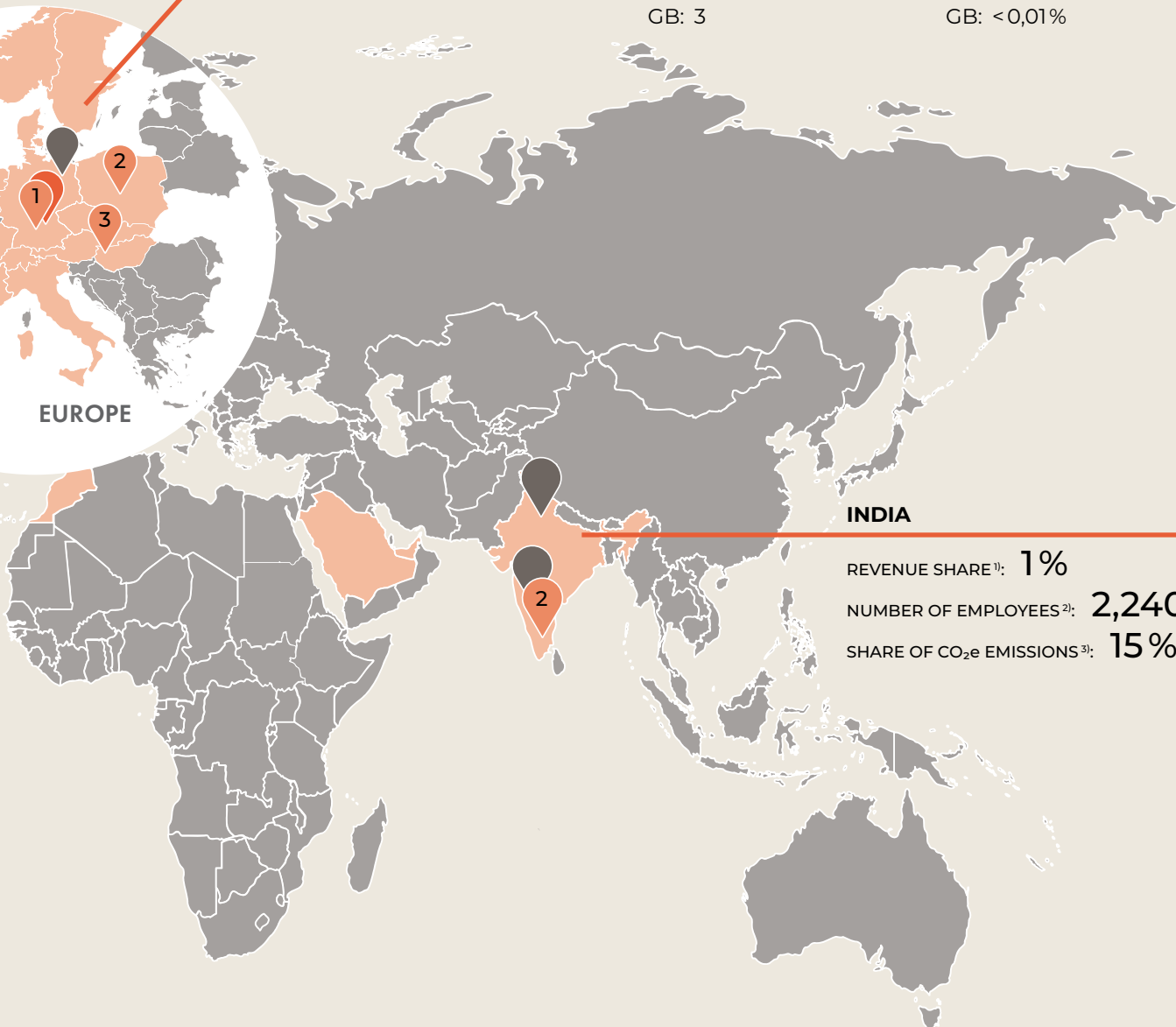
Status: MARCH 31, 2024

1) Business focus according to the **regional share of GALA GROUP's total revenue**

2) Social focus according to the **number of employees at operational sites**

3) Environmental focus based on the **share from operating sites in GALA GROUP's total CO_2e emissions,** including Scope 1, 2 and 3 emissions (incl. some estimates on Scope 3 elements)

GALA GROUP's core values

Our values build the foundation for our entire organization. They define how we work at GALA GROUP how we work with each other, our new hires, customers and suppliers. Our values sit at the heart of our strategy and guide us on our journey.

We defined and created GALA GROUP's core values in November 2021 together with the global leadership team. Starting from various different perspectives and taking into account cultural aspects and local needs, our core goals are the result of a multi-day collaborative effort and guide the work we do on a daily basis.

Additionally, from 2023 to 2024, value workshops were conducted to implement the values across our various sites. Now we have a clear path in front of us with an energetic and diverse leadership team willing to support our employees and customers and inspire them to grow with us.

Core Values

WE CARE ABOUT PEOPLE

We create a work environment where people like to come to work and feel valued
We care about our environment and ensure a healthy and safe workplace

WE TRUST EACH OTHER THROUGH MUTUAL COOPERATION

We support each other to achieve a joyful workplace and better results
We support cooperation and encourage our colleagues to collaborate

WE EMBRACE GLOBAL DIVERSITY

We are proud to be part of the connected and diverse global GALA Family
and help our teams live and enjoy this unique advantage on a daily basis

WE PROVIDE ULTIMATE CUSTOMER SATISFACTION

Everything we do revolves around our customers
We have developed a superior understanding of consumers & customers and their needs

WE STRIVE FOR EXCELLENCE IN EVERYTHING WE DO

We won't settle for anything but the best and learn from our failures
We obtain skills and knowledge to be the best experts in our industry

WE TAKE RESPONSIBILITY FOR OUR ACTIONS AND LONG-TERM SUCCESS

We aim to build long term win-win relationships with
our employees, suppliers and customers

WE INNOVATE TO BUILD A COMPETITIVE ADVANTAGE

Innovation is our lifeblood. We create and deliver products, packaging
and concepts that give us a competitive advantage

WE DELIVER RESULTS THROUGH PERFORMANCE

We measure our performance on a regular basis and make our
decisions based on KPIs and long-term strategic goals

▶ GALA GROUP's
values & leadership principles

www.GALA-GROUP.com/values

Product portfolio

Our portfolio ranges from a wide selection of unscented candles, home fragrance assortments, i.e. scented candles, diffusers and essential oils, to natural home decor collections with dried flowers botanicals and accessories.

GALA GROUP'S REVENUE BY PRODUCT GROUP:

48 %
SCENTED CANDLES & HOME FRAGRANCE

| JAR CANDLES | WAX MELTS | ESSENTIAL OILS | ROOM SPRAYS |
| POTPOURRIS | REED DIFFUSERS | SCENTED SACHETS | INCENSE STICKS |
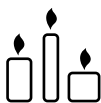
47 %
UNSCENTED CANDLES

| MAXI TEALIGHTS/TEALIGHTS | PILLAR CANDLES | DINNER/HOUSEHOLD CANDLES | |
| GRAVE LIGHTS | LED CANDLES | CANDLE ACCESSORIES | OTHER PRODUCTS |

5 %
NATURAL HOME DECOR

| DRIED FLOWERS | BOUQUETS/BUNCHES | WREATHS | BANANA FIBRE COLLECTION |

GALA brands

Next to tailor-made collections for our customers, we also offer a curated portfolio of our own GALA brands with unique benefits and value propositions.

GALA BRAND

The GALA brand produces bespoke shelf-ready collections of scented and unscented candles and home fragrances available to purchase from food and non-food retailers, DIY stores and garden centres created especially for HORECA and cash & carry wholesalers.

FARM TO AROMATHERAPY

GALA GROUP's Farm to Aromatherapy brand features a curated portfolio of natural essential oils, reed diffusers and scented candles, all containing carefully selected herbal ingredients from sustainably managed farms for consumer wellbeing at home. The Farm to Aromatherapy line includes innovative candles, such as the aromatherapy candle with lavender with Lavendar and CBD. The brand is selectively available at drugstores and other retailers in the DACH region.

Sustained
Growth

As a result of its transformation in recent years, GALA GROUP has evolved from a medium-sized German candle manufacturer to an international solution provider for candles, home fragrance and natural home accessories. We develop trend and sustainability-driven innovations, unique designs and category solutions for our customers to attract consumers and boost category growth.

Growth strategy

In order to our strategic long-term success, we are committed to both expanding our business with a global sales approach and strengthening our regional presence and manufacturing capabilities to optimally address the market's needs.

Global reach – regional presence

Today, GALA GROUP is one of the largest manufacturers of candles, home fragrance and natural home decor The company was founded more than 50 years ago as a small candle manufacturer in Bavaria, Germany. Since then, our candles have been produced on state-of-the-art production lines with the highest level of quality and marketed primarily as private label brands through established retail partners.

Thanks to the support of GALA GROUP shareholder Equistone, GALA has been able to accelerate its internationalization with the acquisition of the Indian company Ramesh Flowers. With this expansion, the product portfolio grew to include dried flowers and natural home decor, candles and home fragrance from India. With former Korona Candles joining the group in 2018 our manufacturing capabilities also grew now boasting the most advanced automation in the industry.

Today GALA GROUP attracts customers selling in more than 75 countries as a solution provider with a global reach and local sourcing. The group operates company-owned production sites in Germany, Hungary, Poland, the USA and India and a sales office in the UK.

Extensive product range
Through its global presence, GALA GROUP is able to offer an extensive portfolio of scented and unscented candles from entry price to the mid-tier and premium segment. A wide range of the home fragrance products, including liquid fragrances and natural potpourris, as well as natural home decor products, including botanical assortments and natural dried flowers and sustainable accessories are manufactured by the Indian subsidiaries

The vast portfolio is available worldwide supporting GALA's strategy for sustainable and innovative products in addition to the successful candle business. With the optimization of the specialization of the manufacturing sites that started in FY 23/24, potential opportunities can be further addressed.

Strategic B2B focus
In FY 23/24 GALA GROUP strengthened its focus on the diversification of its product lines to enter new target markets, as well as open up completely new distribution channels with a strong focus on B2B partnerships, ranging from private label brands to mass brands and design brands.
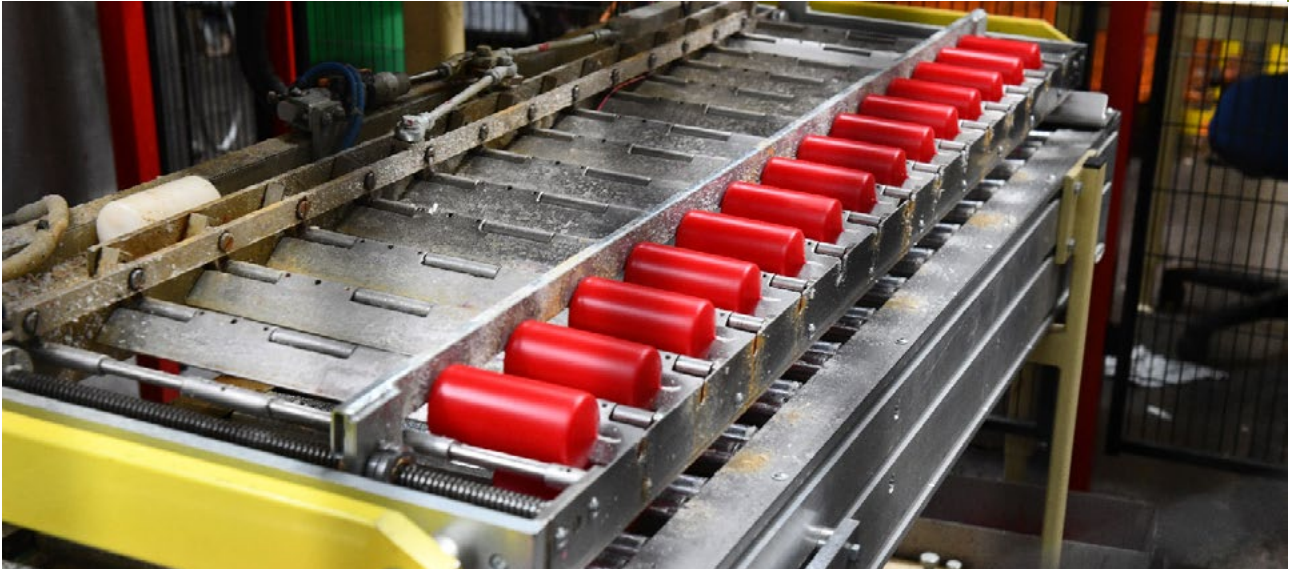
A corporate structure to facilitate growth
GALA GROUP has a group structure. A matrix organization has been established with global functions such as finance, sales, marketing, human resources, and procurement.

Over the past few years, GALA GROUP has undergone a transformation from a medium sized candle manufacturer to an international solution partner acting on a global scale as an equal partner to our international customers. At the same time, we offer our business partners the advantage of regional presence and regional sourcing opportunities for tailor-made white label ranges and brands with our highly automated production and bespoke solutions for our customers.

Tailor-made assortments

Customization is key

As full-range solution provider offering everything from market insights, design, and development through to manufacturing and fulfillment, GALA GROUP focuses on creating tailor-made assortments for its customers.

As white label specialists, we support our customers with industry leading production and supply chain capabilities for candles, home fragrance, and natural home decor.

Benefiting from the potential of sourcing both globally and regionally provides the best possible advantage for our partners in retail and FMCG companies, facilitating long-term relationships and success. Products developed and manufactured for our customers' brands at GALA GROUP sites are widely present across offline and online channels.

Strategic focus on B2B

GALA GROUP's core capabilities are focused on developing B2B customer relationships and joint business growth. With over 100+ years of experience in the industry, GALA GROUP helps its consumers and their brands grow with products and collections ranging from entry price level and mid-tier to premium home fragrance.

Partner for private label, mass, and design brands

GALA's capabilities in consumer insights generation, R&D, design, quality and state-of-the-art manufacturing create competitive advantages for brands and retailers wanting to expand their presence in candles, home fragrances, and home decor.

GALA brands for end consumers

GALA GROUP offers an entry-level option with the mid-tier GALA assortment of candles and home fragrances sold in super-/hypermarkets, cash & carry stores, DIY stores, and garden centers as well as the uniquely positioned and selectively distributed aromatherapy line under Farm-to-Aromatherapy. This line includes the newly launched Scented Candle with CBD. A small portfolio of GALA branded collections allows GALA GROUP to generate valuable consumer insights and test new concepts that can then be scaled with our private label / B2B customers.

GALA GROUP'S DISTRIBUTION STRUCTURE

Around the world, GALA acts as a competent and longstanding partner in the design and production of tailor-made assortments for private label and mass brands of international retail partners, and as a professional partner for creating and manufacturing sophisticated product ranges for international FMCG brands.

In addition to designing these tailor-made assortments, GALA GROUP also offers own brand assortments for retailers: the GALA brand, a full assortment of scented and unscented candles and home fragrance for private end consumers and professionals, and the aromatherapy brand "Farm to Aromatherapy (FTA)".

The tailor-made assortments are sold via the sales channels of GALA GROUP's business partners in a multi-channel approach. GALA's own brands are sold through retail channels.

GALA GROUP PORTFOLIO
Unscented Candles | Scented Candles, Home Fragrance | Natural Home Decor

GALA FOR BRANDS TAYLOR MADE ASSORTMENTS
FMCG Brands | Private Label Brands | Mass Brands

GALA BRAND, FTA

FMCG* COMPANIES

MULTI-CHANNEL RETAILING
Brick and mortar stores
Online shops and marketplaces

END CONSUMERS

* FMCG: fast-moving consumer goods

Key figures 2023–2024

Turnover

192 million EUR

CONSOLIDATED REVENUE

of the entire GALA GROUP after divestments

approx. # 3,300

EMPLOYEES

work at the headquarters, and all
sales and production sites in Europe,
UK, North America, and India

85 %   **42 %** Scented Candles
43 % Unscented Candles

SHARE OF REVENUE
ATTRIBUTABLE TO
CANDLES

4 %
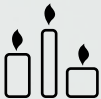
SHARE OF REVENUE
ATTRIBUTABLE TO
HOME DECOR

7 %

SHARE OF REVENUE
ATTRIBUTABLE TO
HOME FRAGRANCE

4 %

SHARE OF REVENUE
ATTRIBUTABLE TO
OTHER PRODUCTS*

* Incl. wax melts

Innovative strength with trend-driven assortments

Innovation leadership

At GALA GROUP, we believe innovation holds the key to progress, leading to long-term economic growth and lasting success for our customers and our group. Our GALA Innovation approach is an important element in the strategic direction of our group and covers products and processes in market pull innovations, customized design innovations, and innovations driven by technology.

Our GALA global marketing team conducts in-depth analyses of market trends and data. Combined with the latest research from our global R&D, these valuable insights are integrated into our global processes and transformed into specific product innovation projects.
Key performance indicators (KPIs) are tracked to continually enhance GALA's innovation capabilities and reduce time-to-market whenever possible. New product ideas that meet customer demands are then tailored to specific target groups and market needs, both in terms of scope and pricing, to maximize their sales potential.

Customized assortments and category management

We are solution providers for portfolios of candles, home fragrances, and natural home decor for our business partners.

Our extensive manufacturing know-how combined with insights into categories and seasonal trends allows us to continuously innovate with colors, textures, product details, and fragrances desired by consumers.

Adaptation to consumer behavior

The GALA GROUP adapts to evolving consumer behavior by spotting trends, developing the right products, and adapting our production capabilities and capacity to meet and even create market demand. Our in-house designers located across 3 continents collaborate as part of a global design network to generate new insights, drive innovation, co-create with customers, and launch new products and collections in the shortest possible time frame.

Sustainability goals as a source for innovation

At GALA GROUP, we consider our innovation capability not only crucial to the longterm success of our customers but also to addressing global challenges such as resource scarcity and environmental impact. Therefore, we increasingly integrate the principles of bioeconomy and circular economy into our strategic decisions and innovation processes. We measure key metrics to track our progress in sustainability, including increasing the proportion of renewable and recyclable materials in our products, containers and packaging, reducing waste, and optimizing our production processes for resource efficiency.

A total of around ten market pull innovations projects were launched in FY 23/24. 60 % of the resulting net sales of these have already been allocated to sustainable products, concepts, or packaging solutions.

ASPECTS WITHIN THE GALA GROUP INNOVATION PROCESS.

CIRCULARITY

Reusability of waste materials

Reuse concepts

Innovation and research

DEFOSSILIZATION OF PRODUCTS AND PACKAGING

Use of renewable resources

Non-fossil materials / substitutes

MATERIAL HEALTH

Elimination of pollutants

Product quality and safety

BIODIVERSITY / WATER AND SOIL

Conservation of biodiversity

Responsible management of water and soil

Handling of biologically grown raw materials

Management of waste and hazardous materials

DECARBONIZATION OF PRODUCTION PROCESSES

Energy management

Emissions management (Scopes 1 & 2)

HIGHEST SOCIAL STANDARDS

Employee health and safety

Diversity, equality, and inclusion

Compliance with legal standards

Social responsibility in the supply chain

MARKET DRIVEN INNOVATIONS

Targeting market demands

Enabling breakthrough innovations

Integration of ESG risks into risk management

Our primary target remains seizing business opportunities while effectively mitigating risk. Responsible management of ESG risks is a pivotal component of our corporate strategy, ensuring alignment with sustainable practices that safeguard our financial resilience and long-term viability.

Organizational integration of ESG risk management is facilitated through our corporate controlling framework, which actively oversees strategic initiatives and operational processes. This integration ensures efficient information systems and reporting mechanisms are in place to comprehensively monitor and manage both financial and ESG-related risks.

As a globally active group with manufacturing facilities in Asia, GALA GROUP also evaluates climate-related risks, including rising temperatures, floods, and water scarcity. A detailed climate and biodiversity risk analysis is

planned in preparation for next year's materiality assessment.

As a manufacturing company, GALA GROUP regularly assesses occupational safety, working conditions, and wage levels through internal screenings. Initial measures have already been implemented. A detailed risk analysis will be conducted, with the findings incorporated into next year's materiality assessment.

During the reporting year, various policies and standards in terms of governance were introduced across the group, with further developments planned for 2024/2025.

The newly established ESG Board plays a key role in promoting a holistic approach to risk management, working closely with departments such as Human Resources, Operations, and Production. Regular evaluations of these reports are presented to the GALA GROUP Board for review.

ECONOMIC RISK TRENDS FOR GALA GROUP

ACQUISITION & INTEGRATION RISKS	→
PROCUREMENT RISKS	↗
PRODUCTION RISKS	→
SALES-RELATED RISKS	→
IT RISKS	→
FINANCIAL RISKS	→

Economic risk assessment based on the annual report published in
▶ www.bundesanzeiger.de

↑	Significantly increased
↗	Slightly increased
→	Unchanged
↘	Slightly decreased
↓	Significantly decreased

Networking and industry engagement

Through strategic partnerships and collaborations, GALA GROUP leverages its expertise and resources to create value for stakeholders and advance its ESG targets. GALA GROUP prioritizes product quality and development, reinforcing its commitment to sustainable and responsible solutions for growth. We actively engage with stakeholders to foster cooperation, gain new perspectives, and drive positive change.

RAL Gütegemeinschaft Kerzen e.V.
RAL Gütegemeinschaft Kerzen e. V. is a key organization in Europe responsible for ensuring high-quality and safe candle products. With 38 member candle manufacturers, including 19 from Germany, and various supporting members like suppliers of colors, waxes, and fragrances, it represents more than 50 % of European candle production.

GALA GROUP, a founding member of the association, has been instrumental in its activities through Dr.-Ing. Frank Hanewinckel, who has chaired the association since 2003. Additionally, GALA GROUP actively participates in the ECMA and contributes to the development of industry standards. Dr.-Ing. Frank Hanewinckel also serves as the Head of the German Delegation at CEN TC 369, the European Committee for Standardization's technical committee for candle fire safety.

The association awards the RAL quality mark for candles, a recognized standard in the industry aligned with European norms (EN 15426; EN 15493; EN 15494; EN 16738; EN 16739; EN 17616; EN 17617; EN 17885).

ECMA
ECMA is an international non-profit industry association that represents the entire European candle industry. ECMA's members include European candle manufacturers, such as GALA GROUP GmbH, regional industry associations, and suppliers to the candle industry. ECMA acts as a collective voice for these organizations and facilitates communication with authorities, NGOs, media, and other interest groups to effectively represent the interests of its members. Sustainability topics and challenges for the industry are also addressed.

GALA GROUP GmbH, a founding member, plays a pivotal role within ECMA: Dr. Thomas Schröder is a member of the current seven-member board, while Dr.-Ing. Frank Hanewinckel chairs the technical committee. This involvement places GALA GROUP GmbH at the forefront of shaping industry standards and advocacy efforts within the European candle market.

Dr. Frank-Hanewinckel of GALA GROUP GmbH, delivering a speech as Chairman of the RAL Quality Association at the ECMA Annual Meeting in Lisbon, 2023.

Substantial
ESG management

Sustainable development is essential for GALA GROUP to achieve long-term profitability, meet stakeholder expectations, and mitigate risk. This report highlights the progress of our transformation in integrating long-term ESG (Environmental, Social, and Governance) goals into the company's structure and culture on the basis of a materiality assessment. Our goal is to have a lasting positive impact on the environment, society, and the organization.

ESG management

The way we manage environmental, social, and governance (ESG) risks and opportunities is key to enhancing our overall ESG impact. Our ESG management is aligned with our comprehensive ESG strategy and integrated across all areas of the group.

Effective ESG management at GALA GROUP is based on the commitment of the group's leadership and a strategy in line with GALA's values and goals. An organizational structure containing the defined responsibilities of the recently established ESG Board has been implemented in FY 23/24.

Commitment
As ESG is a priority at the highest level, GALA GROUP's ESG management is located directly below the CEO and is overseen by the Management Board with an organizational structure established in FY 23/24, which includes a dedicated GALA ESG Board. GALA's leadership is actively involved in driving ESG performance. ESG targets are integrated into day-to-day operations as each Management with each Board member having operational ESG targets for their area of responsibility since FY 23/24. This demonstrates GALA Group's commitment to ESG and ensures that ESG considerations are integrated throughout the organization.

The GALA Board members responsible for ESG are the CEO (Chief Executive Officer), and COO (Chief Operating Officer) who develop the overall vision and the ESG strategy supported by additional members of the GALA GROUP ESG Board, i.e. CMO, Group Strategy and Transformation, and Project and Process Management. To ensure a consistent approach

and the involvement of internal stakeholders, sustainability responsibilities have been defined in all entities and ongoing work is taking place on the successful implementation of the defined ESG activities, supported by a project manager who specializes in the selected topics.

Policies and actions
GALA GROUP's ESG policies and actions are designed to achieve specific objectives and targets. The governance structure ensures that ESG considerations are embedded in decision-making processes at all levels of the organization.

Key measures and actions include:
› Objectives and targets: Setting clear, measurable ESG objectives and targets aligned with GALA's strategic goals.
› Governance: Establishing a robust governance framework to oversee ESG initiatives, with roles and responsibilities clearly defined.
› Measures and implementation: Implementing various measures to achieve ESG targets, such as energy efficiency programs, diversity and inclusion initiatives, and ethical business practices. Regular monitoring and reporting ensure transparency and accountability.

ESG data and reporting
Data is a critical component of ESG management, as it helps GALA GROUP understand its impact, identify risks and opportunities, and report on progress. Currently, the Head of Project and

"At Equistone, we advise management teams like GALA's to create long-term value and promote sustainable business practices. The integration of ESG factors is a crucial part of risk mitigation and value enhancement for us.

We appreciate the progress GALA has made in its ESG strategy over the past year. We look forward to seeing how GALA progresses on the ESG roadmap that we have developed together."

SOPHIA NICOL
ESG Manager | Equistone Partners

Process Management is responsible for data management and reporting for this ESG report. GALA GROUP has been collecting ESG data for several years and is continuously developing the processes and the quality of the data.

The aim is to ensure transparency and to implement and achieve the defined goals in the individual areas of the group as part of the ESG strategy through clear measurement

and evaluation. This includes regular reporting on results and key performance indicators (KPIs), which provides a classification system for environmentally sustainable economic activities. By providing detailed reports on the effectiveness of measures and the overall progress of ESG initiatives, GALA ensures that stakeholders are well-informed about the group's efforts and achievements in this area.

RESPONSIBILITY FOR SUSTAINABILITY AT GALA GROUP

ESG BOARD As of 2024

Strategy

CEO	COO
Social & Governance Steering	Ecological Steering

Group Marketing	Group Strategy & Transformation	Group Process and Project Management

Implementation

GALA Germany	GALA Hungary	GALA UK
EHSQ	EHSQ	Managing Director

GALA Poland	GALA North America	GALA India
EHSQ	EHSQ	ESG Manager

Support for all sites for ESG Implementation
Global Project Manager

Overview of stakeholders and top 5 stakeholder groups

Putting stakeholders first:
People are the focus of our business
As part of the strategy development for the long-term growth of GALA GROUP, it was particularly important for us to evaluate our business activities in relation to our most important stakeholders. For this reason, the international management team of GALA came together in 2022, and in mutual cooperation with those responsible for the individual business areas, identified the most important stakeholders for our company. Fulfilling regulatory requirements is fundamental for a business to operate effectively and sustainably. As a result regulatory compliance is considered a basic prerequisite at GALA, instead of forming a separate stakeholder group.

The two primary stakeholder groups that were identified are our current and future employees, as internal stakeholders, and our customers, as external stakeholders. We believe that our success is based on the contribution of everyone working for GALA worldwide, including future new hires that will join us to reach our ambitious business goals. In our daily work, focusing on our customers' needs is of paramount importance.

The stakeholders who trust and invest in our business and the civil societies in whose environment we work and manufacture products are relevant for us. Our suppliers, who support us as business partners in manufacturing the best possible products for our customers and help our business achieve its sustainability goals, are also among our top five stakeholder groups.

PRIMARY AND SECONDARY STAKEHOLDERS OF GALA GROUP

GLOBAL MARKETS

INDUSTRY / COMPETITORS

MEDIA

CUSTOMERS / END CONSUMERS

EMPLOYEES

INVESTORS

SUPPLIERS

CIVIL SOCIETY / LOCAL COMMUNITIES

GOVERNMENT

LOCAL AUTHORITIES

RESEARCH INSTITUTIONS

SCHOOLS & UNIVERSITIES
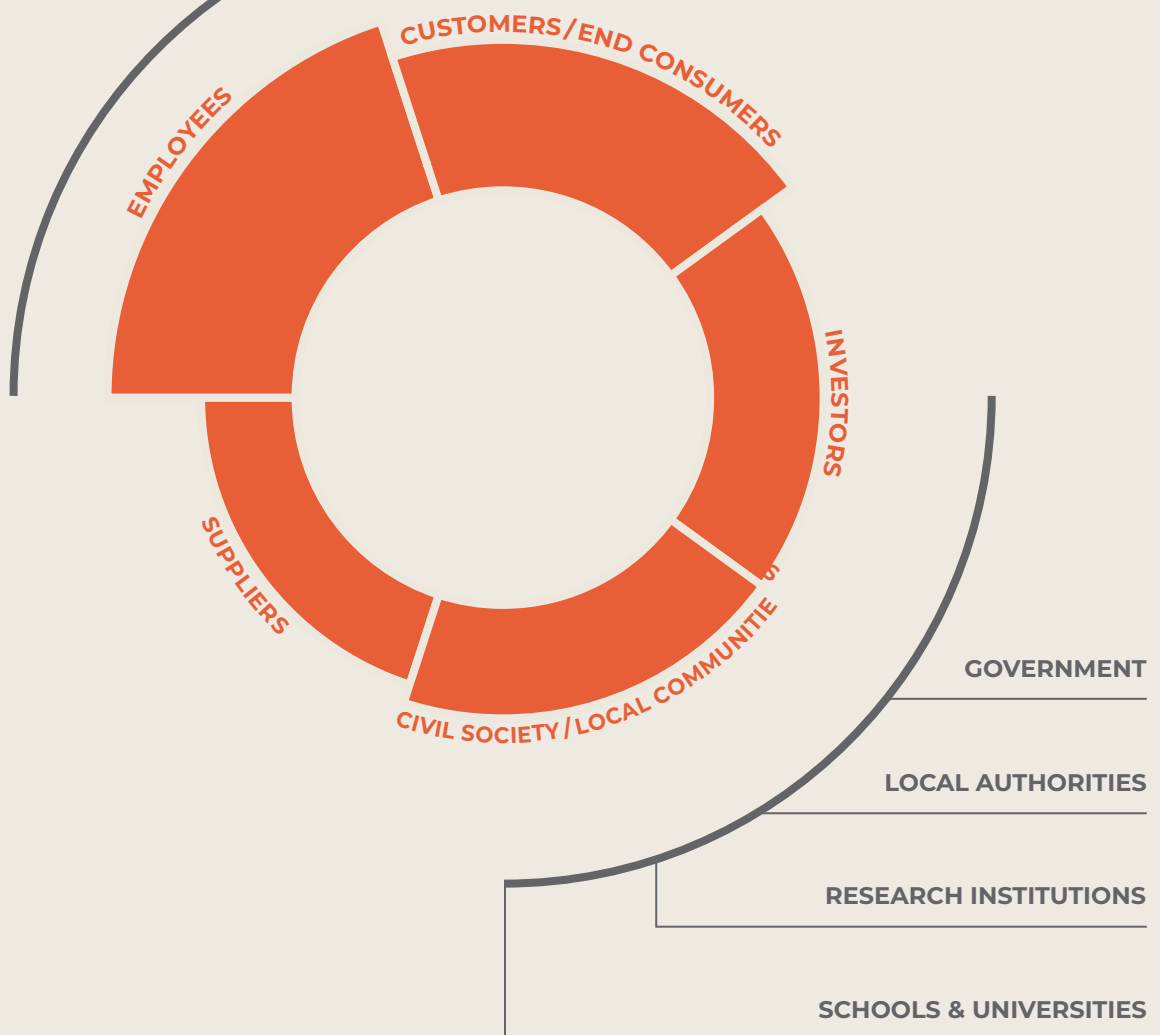
PRIMARY STAKEHOLDERS*

SECONDARY STAKEHOLDERS

The secondary stakeholder groups shown in the graphic were defined based on reporting standards. While these stakeholders may not have a direct impact on GALA's business operations, their actions and opinions can still significantly affect our success or failure. Therefore, it is important for businesses to engage with all stakeholders, both primary and secondary, to build positive relationships and mitigate any negative effects.

* GALA stakeholder ranking 2022

Process and quality management

Various quality control standards have been implemented across GALA GROUP. Our mid-term goal is to gradually shift these standards from a solely quality control focus to a broader emphasis on ESG topics, ultimately establishing a group-wide ESG management and control system.

Strategic importance of the EcoVadis sustainability assessment

As part of GALA GROUP's commitment to sustainability and to enhance our ESG practices, GALA GROUP has decided to undergo the EcoVadis sustainability assessment for the first time in FY 23/24. EcoVadis is classified one of the leading global systems for evaluating corporate responsibility in the areas of Environment, Social, and Governance (ESG). This assessment is a valuable component of our comprehensive sustainability strategy, helping us to create transparency and continuously measure our progress in ESG performance.

With a score of 48 points, we have established a foundation of external evaluation on which we can further build our sustainability goals. EcoVadis' recommendations, based on this initial rating are actively assessed internally and used to improve our processes and implement concrete actions. GALA GROUP plans to reapply at the earliest possible opportunity.

▸ GALA EcoVadis rating

www.GALA-GROUP.com/rating

FRAMEWORKS AND STANDARDS

The Business Social Compliance Initiative (BSCI) sets standards to ensure fair workplace conditions, improve worker welfare, and uphold ethical labor practices across supply chains.

RSPO (Roundtable on Sustainable Palm Oil) sets standards for sustainable palm oil production to reduce environmental impact, enhance worker and community livelihoods, and protect biodiversity.

The GALA GROUP production sites are certified according to several ISO standards (see table on the right).

SMETA (Sedex Members Ethical Trade Audit) provides a framework to assess ethical practices in supply chains, promoting fair labor, health, safety, and environmental standards.

The RAL Quality Mark Candles stands for standards to ensure the quality of candles.

CERTIFIED MANAGEMENT SYSTEMS USED BY GALA GROUP

Share of standardized process and certified GALA GROUP sites

	Standard	GALA Germany	GALA Hungary	GALA Poland	GALA India Decor	GALA Candle India	Ramesh Flowers	Share of standardized process and certified GALA GROUP sites
ENVIRONMENTAL								
Environmental management	**ISO 14001: 2015**			✓	✓	✓	✓	**67 %**
Energy management	**ISO 50001**	✓		✓				**33 %**
Quality management	**ISO 9001: 2015**	✓	✓	✓	✓	✓	✓	**100 %**
Environmental management for sustainable forestry	**FSC**			✓	✓	✓	✓	**67 %**
SOCIAL								
Occupational health and safety management	**ISO 45001: 2018**			✓	✓	✓		**50 %**
Candle quality	**RAL GZ 041**	✓	✓	✓	N/A	✓	N/A	**100 %**
Products, production, and services	**Nordic Ecolabel**			✓				**17 %**
Consumer products	**BRC CP**			✓				**17 %**
GOVERNANCE								
Supply chain security management	**ISO 28000: 2007**			✓	✓	✓	✓	**67 %**
Supply chain ethical/social	**SEDEX/SMETA**	✓	✓	✓	✓	✓	✓	**100 %**
Supply chain ethical/social	**BSCI [1]**				✓	✓	✓	**50 %**
Sustainable palm oil	**RSPO**	MB [2] SG [3]	MB [2]	MB [2] SG [3]	N/A	MB [2]	N/A	**100 %**

GALA UK and GG Brands are purely sales offices and are therefore exempt from this. GALA North America is not included due to the low production volume and the fact that no further production is planned in the future.

1) BSCI: Business Social Compliance Initiative   2) MB: Mass Balance   3) SG: Segregated

Materiality process

As a leading company in the world of candles and scents, GALA Group recognizes the critical importance of environmental, social and governance (ESG) considerations for long-term business success. To ensure that the group's sustainability strategy aligns with stakeholder expectations and promotes sustainable practices within the industry, GALA GROUP has conducted a comprehensive materiality assessment.

Prioritizing sustainability: A materiality assessment for the GALA GROUP

The materiality assessment is a critical tool for developing a holistic sustainability strategy for GALA GROUP. In 2022, the group conducted its first materiality assessment, which involved a long list of 24 potential material topics derived from the United Nations Sustainable Development Goals (SDGs), GRI, SASB, and a peer review.

The assessment process involved a detailed methodology using the double materiality approach to identify and prioritize the material topics based on the group's impact on the environment and society, as well as the business relevance for GALA GROUP.

External stakeholder views were also included through an informal dialogue with the top three important stakeholder groups: employees participating in the assessment, customer views,

and the perspective of investors. A workshop was held to evaluate and discuss each topic in terms of its potential environmental and social impact and its business relevance.

Prioritizing the material topics in terms of their relevance enables GALA GROUP to develop a long-term sustainability strategy and future strategic actions that align with the group's strategy and also take into consideration stakeholder expectations. The company incorporates ESG considerations into its operations and decision-making processes. By focusing on material sustainability issues, GALA GROUP can create long-term value for its stakeholders while also promoting sustainable practices within the industry.

Materiality matrix and top materiality issues

The results of the materiality assessment are visualized in the matrix, in which the two axes represent the two materiality dimensions. Topics that are managed together are grouped into clusters. This approach provides a good starting point for strategy development and structured reporting because it reduces complexity. The red line in the matrix denotes the defined materiality threshold. All the 14 topics must be considered as material due the impact of GALA on the environment and society or because they are relevant to GALA's business.

Y-axis
Impact of GALA on the environment and society ("inside-out perspective"): "Impact" refers to actual and potential impacts of GALA GROUP on the environment and society through its own operations as well as along the value chain.

X-axis
Business relevance of sustainability topics ("outside-in-perspective"): "Business relevance" refers to actual and potential impacts of sustainability topics on GALA GROUP's development, performance, and position.

ENVIRONMENTAL TOPICS

1 **GHG emissions and energy management**
2 **Waste and hazardous materials management**
3 Water management
4 Other emissions (NOx, SOx, …)
5 **Scope 3 GHG emissions**
6 **Consequences of climate change**
7 Product environmental impact (other than GHG)
8 **Raw materials**
9 Biodiversity
10 **Circular economy (e.g., recycling)**

SOCIAL TOPICS

11 **Product quality and safety (incl. product labeling)**
12 Customer satisfaction
13 **Employee health and safety**
14 **Diversity, equality, and inclusion**
15 Talent attraction and retention
16 **Labor practices and human rights**
17 Community relations

GOVERNANCE TOPICS

18 **Supply chain responsibility**
19 Data privacy and security
20 **Internal compliance & business ethics**
21 Competitive behavior
22 **Legal and regulatory compliance**
23 Lobbying and political involvement
24 **Innovation and research**

INSIDE-OUT APPROACH
Impact of business activities on the environment and society

OUTSIDE-IN APPROACH
Impact of environmental and social issues on the company
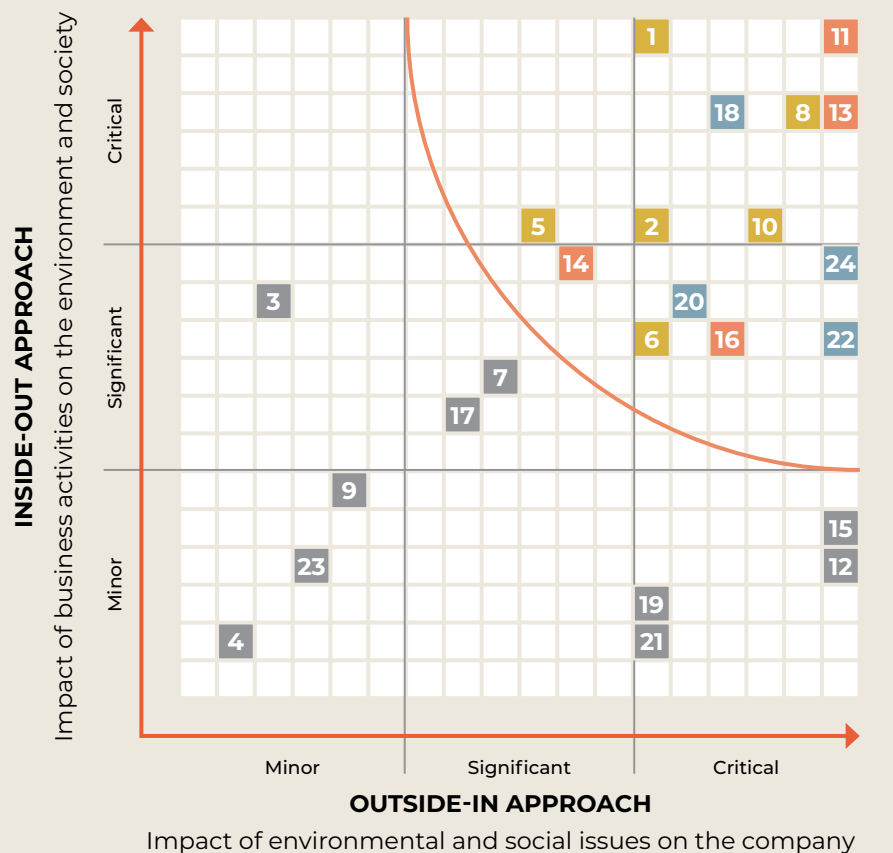
Material environmental topics*
Material social topics*
Material governance topics*
Topics that are not currently material*

* Materiality analysis process 02/2022 and 11/2022

Enviromental Sustainability

At GALA GROUP, we recognize our responsibility toward the environment. Many of our top-selling product categories, such as candles, are designed to be consumed during use. With this in mind, our approach to environmental sustainability prioritizes both, our production processes and related energy consumption and the materials we utilize.

Environmental sustainability KPI
STATUS IN 2023–2024 AND TARGETS

CLIMATE ACTION

KPI	Status 2023–2024	Target 2025	Target 2030
CLIMATE FOOTPRINT – GHG EMISSIONS			
Scope 1 and 2 GHG emissions per ton of material used in CO$_2$e/t	302 kg	210 kg	180 kg
ENERGY MANAGEMENT			
Energy consumption	36 GWh	34 GWh	39 GWh*
Share of renewable energy	19 %	50 %	100 %

* Increased absolute targets due to increasing sales/volumes

CIRCULAR ECONOMY

KPI	Status 2023–2024	Target 2025	Target 2030
RAW MATERIALS			
Scope 3 emissions **per ton of material used in CO$_2$e/t**	5,096 kg	5,000 kg	4,200 kg
Share of recycled materials in raw materials			
Corrugated & solid cartons	91%	> 90%	> 90%
Plastic (foils, containers and similar)	< 30%	> 30%	> 35%
Glass (mostly Post Industrial Recycled (PIR))	< 25%	> 25%	> 35%
WASTE & HAZARDOUS MATERIALS MANAGEMENT			
Share of wax from vegetable sources	41%	40%	45%
Use of RSPO certified palm **in EU/India**	98%	100%	100%
Share of plastic in total raw materials	1.1%	0.8%	0.5%
Waste intensity **per ton of material used**	53 kg	32 kg	25 kg
Total water consumption	62,400 m3	58,300 m3	57,400 m3

Climate action

Our approach to climate action encompasses both an inside-out and outside-in perspective. The inside-out perspective refers to GALA GROUP's impact on the climate through greenhouse gas emissions, while the outside-in perspective addresses how climate change may affect GALA GROUP's operations.

Climate risks and opportunities

The materiality assessment revealed that the consequences of climate change are a material topic for GALA GROUP. Five potential consequences were identified, including physical, regulatory, reputational, financial ,and supply chain risks.

Currently, GALA GROUP views supply chain consequences as the most significant risks because they are unpredictable and difficult to mitigate. The company will therefore develop a strategy to address these risks, answering questions such as where basic materials for candles, home fragrances, and home decor accessories are produced. The aim is to generate company-wide insights on potential supply chain risks due to climate change.

Climate footprint – GHG emissions

Our **Scope 1 and 2** greenhouse gas (GHG) emissions are directly linked to our existing and planned energy management initiatives. Building on last year's inaugural calculation of our carbon footprint, our next step was to set targets that will guide the development of a comprehensive transformation path. GALA GROUP has established relative targets and plans to set absolute targets for CO_2 reduction for Scope 1 and 2.

As for **Scope 3** emissions, the GALA GROUP completed a Scope 3 inventory as a first step toward developing a strategy together with its suppliers and customers to reduce emissions along the value chain. The choice of burning material for candles represents a significant opportunity to reduce Scope 3 emissions. This is addressed in detail in the section on raw materials and products, taking into account the GALA strategy and the sustainability goals of our customers.

To tackle the financial consequences of climate change that result from increasingly replacing certain fossil raw materials with natural alternatives in GALA products, the company is putting a strong focus on developing insights and solutions for this topic through its established research activities, as well as through the global GALA Innovation Process.

A medium to long-term approach is being taken in this regard. The consequences of climate change will be included as ESG risks in the risk management of GALA GROUP. We believe that addressing these risks proactively and adapting to a changing climate is important for successful business development in the long term.

IMPACT OF CLIMATE CHANGE

Climate change impacts GALA GROUP:
Sea level rise disrupts supply chains, CO_2 concerns reshape market demands, commuting costs escalate, and extreme weather intensifies production risks, notably in India.

SOCIETY
→ Company action requested
→ Increasing awareness regd. CO_2 footprint of products
→ "Ban" of fossil materials

EMPLOYEES
→ Higher commuting costs
→ Workplace environmental conditions

MARKET/SALES
→ Demand for product changes
→ Impact on sales

IMPACT OF CLIMATE CHANGE ON GALA GROUP

Rising temperatures | Increasing GHG levels | Rising sea levels | More extreme weather

SUPPLY CHAIN
Increasing cost of transport ←
CO_2 footprint discussion on transport ←

MATERIAL SUPPLY
Plant-based materials ←
Fossil materials ←

PRODUCTION ENVIROMENT
Longer hot periods ←
Overall temp in production ←
Restrictions on water usage ←
Heavy rainfalls / storms ←
Change of local weather in India ←

SHARE OF SCOPE 1, 2, 3 GHG IN TOTAL EMISSIONS GALA GROUP

in kg CO_2e per ton of material

- SCOPE 1
- SCOPE 2
- SCOPE 3 UPSTREAM
- SCOPE 3 DOWNSTREAM

SCOPE 1
1.55 %
84

SCOPE 2
4.26 %
231

SCOPE 3
94.17 %
5,096
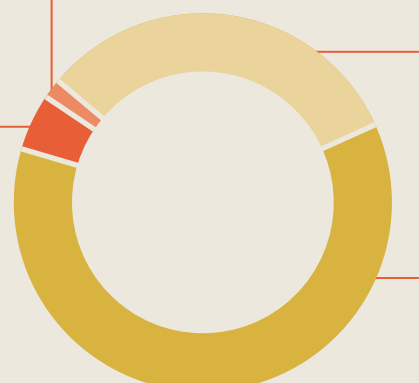
Energy-based emissions of production and business processes – Scope 1 and 2

	Baseline data FY 2019–20	Progress in FY 2023–24	Change
	kg CO_2e/t*	kg CO_2e/t*	
Electricity, heat & cooling, mobility	**5,000**	**4,000**	**–**
SCOPE 1 TOTAL	**5,000**	**4,000**	**− 20.9 %**
Electricity	**10,600**	**9,700**	
SCOPE 2 TOTAL	**10,600**	**9,700**	**− 8.3 %**
EMISSIONS SCOPE 1+2 TOTAL	**15,700**	**13,700**	**− 12.4 %**

* Kilogram of CO_2e per metric ton of material

Current status

2023–2024

ELECTRICITY
71.5 %

HEAT AND COOLING
24.3 %

MOBILITY
4.2 %

TOTAL EMISSIONS SCOPE 1+2

13.7 tons CO_2e

Targets

2025–2026

2029–2030

−10 %

−25 %
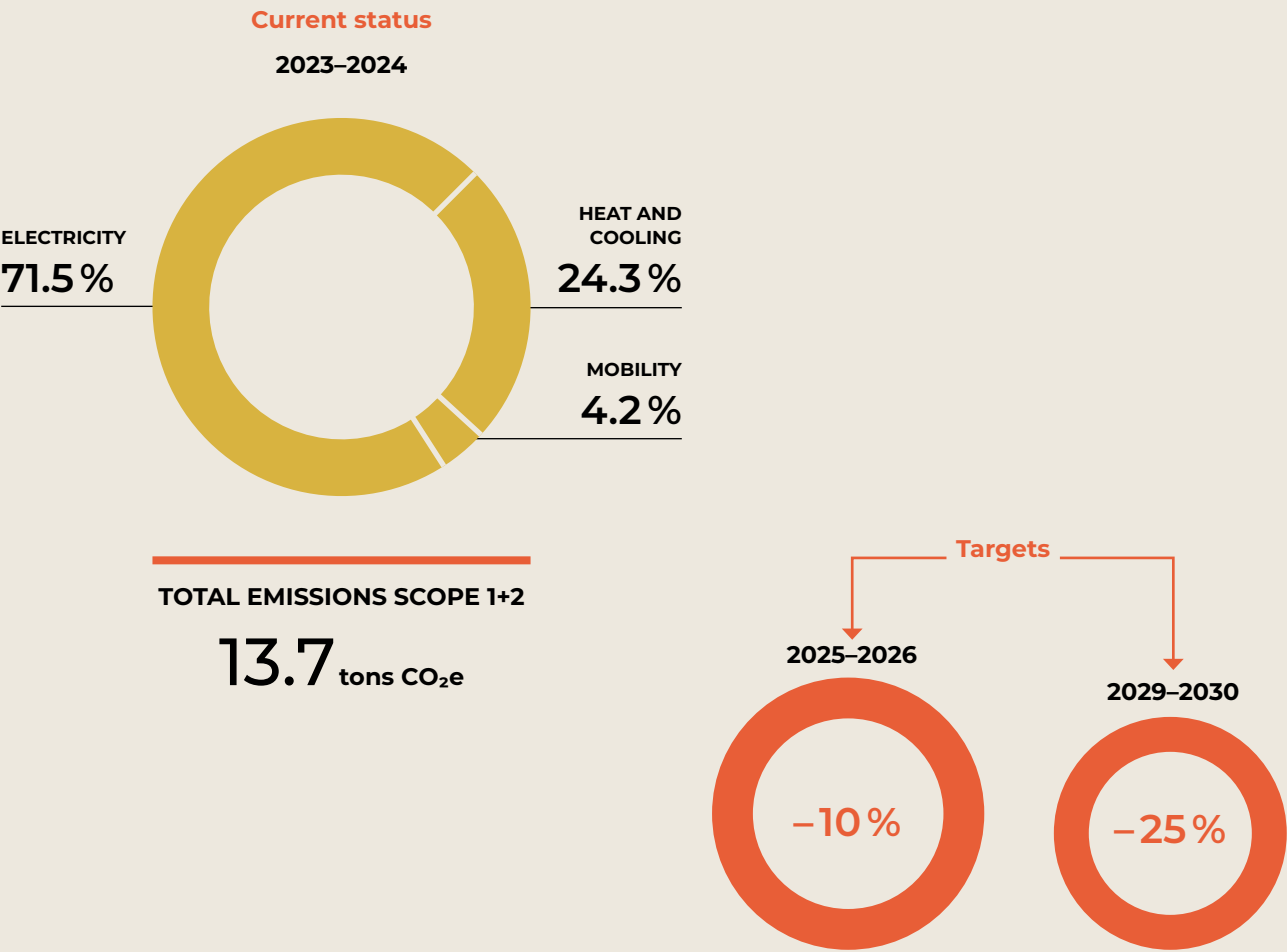
Energy management

Strategic plan for renewable energy
Our energy management strategy focuses on enhancing energy efficiency and transitioning to renewable energies with guarantees of origin. This milestone aligns with our commitment to ESG criteria across the organization.

Photovoltaic systems at GALA Poland
At GALA Poland, we began constructing photovoltaic systems with capacities of 100 kWp as of 2022/2023 and 500 kWp as of 2023/2024. The 100 kWp installation, expected to be completed by October 1st, 2024, will reduce our greenhouse gas emissions by approximately 75 tons of CO_2e, which represents around 1% of the total emissions of our Polish entity. The 500 kWp installation currently in progress is aimed at further reducing emissions by approximately 375 tons of CO_2e, equivalent to about 4.5% of the total emissions.

Renewable electricity procurement
From September 1, 2024, GALA Poland will also begin purchasing renewable electricity in accordance with guarantees of energy origin, which will reduce our greenhouse gas emissions by an additional 6,580 tons of CO_2e, representing around 71% of the total emissions of the Polish entity.

ISO 50001:2018 standard implementation
Efforts to enhance energy efficiency include the successful implementation of the ISO 50001:2018 standard at GALA Poland in 2022. GALA Germany has been ISO 50001 certified since 2016. We are currently in the process of rolling out this standard at our facility for Ramesh Flowers, India, with the goal of replicating our success in Poland and maintaining our high standards of energy management across all our locations.

Energy efficiency initiatives
Furthermore, initiatives are underway at our European site to identify and reduce energy consumption, with a targeted 3% reduction by the end of 2024 thanks to equipment upgrades and process improvements. Similar projects to increase self-consumption through photovoltaics and improve energy efficiency are currently being planned for all other locations. Additionally, we are developing stringent energy efficiency criteria for the design and modernization of equipment and processes that significantly impact our energy results, with plans to finalize these criteria by the end of 2024. Both initiatives started in October 2023.

19%

share of
renewable energy

Circular economy

The circular economy is both a strategic cornerstone for GALA GROUP's future growth, enabling a decoupling from resource consumption and a pathway to increasing resilience against global economic challenges, particularly in commodity markets. Its alignment with the regulatory requirements of the EU Green Deal highlights the importance of sustainable corporate governance within the framework of ESG criteria.

Circular economy strategy

Due to the regulatory clarity at the legislative level that has emerged since the last report, the GALA GROUP has been able to further develop and refine the focus on its circular economy strategy. The single production processes are clearly divided into Scope 1 and 2. The focus with regard to Scope 3 is on defossilizing products, packaging, and materials by using renewable resources and non-fossil substitutes. Wax blends and raw materials offer significant leverage in addressing Scope 3 emissions, particularly within GALA GROUP's core product range of scented and unscented candles.

Packaging of the products and the material of the components used such as containers is another important impact factor. Using recycled materials, i.e. PIR (post-industrial recycled) and PCR (post-consumer recycled) puts the group's efforts in line with the strategy of the European Union and several sustainability strategies of our customers. Using a bigger share of recycled

and recyclable materials also supports the aim of reducing waste and hazarduous materials. GALA GROUP has already measured some of the effects and is currently further developing KPIs to measure and track performance. The three pillars are supported by innovative technologies and cross-industry collaborations aimed at optimizing resource efficiency and eco-effectiveness across the entire group in line with circular economy standards envisioned by the EU Green Deal.

By aligning with these standards and utilizing economic incentives, GALA GROUP aims not only to mitigate environmental impacts but also to enhance its economic resilience through circular practices.

FOCUSED PRODUCT COMPONENTS FOR CIRCULAR DEVELOPMENT OF CANDLES

Container materials

Fossil vs. sustainable

Wicks

Cup materials (recyclable vs. disposable)

Pigments

Printing colors

Fragrances, other ingredients

Outer packaging materials
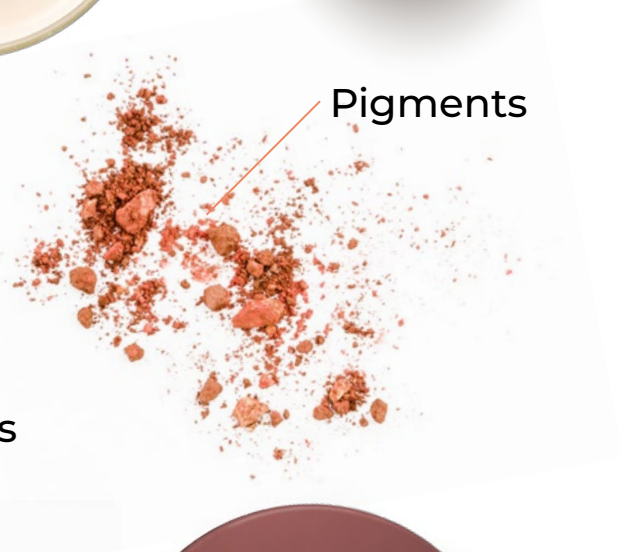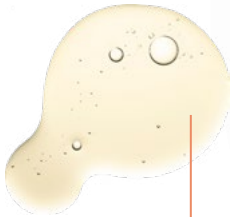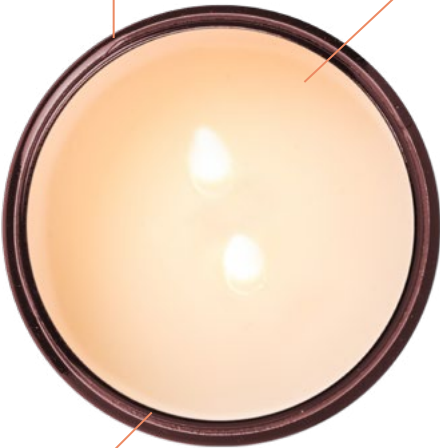
Lid materials

Raw materials – products

With a volume share of 85 %, candles are the biggest product category in GALA GROUP's portfolio. This means that fossil content, i.e. parrafine as burning mass, is a significant lever for the company when it comes to raw materials. We have set targets to increase the share of sustainable raw materials, i.e. sustainable waxes, which will be measured through key performance indicators (KPIs). This is also important for the material topic of Scope 3 greenhouse gas (GHG) emissions. An increase in vegetable-sourced wax will significantly decrease the Group's downstream Scope 3 emissions.

Throughout GALA GROUP, initiatives are under way to continually research environmentally friendly burning materials and integrate them into our portfolios and assortments for our customers. At the same time, we support our customers in reaching their specific environmental goals.

We are aware of the risks associated with palm oil production. This risk will be mitigated by using RSPO certified palm oil, something which we have committed to do by 2025. We are also continuing our research into other alternative sustainable raw materials.

> **"GALA GROUP'S GOAL IS TO USE RSPO CERTIFIED MATERIAL ONLY."**

98 %

100 %

41 %

45 %

Current status
2023–2024

Target
2025

Current status
2023–2024

Target
2025–2030
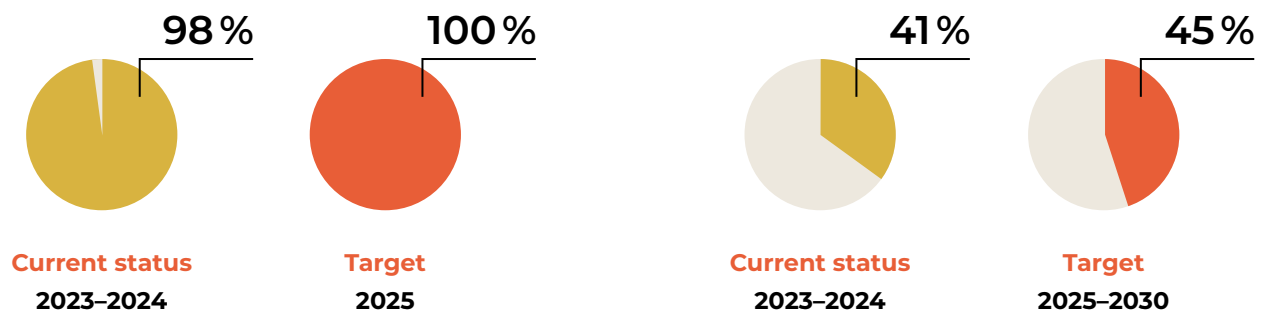
RSPO CERTIFIED PALM OIL

WAX FROM VEGETABLE SOURCES

SHARE OF MATERIALS USED 2023–24

	t	%
BURNING MASSES	39,207	59.00 %
Additives, beef tallow, fats & oils, palm oil, paraffine rapeseed, soybean oil, stearic acid, wicks		
CHEMICALS	1,663	2.50 %
Dye, fragrances, glue, lacquer, solvent, treatment products		
PACKAGING	7,145	10.75 %
Corrugated, displays, labels, packaging support, palettes, ribbons, solid carton, others		
PLASTICS	716	1.08 %
Clamshells, grave light cups, lids for plastic cups, other items, plastic foils, plastic packaging, tea light cups, others		
METALS	1,498	2.25 %
Alu cup, alu foil, lids for tins, sustainers, tins, others		
GLASS	14,563	21.91 %
Ceramics, decoration, jars, lids for glass, others		
BOTANICALS	1,390	2.09 %
Artificial products, natural products, others		
ACCESSORIES	274	0.41 %
Incence, jewelry, metal parts, sachets, wooden parts, others		

240 tons

aluminium cup production waste recycled

Products projects in 2023–2024

GALA GROUP is dedicated to improving the sustainability of our product portfolio. To support this commitment, we have launched several key initiatives focused on reducing the environmental impact of our products and promoting eco-friendly alternatives.

NON-FOSSIL BURNING MASS ALTERNATIVES
Our commitment to sustainability drives us to explore eco-friendly wax options in various scales and percentages.

Vegetable waxes
Rapeseed wax, derived from locally grown plants, is biodegradable, renewable, and supports local agriculture. This wax reduces our carbon footprint and offers a greener alternative to traditional paraffin waxes.

One of the products launched in this segment was for an international brand, that wanted to relaunch its main scented candles collection by replacing palm oil with rapeseed oil in 51 % of the total wax blend content. This initiative aimed to enhance the sustainability of this specific product line, reducing the share of palm oil and promoting the use of more environmentally friendly ingredients.

A second project was a 100 % rapeseed wax product line under the GALA brand collection for a German customer who launched a collection of three candles as a sustainable alternative to fossil burning masses.

Non-edible raw materials
GALA's olive stearin candle is made from the by-products of olive oil production, emphasizing the value of a sustainable, locally sourced, vegan, and 100 % non-edible material from Europe.
Olive stearin is a renewable, plant-based material that offers a lower carbon footprint compared to other raw materials, as only waste is used to produce the wax.

Research and development
Our R&D team continuously explores new options for plant-based waxes. Additionally, we test other raw materials, such as natural colors and scents, to provide a variety of options for our customers, tailored to their target consumers, brand positioning, and sustainability strategies.

SUSTAINABLE PRODUCT CONCEPTS

GALA GROUP is committed to implementing sustainable solutions that conserve resources. In 2023–2024, we introduced a sustainable product concept for reusing decorative jars, with fragranced wax refills that were previously only found in premium design candles, now available at a mid-tier price point.

Candle refill system

With increasing demand for refill options across various industries as consumers seek to reduce waste, we collaborated with customers to launch a candle refill system. This system includes candles with reusable vessels and refillable inserts. Customers purchase the initial set and can later buy refills, which are packaged in recyclable cardboard.

Refill concept for unscented tealights

GALA GROUP also offers a refillable solution for unscented tealights, providing customers with a sustainable and convenient option designed to save resources and reduce waste.

SCOPE 3 TOTAL EMISSIONS

Current status
2023–2024

UPSTREAM
67 %

DOWNSTREAM
33 %

TOTAL EMISSIONS SCOPE 3

220 kt CO₂e
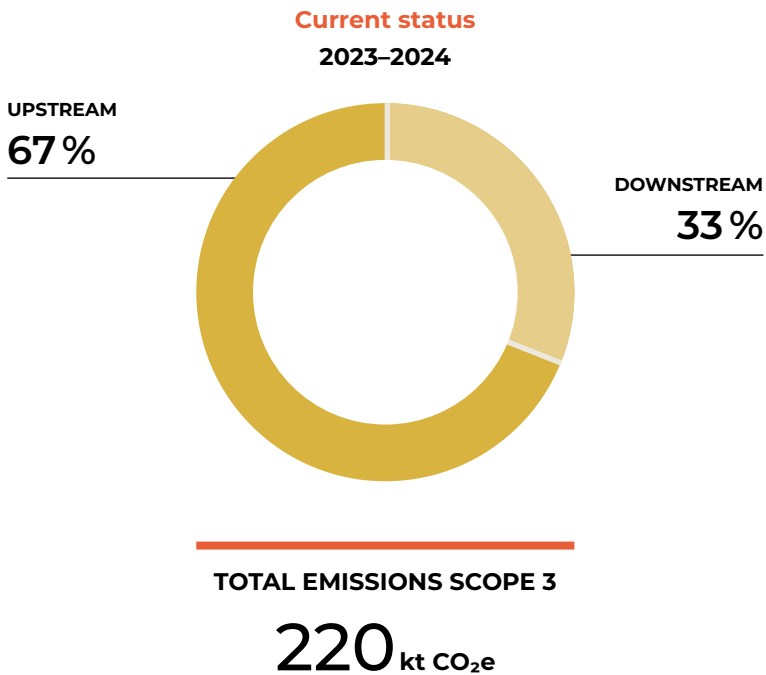
During the FY 23/24 period, a comprehensive GHG inventory was established, covering all Scope 1, Scope 2, and Scope 3 emissions relevant to GALA GROUP's business model.
The majority of our GHG emissions come from Scope 3 sources.

Burning masses

The use of burning masses, which make up the largest portion of our raw material volume, dominates our Scope 3 emissions. The upstream and downstream emissions associated with burning masses vary significantly depending on the type of material used. These variations are driven by factors such as the source location, production processes, and whether the materials are fossil-based or non-fossil-based.

SHARE OF BURNING MASS

64.4 %

OTHER MATERIALS

UPSTREAM SCOPE 3

> **"BURNING MASS IS THE DECISIVE FACTOR FOR SCOPE 3 IN UP AND DOWNSTREAM"**

The choice of burning masses is influenced by our customers' preferences and the needs of their consumers. Additionally, our customers' environmental goals contribute positively to the reduction of CO₂ emissions.
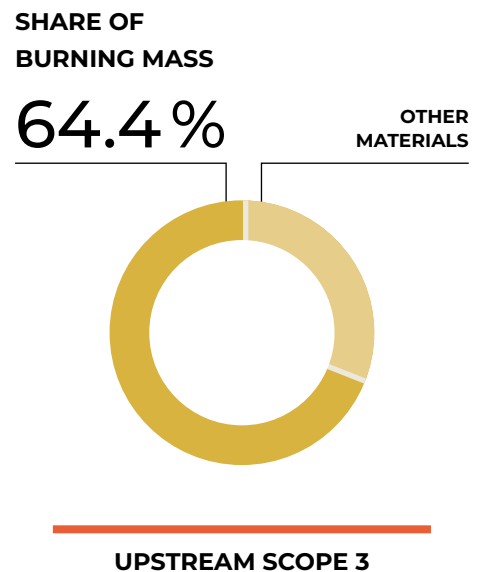
FOSSIL VERSUS NON-FOSSIL CONTENT IN BURNING MASSES

Fossil content

GALA GROUP uses over 40 % non-fossil burning masses. However, paraffin remains a key material for producing high-quality candles due to its superior burning behavior and stability compared to other burning masses.

Since burning masses are commodities, their prices are highly volatile, and fossil-based materials still play a crucial role in maintaining the competitiveness of our products.

While fossil-based burning masses contribute significantly to emissions when candles are burned, their upstream emissions are often lower than those of alternative non-fossil materials.

Non-fossil content

Non-paraffin burning masses such as vegetable waxes are derived from renewable sources and do not contribute to emissions when burned. This provides a clear advantage in reducing overall GHG emissions. These materials also offer good burning performance and can be blended in various ways to create a balanced, high-quality product. However, it's important to consider the upstream emissions associated with non-fossil burning masses, as they can be higher than those of fossil-based materials. We continually evaluate our sources to minimize upstream Scope 3 emissions and make informed improvements in our raw material choices.

"MORE THAN 40 % OF ALL BURNING MASSES USED FOR PRODUCTION IN FY 23/24 AT GALA GROUP WERE NON-FOSSIL."

Raw materials – packaging

With the aim of reducing its plastic footprint, GALA GROUP is committed to reducing non-recyclable packaging and components in acknowledgment of the significant impact that waste reduction has on the environment. Several initiatives to reduce plastic usage have already been successfully implemented by GALA GROUP. These include the removal of plastic from pillar candle packaging, which has been tested and is now delivered to retail customers, as well as the transition from plastic lids to paper lids for scented glass candles.

Additionally, many of our dried floral products, such as potpourri, bowl fillers, and wreaths, have been switched from plastic to paper and cardboard packaging.

Metal and plastic lids for scented candles have also been replaced with paper lids. Packaging has also been updated with the use of glass cups with refills instead of polycarbonate cups.

Collaborative product optimization and development
GALA GROUP is driving collaborative efforts with customers to optimize and further develop our products according to their sustainability goals and needs. Customer development and optimization projects in 2023–2024 included the removal of plastic from pillar candle packaging and the transition of tealight packaging to a higher content of post-consumer recycled plastic.

Ongoing research and development process
Our R&D focuses on enhancing sustainable packaging for all of our products. We explore new materials and designs, including alternative paper sources, eco-friendly coatings, and efficient packaging designs to minimize waste. Collaborating with suppliers ensures the sustainability and ethical sourcing of materials in line with our commitment to environmental responsibility.

Packaging projects in 2023–2024

GALA GROUP has focused on developing sustainable, resource-efficient packaging by collaborating with its customers.

CURRENT FOCUS ON SUSTAINABLE PACKAGING

GALA GROUP has focused on developing sustainable, resource-efficient packaging by collaborating with its customers.

Key initiatives include introducing packaging made from post-consumer recycled (PCR) and post-industrial recycled materials, replacing PE and PO film with more sustainable alternatives.

REALIZED PROJECTS

Paper packaging for tealights and wax elts

Responding to a customer's aim to go plastic-free, we introduced paper packaging for tealights and wax melts. This solution offers an alternative to plastic, securely holding the products while reducing plastic usage. By transitioning to paper packaging, our customer has moved closer to their sustainability goals while meeting consumer demands for eco-friendly options.

80 % PCR foil for packaging

Aligned with the strategic approach of our customers, GALA is able to offer tealights packed in 30 %, or up to 80 % PCR plastic foil, reducing the share of virgin plastic in the packaging of their high quantity products.

GALA GROUP's key packaging projects include introducing packaging made from post-consumer recycled (PCR) materials and offering paper-based plastic free packaging alternatives.

Waste and hazardous materials management

GALA GROUP recognizes the importance of managing waste and hazardous materials in a sustainable and ethical manner. Current initiatives focus on reducing waste during the production process. In addition, reporting on waste management is a key aspect of our sustainability efforts, with local responsibility assigned for quarterly and annual reporting. This is complemented by standard reporting through obligatory country-specific waste reporting systems, ensuring compliance with local regulations and promoting transparency in our environmental impact.

Realized projects
Our initiatives can be divided into process optimization and the use of waste material accumulated during the production process.
One of our key process initiatives overcame technological limitations and reduced technological waste while improving the accuracy of our products. We use SPC (statistical process control) methodology in order to continually improve our processes.

We have introduced high-precision filling systems for tealights, resulting in less technological waste and improved tolerances.

Additionally, we have set up a program for collecting, pressing, and selling aluminum scrap material from coils and cups. We have also established a system for remelting and reusing wax from rejected products and installed a technology block melting station to enhance our waste reduction efforts. Waste wax from production is separated, melted, and refed into the production process, significantly reducing our wax scrap.

Planned projects
In order to continuously optimize our production process, we will apply the knowledge we have gained about improving technological limitations to further production lines and processes. We are also exploring opportunities to resell glass waste to mills, thereby supporting circular economy principles by keeping valuable materials in use for longer.

In conclusion, we remain committed to managing our waste and hazardous material sustainably and responsibly. We understand the importance of these issues to our stakeholders and will continue to work towards reducing our environmental footprint.
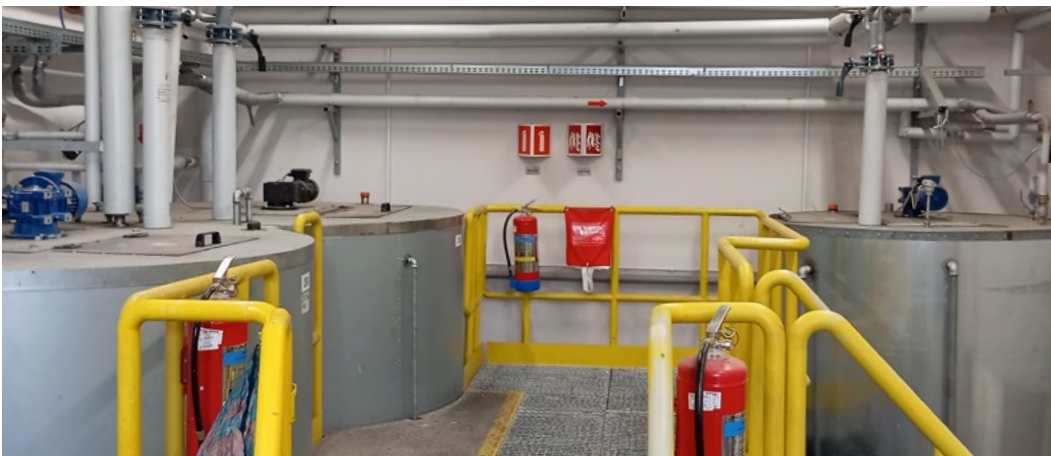
Wax melting units at the factory in Wielun

WASTE INTENSITY

(per metric ton of material used)

44 kg		53 kg	53 kg		32 kg			25 kg
2019–20		2022–23	2023–24		2025–26			2029–30

Targets
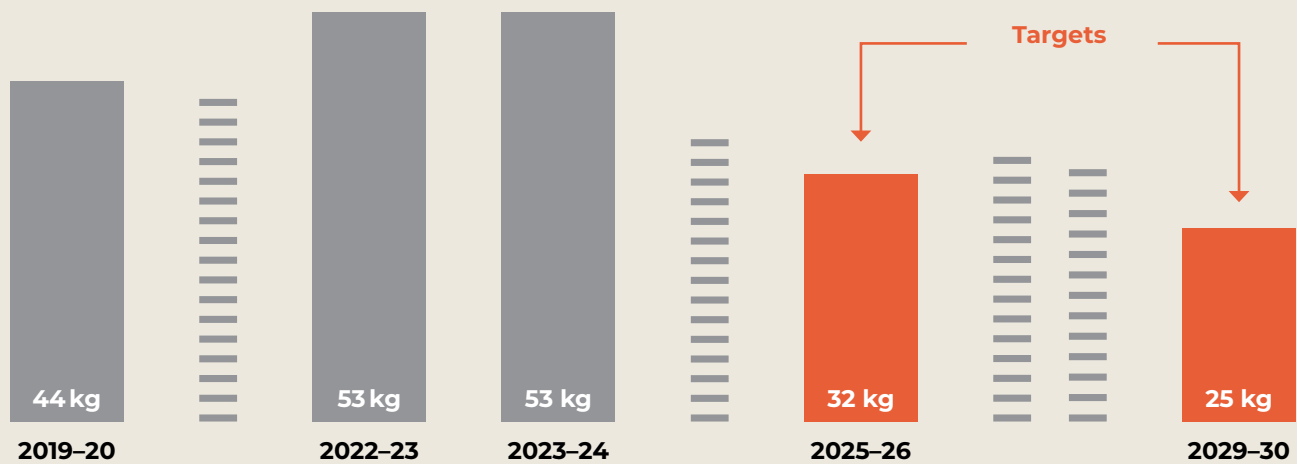
Our waste intensity has increased, despite a 15 % reduction in total waste, due to a decrease in overall business volume during FY 2023/24.

	Baseline 2019–20	Fiscal year 2023–24	Change
	tons	**tons**	**%**
Non-hazardous waste	2,709	2,278	−16 %
Hazardous waste	76.35	82.08	+ 7 %
TOTAL WASTE	2,785	2,360	−15 %

Note: Our current data collection does not yet include information on hazardous waste, which will be included in future reporting periods.

Social
responsibility

Our values are rooted in collectively taking responsibility for our actions and long-term success. We strive to raise awareness about the value of everyone's involvement to make a positive impact for our company. As part of our strategy, we work to spread these values to all communities in which we operate.

Social responsibility KPI

STATUS IN 2023–2024 AND TARGETS FOR 2030

EMPLOYEES

KPI	Status 2023–2024	Target 2025	Target 2030
EMPLOYEE HEALTH AND SAFETY			
Lost time accident per 1,000 employees	8.1	0.0	0.0
LTiFR (Lost Time Injury Frequency Rate) per 200,000 hours	0.42	0.00	0.00
Rate of absence in Europe	9.6	> 7	> 5
Number of work-related injuries	65	< 65	0
Number of work-related injuries with more than one day lost	19	< 19	0
Days lost due to injuries	578	0	0
Total number of hours worked	5.7 million	5.3 million	6.6 million*
DIVERSITY, EQUALITY, AND INCLUSION			
Share of female employees at all levels of the company	72 %	≥ 50 %	≥ 50 %
Share of female employees in C-level and department leader roles	34 %	34 %	40 %
LABOR PRACTICES AND HUMAN RIGHTS			
Share of workforce represented by elected employee representatives	90 %	≥ 90 %	≥ 90 %
Share of operational sites certified as per ISO 45001 or another standard for labor or human rights management	50 %	≥ 50 %	≥ 50 %

* Increased absolute targets due to increasing sales/volumes

EMPLOYEES

KPI	Status 2023–2024	Target 2025	Target 2030
EMPLOYEE DEVELOPMENT AND TALENT MANAGEMENT			
Share of workforce that has received career or qualification-related training	60 %	65 %	80 %
Average number of training hours for each employee per year	27 hours	≥ 25 hours	≥ 25 hours
Average number of social, health, and softskill training hours for each employee per year	20 hours	≥ 20 hours	≥ 20 hours

PRODUCT QUALITY AND SAFETY

KPI	Status 2023–2024	Target 2025	Target 2030
QUALITY CONTROL PROCESS			
COPQ: Cost of Poor Quality*	0.5 %	< 0.8 %	< 0.5 %
OEE: Overall Equipment Efficiency**	78 %	80 %	> 82 %
Delivery accuracy: number of orders shipped on time/total number of orders shipped per year	96 %	> 95 %	> 97 %
First pass yield***	98 %	> 99 %	> 99 %

* Cost of Poor Quality incl. value of customer claims, rework, rejections, scrap/turnover

** Industry standard for measuring manufacturing productivity regarding percentage of quality (good parts only), performance (as fast as possible), and availability (zero downtime) in output per year. (Efficiency % x Availability % x Quality/FPY %)

*** Share of products coming out of the production process divided by the number of products scheduled for production per year

Employees

As part of the ONE GALA GROUP initiative, we have launched a pilot project for employee development, focusing on employees across the globe with four main objectives: Let Others Shine, Create Winning Teams, Lead Yourself and Others, and Shaping the Future Together.

ONE GALA GROUP initiatives and employee engagement

At GALA GROUP, "ONE GALA GROUP" initiatives are dedicated to enhancing employee engagement and fostering sustainable growth. We conduct regular employee engagement surveys to understand evolving needs and perceptions, allowing us to implement targeted initiatives that enhance satisfaction and well-being. This strategic effort, approved by HR and the Board, involves meticulous data collection and collaboration with external experts to ensure relevance and inclusivity. Surveys are translated into multiple languages, with additional support provided to ensure accessibility for all employees. The insights gained are analyzed globally, shared with the Board, and passed on to local HR for detailed examination. Workshops facilitate open dialogue, allowing employees to co-create action plans. On the basis of continuous feedback and action, GALA GROUP is committed to a culture of improvement, transparency, and accountability, ensuring we meet the needs of our global workforce and drive shared success.

Allignment with the ETI Base Code

The global HR initiatives at GALA GROUP align closely with the ETI Base Code promulgated by the Ethical Trading Initiative. This code is an internationally recognized standard of labor norms rooted in ILO conventions, aimed at improving working conditions worldwide. It serves as a framework that guides our ethical labor practices, ensuring the well-being of our employees and upholding responsible business conduct.

3,300 employees

72 % female   n.d. non-binary*   **28 %** male

72 managers

36 % female   n.d. non-binary*   **64 %** male

61 %

of the workforce is between 30 and 50 years old

26 %

of the workforce is over 50 years old
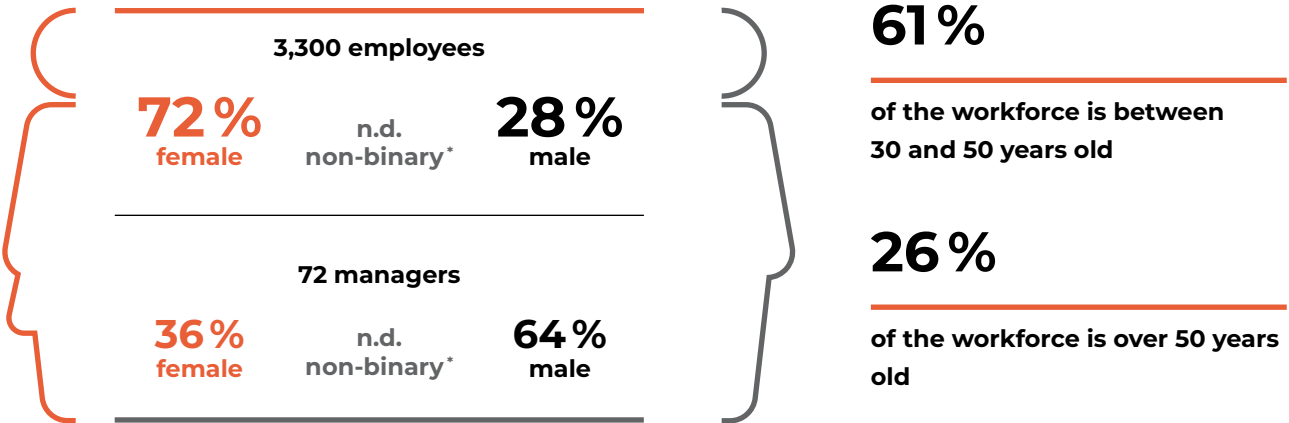
* Number of non-binary employees not recorded at present

WE TOGETHER

MARTA
Head of New Business Development Europe

In my interesting role I am a part of our global sales team, leading GALA's customer acquisition in white spaces across Europe and presenting GALA GROUP's diverse capabilities as an industry leading specialist for tailor-made product developments.

We Together campaign

In 2023, we took the strategic decision to embark on a rebranding journey as part of our ongoing commitment to improving the employee experience and drive sustainable growth at GALA GROUP. Central to this initiative was the adoption of the motto "We Together," symbolizing our collective dedication to developing a feedback-driven, open, respectful, and caring organization.

As a key component of this initiative, we encouraged employees to share their thoughts, feelings, and insights about GALA. As part of this process, employees also participated in photoshoots to visually represent their engagement and alignment with our vision, products, and identity.

Furthermore, the rebranding effort included a renewed communication framework. Thanks to significant improvements in this area and the implementation of a communication plan,

we aimed to foster clearer and more transparent communication channels. A number of communication campaigns were launched using board town halls, C-level videos, and newsletters to inform employees about the changes. These were accompanied by training sessions and workshops to ensure that employees were aligned and committed to the rebranding effort.

Employee survey

Another aspect of the rebranding was an employee survey to measure the internalization of our values. The survey was designed to assess the extent to which employees identify with our values, yielding remarkable results.

At the same time, we conducted a thorough analysis of our processes, focusing on their effectiveness and optimization. This initiative was designed to streamline operations, resulting in smoother workflows and clearer delineation of responsibilities among team members.

ROBERT
Sales Project Specialist

WE TOGETHER

As part of our sales team DACH / Export Markets, I support and manage product development projects for national and international key accounts. I always find it encouraging and inspiring to bring products life and accompany the process from a rough product idea to the final product on the retailer's shelf.

Enhancing workplace culture with Great Place to Work certification

At GALA GROUP, we believe that our success is also measured by our impact on society, our strong values and ethical guidelines, and the well-being of our employees. Based on this mindset, we have prioritized in our HR initiatives and strategic projects with Great Place to Work certification. We are aware of the crucial role that a positive workplace culture plays in driving sustainable growth and continuous employee satisfaction. Great Place to Work is a leading provider of workplace culture assessments.

For us at GALA GROUP, participating in the Great Place to Work certification is more than just an endeavor to receive recognition; it represents a commitment to continuous improvement and demonstrates our dedication to creating an environment where every employee feels valued, respected, and empowered in their roles.

Our values are rooted in collectively taking responsibility for our actions and long-term success, while also caring for people and spreading awareness about present and future opportunities and the integral role we play on a

UPDATE "GREAT PLACE TO WORK" FOLLOW-UP PROCESS

ACTION Global level			
GPTW Board presentation, discussion & approval	Provide login data for all site heads & HR	Global action plan	Global review with site heads on the local / global action plans

COMMUNICATION			
Thank you letter from Board to all employees	Share global results from the group (all employees)	Share local results (for all employees at location)	Share local action plans (for all employees at location)

ACTION Local level			
Inside sessions for site heads with GPTW consultant	Local management discussion (key findings and focus for local employee workshops)	Employee workshops on department level	Detailed local action plans; action roadmap for each location

EXECUTION

During this process, areas for improvement are identified and subsequently addressed through a comprehensive action plan at both global and local levels. These measures are then implemented accordingly, creating a continuous cycle of optimization.

local and global scale. We strive to raise awareness about the need for everyone's involvement to make a positive impact. As part of our strategy, we work to spread these values to all communities where we operate. We believe in fostering a positive impact beyond our organizational boundaries, contributing to the well-being and sustainability of the broader society and local communities in which we operate.

GALA GROUP consistently pursues and places a strong emphasis on advancing the evolution of a workplace environment on the basis of transparency, respect, fairness, pride, and camaraderie. These focus areas serve as guiding principles in our pursuit of sustainable growth and responsible corporate governance, with an engagement rate (share of participants among all employees) of ~90 %.

Over the past two years, we have consistently received positive ratings from our employees, some of which have surpassed industry

benchmarks. Thanks to our internally driven strategic initiatives focused on our employees, we have achieved measurable positive changes within our organization.

Looking ahead to 2024/2025, our goal is to continue supporting GALA GROUP with its target to offer an inclusive, supportive, and inspiring workplace culture. In addition, as part of our ongoing commitment to stakeholder engagement, employee feedback, and continuous improvement, we plan to complete our third certification survey. Reflecting on the favorable outcomes of previous years and the progress we have made in addressing key issues and creating global and local action plans, we are confident in our ability to sustain momentum and achieve the necessary results to officially attain the status of a "Great Place to Work" in the future.
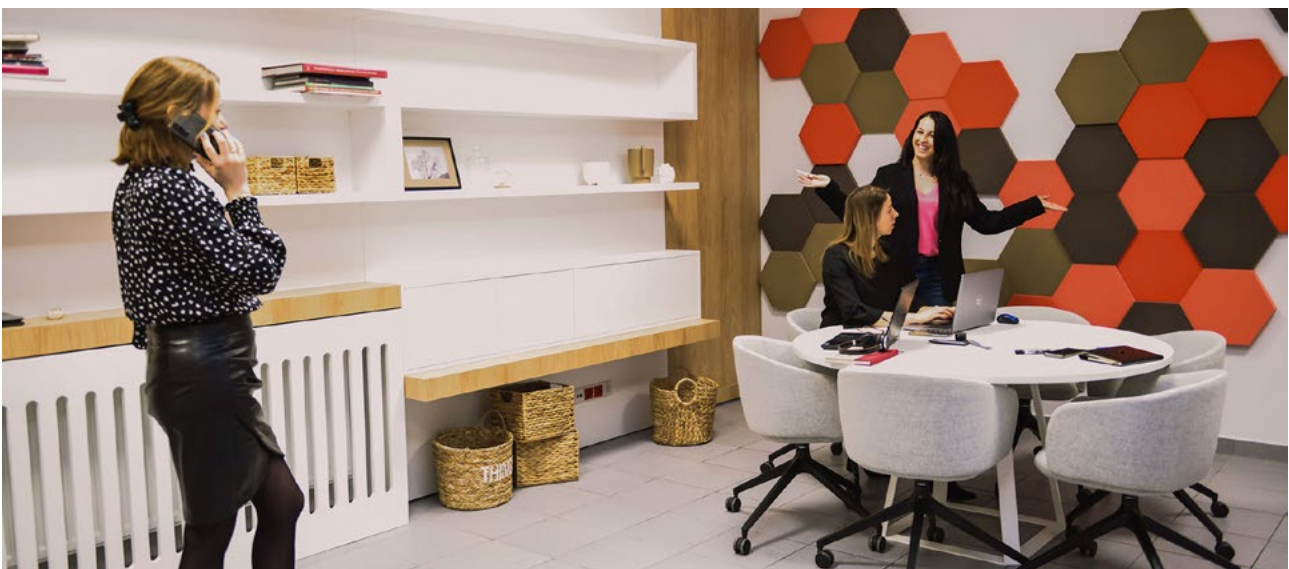
WORKPLACE CULTURE AT THE GALA GROUP

62 %
69 %
65 %
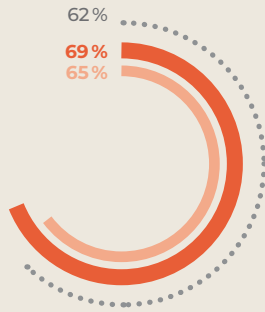
CREDIBILITY

Compared to both the global benchmark and our performance in previous years, we have seen a consistent upward trend in the perception of organizational credibility among our employees. In order to relay clear messages and ensure effective GALA communication, we have set up various initiatives based on the needs of each location, using different channels such as town halls, monitors, newsletters, and communication training sessions.

58 %
69 %
63 %
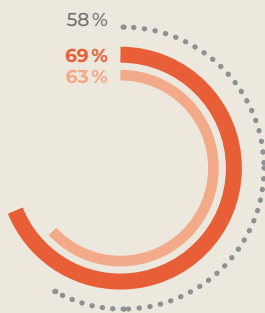
RESPECT

Our efforts to cultivate a culture of mutual respect and inclusiveness have yielded positive results, outperforming the global benchmark and surpassing our own performance in previous years. A factor in this upward trend is our ongoing training efforts and the continued development of the Code of Conduct, which we implement as a mandatory part of our onboarding process. This underscores our commitment to fostering a diverse and inclusive workplace where all voices are heard and respected.

63 %
66 %
61 %
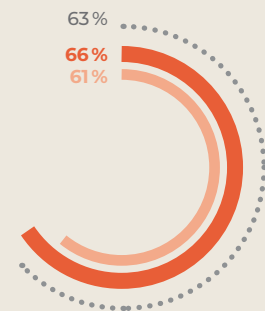
FAIRNESS

The perception of fairness within our organization has seen notable improvement, exceeding both the global benchmark and our own performance in previous years. Despite being faced with pressures, we have upheld our principles of fairness and equal opportunities for all employees. This commitment to transparency and equity was achieved through intensive training sessions for managers and leaders, with more than 7,000 hours of training completed in 2023.

69 %
72 %
68 %
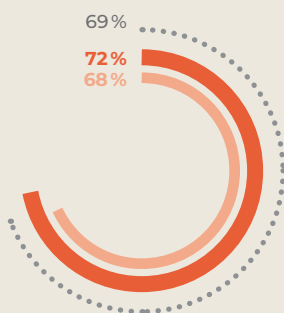
PRIDE

Employee pride in GALA GROUP has increased over time, outperforming both the global benchmark and our performance in 2022. As a positive example, more than 1,500 employees participated in the GALA GROUP - Building Shared Vision training program. Our collective pride is part of the commitment and engagement of our employees, reinforcing our position as an employer of choice in the industry.

65 %
71 %
64 %
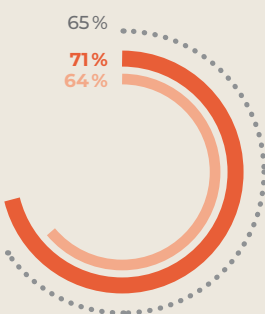
CAMARADERIE

We encourage camaraderie and a strong community among GALA employees to build a supportive and collaborative workplace culture. In 2023, we began renovating local community rooms, offering various amenities such as refreshment areas, and working on a production cooling system. Despite fluctuations in the global benchmark, our organization has consistently scored above average and has outperformed our own performance in previous surveys. This sense of camaraderie is maintained through teamwork, innovation, and a focus on employee well-being.

GALA GROUP Survey 2023   GALA GROUP Survey 2022   Market benchmark global
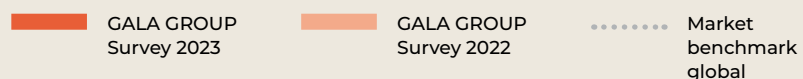
Employee health and safety

Employee health and safety management
GALA GROUP places a strong emphasis on employee health and safety through comprehensive policies, procedures, and training programs. We continuously monitor and assess risks and incidents to enhance our safety practices. This includes a monthly review of the Lost Time Injury Frequency Rate (LTiFR) KPI at both local and global levels, along with an annual evaluation of employee health and safety training by the GALA GROUP Board.

Mandatory and regular activities and training
Ensuring employee health and safety is a top priority at GALA GROUP. Our robust framework extends beyond training, encompassing best practices in occupational safety, fire safety, and chemical handling, with ongoing sessions at each facility that meet or exceed local regulations. Training data is regularly collected by HR from all sites, documenting timing, content, and participant numbers in a continuously updated record. Additionally, internal Azure training is provided to ensure staff proficiency in necessary technical skills.

Our safety commitment also includes regular evacuation drills across all facilities, ensuring emergency preparedness. We provide specialized first aid training to equip employees with the skills for quick and effective responses during accidents or medical emergencies. To mitigate risks from equipment failures, we conduct routine technical inspections, maintain operational safety standards, and ensure compliance across all locations.

The proactive safety strategy of GALA GROUP is further reinforced through a "Safety Walk" program conducted by supervisors and internal audit teams. This initiative identifies potential hazards and prompts immediate corrective actions, thereby enhancing overall safety and employee well-being.

Online onboarding
Due to various global challenges, such as limited internet access and language barriers, online onboarding cannot be implemented across the board Instead, we employ a hybrid model where online training tools are used when possible, and group sessions are conducted in cases where language barriers exist. This flexible approach allows us to effectively onboard employees across various locations.

Additional health and wellbeing initiatives
GALA GROUP's commitment to employee health and well-being extends beyond standard practices. Over the past years we continuously provided COVID-19 vaccinations and testing, coordinated by HR, along with regular medical check-ups and eye examinations. Health awareness events and mental health assessments further emphasize our focus on employee well-being. We also partnered with local health centers for an Employee Health Week to promote healthy habits. Lastly, our ergonomics program ensures a safe and comfortable work environment.

> **GALA GROUP's commitment to employee health and well-being extends beyond standard practices.**

OCCUPATIONAL HEALTH AND SAFETY

		Baseline 2021–22	Fiscal year 2023–24	Change*
HEALTH AND SAFETY				
Reportable accidents (total)	**quantity**	17	72	+55
Working days lost due to accidents	**days**	487	619	+132
Share of operational sites that have undergone health and safety risk analysis.	%	100	100	0
Share of total workforce across all sites represented by a formal employee and management occupational health and safety committee	%	96	96	–
WORK-RELATED INJURIES				
Number of deaths due to work-related injuries	**quantity**	0	0	0
Number of work-related injuries with severe consequences	**quantity**	1	0	−1

EMPLOYEES

		Baseline 2021–22	Fiscal year 2023–24	Change* in %
TOTAL EMPLOYEES (FULL-TIME EQUIVALENTS)		**3,592**	**3,334**	**−7.2 %**
GENDER**				
Female employees	**number**	2,463	2,255	−8.5 %
Male employees	**number**	1,129	779	−31.0 %
CLASSIFICATION				
Permanent positions	**number**	3,361	3,069	−8.7 %
Temporary positions	**number**	231	35	−84.9 %
NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER				
New hires	**number**	579	250	−56.8 %
Employees who have left the company	**number**	952	468	−50.8 %

* Change compared to baseline year 2021–22

** Number of non-binary employees not recorded at present

LOST TIME INJURY FREQUENCY RATE (LTIFR)
per 200,000 hours worked

Our target

4.3	4.8	0.7	0.68	0.42	…	0.0
2019–20	2020–21	2021–22	2022–23	2023–24		2025–26
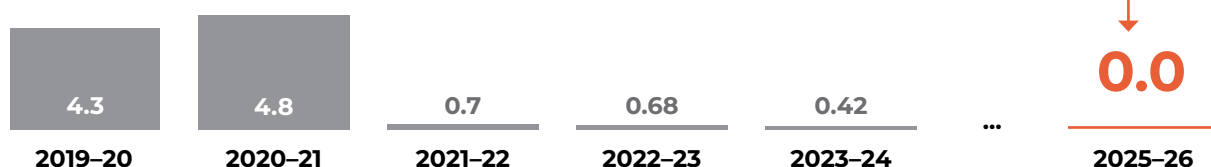
Employee health and safety activities in 2023–2024

At GALA Group, we prioritize the well-being of our employees for the lasting success and resilience of our business. Our approach to the health and safety of our employees is based on various activities designed to promote awareness, provide training, and implement proactive measures to reduce the risks of health and safety issues and ensure the well-being of our employees.

FREE MEDICAL SERVICES
GALA GROUP l Yearly
A range of benefits were offered to our employees in 2023–2024, ranging from free health checks to regular psychologist visits and cancer screening days with follow-up diagnosis and treatment.

SECURITY THREAT AWARENESS TRAINING
Ramesh India | Diffuser Factory | January 18, 2024 | Attended by 664 employees
A training session on security threat awareness was held at the diffuser factory. Led by Mr. Murugan, the session focused on scenario-based exercises, allowing participants to apply security principles in simulated situations.

CPR RECORD
GALA Poland l Łódź l August 2023 l Attended by 30 employees
A cardiopulmonary resuscitation (CPR) lesson increased our employees' awareness of the importance of first aid skills and quick response in life-threatening situations.

FIRE FIGHT TRAINING
All sites l Yearly l Attended by 675 employees
Comprehensive firefighting training courses are held at each GALA GROUP site to enhance safety protocols and prepare for fire fighting emergencies. The training provides employees with essential fire safety skills.

Diversity, equality, and inclusion

At GALA, we recognize that diversity and inclusion are fundamental pillars of our corporate ethos. As a global leader, we understand the impact that fostering diversity, equality, and inclusion can have on our workforce, our communities, and the world. Our commitment to these principles is deeply integrated in our corporate culture and reflected in every aspect of our operations, leadership style, and decision making.

> **"WE AIM TO CREATE A WORK ENVIRONMENT WHERE PEOPLE FEEL VALUED, CAN GROW, AND ARE WILLING TO COOPERATE FOR OUR JOINT SUCCESS."**
>
> GALA GROUP Code of Conduct

Training

In line with our commitment to diversity and inclusion, we have implemented various policies and practices that focus on behaviour, social awareness, and working practices. In 2024, we will implement the Labor Practices and Human Rights Policy. On the basis of our dedicated work, we have rolled out our ethical standards and international guidelines within GALA and trained our employees for roughly 6,500 hours on various topics, and introduced the Code of Conduct in our employee onboarding to ensure that every member of our workforce is treated with dignity, respect, and fairness.

Policy commitment

We are commited to diversity, equality, and inclusion and underline this with our policy framework. This policy serves as a guideline, outlining our dedication to a workplace that celebrates the unique perspectives, backgrounds, and talents of every individual within our organization.

Increasing the share of woman in GALA management functions

We are actively working towards increasing the representation of women in high-profile roles within the GALA GROUP. By providing equal opportunities for career advancement and actively supporting initiatives aimed at breaking down barriers, we are committed to creating a more gender-balanced workforce.

GALA GROUP CEO Dr. Thomas Schröder with GALA Poland COO Bernadeta Kotala during the GALA GROUP Strategy Meeting in February 2024

▶ **GALA GROUP Code of Conduct**

www.GALA-GROUP.com/CoC

**PERCENTAGE OF FEMALE MANAGERS
INDUSTRY BENCHMARK***

* Source: 2021 OECD statistics on female industrial managers

IND	DE	HUN	US	POL
17.6%	29.2%	37.3%	41.4%	43%
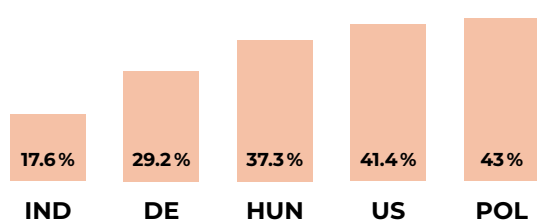
**PERCENTAGE OF FEMALE EMPLOYEES
GALA GROUP**

Targets

2022–23	2024–25	2023–24	2029–30
72%	≥ 50%	32%	40%

All Levels of the company

C-Level and
Departement Leadership
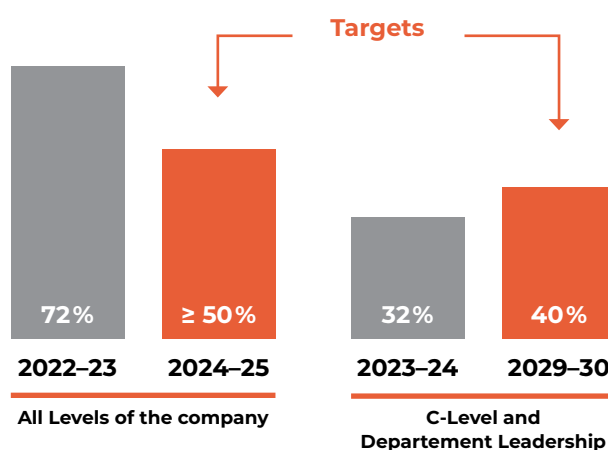
60 %

of the total workforce at all sites has received training on
diversity, discrimination, and/or harassment.

Diversity, equality and inclusion activities in 2023–2024

GALA GROUP actively engages in social initiatives, demonstrating its commitment to diversity, equality, and inclusion This dedication is reinforced by a comprehensive policy framework that outlines the organization's commitment to creating a workplace that celebrates the unique perspectives, backgrounds, and talents of every individual, ensuring everyone feels valued and respected.

CELEBRATING GALA'S DIVERSITY
GALA Group l All sites
We celebrate the diversity of our employees by actively participating in local festivities such as the 4th of July in North America, Christmas in Europe, or the traditional festival of Pongal in Tamil Nadu We honor our employees' cultural backgrounds and promote a cohesive and respectful workplace.

CRÈCHE FACILITY FOR EMPLOYEES WITH CHILDCARE NEEDS
Ramesh India
To create a supportive and inclusive workplace for all employees with childcare needs, a crèche facility was established at Ramesh Flowers.

WOMEN'S DAY COMPETITION
Ramesh Flowers | November 20, 2023
On behalf of Ramesh Flowers, our employees actively participated in an external Women's Day competition, adding vibrancy and talent to the event, and winning prizes. This success is a testament to the talent and dedication of our workforce. We extend our heartfelt congratulations to our employees for their outstanding achievements, and we are immensely proud to see Ramesh Flowers shine on this external platform. This triumph underscores our commitment to fostering a workplace that encourages and celebrates the diverse talents of our employees.

Labor practices and human rights

GALA GROUP and its subsidiaries are committed to upholding fair and ethical labor practices and human rights in all their operations. To ensure compliance with both group guidelines and local labor laws, measures have been put in place to monitor and evaluate each subsidiary's practices. In addition to the Code of Conduct, a comprehensive Labor Practices and Human Rights Policy will be implemented to further reinforce the company's commitment to the following principles:

❭ Non-discrimination
❭ No forced labor
❭ No child labor
❭ No harassment
❭ Fair working hours, benefits, and wages in accordance with local labor laws and regulations
❭ Employee leave, including sick leave and holidays
❭ Clear and transparent employee contracts and communications

Thanks to dedicated efforts, GALA GROUP has integrated its ethical standards and international guidelines, providing approximately 6,500 hours of training on various topics. The Code of Conduct is introduced during employee onboarding to ensure that every member of the workforce is treated with dignity, respect, and fairness. By adhering to these principles, GALA GROUP aims to create a fair and safe working environment for all employees across its operations.

Whistleblowing

As part of the GALA GROUP commitment to promoting fair labor practices and human rights, we have implemented a whistleblowing process that allows our employees and external parties to confidentially and anonymously report concerns related to any compliance issues. Since the implementation, and throughout the entire reporting period of 2023–2024, we have not received any reports. The KPI we have set indicates that our goal for the coming years is to achieve a 100 % reporting rate for incidents, with the aim of having no incidents at all. More information on this process can be found in the Governance chapter on page 96.

Customer audits ensure compliance with standards at GALA GROUP factories

GALA GROUP and its subsidiaries are committed to ensuring that all their operations comply with commonly accepted labor standards, including fair wages and overtime pay, no child labor, and no forced labor.

These policies are also integrated into standards such as SEDEX (Supplier Ethical Data Exchange) or SMETA (Sedex Members Ethical Trade Audit), and BSCI management systems (Business Social Compliance Initiative) used by GALA GROUP. These management systems ensure that basic good working conditions and human rights are observed throughout the group's operations. Additionally, customers of GALA GROUP regularly conduct their own audits at GALA GROUP production facilities according to these standards.

KPIS FOR LABOR PRACTICES AND HUMAN RIGHTS MANAGEMENT	Status 2023–24	Target 2025	Target 2028
Operational facilities certified according to ISO 45001 or SMETA	100 %	100 %	100 %
Operational sites that have undergone human rights assessments	100 %	100 %	100 %

Labor practices and human rights activities in 2023–2024

GALA GROUP is committed to promoting a respectful and inclusive work environment by implementing initiatives that uphold fair and ethical labor practices and human rights. These efforts aim to ensure ethical behavior and active participation in creating a fair workplace. By focusing on these principles, GALA GROUP continuously strives to maintain social standards and support an equitable environment for all employees across its operations.

SEXUAL HARASSMENT COMMITTEE AND AWARENESS PROGRAM
Ramesh India | June & October 2023

The Sexual Harassment Committee at Ramesh Flowers aims to provide a forum for addressing sexual harassment issues at Ramesh Flowers, particularly with reference to female employees, and to promote a safe and comfortable workplace free from harassment. With equal or greater employee representation, the committee holds monthly meetings to resolve issues and promote gender cooperation. This initiative underscores the commitment to diversity, equality, and inclusion, fostering a respectful and supportive work environment for all employees

On October 13, 2023, GALA India conducted an awareness program on preventing sexual harassment. More than 120 employees joined this initiative and showed their dedication to creating a safe and respectful workplace environment for all employees. By providing education and resources, we empower our workforce to recognize and address instances of sexual harassment, offer a whistleblowing program and ensure that every individual feels valued and respected.

ETI BASE CODE TRAINING
Ramesh India | Candle Unit | February 2, 2024 | Attended by more than 46 employees

Hosted by the head of compliance, Mr. Subramanian, this comprehensive training session provided employees with up-to-date knowledge on ethical labor practices. Employees actively engaged in discussions and case studies, enhancing their understanding of compliance requirements and ethical standards.

MOBILE ATM FOR EMPLOYEES
Ramesh India | Held on a regular basis

Due to the local challenges and long travel time from the surrounding villages, we give our employees the opportunity to withdraw their salaries from a mobile ATM during the salary payment period. This gives employees continuous access to money and saves additional resources and effort after work with no need to make an additional trip to withdraw cash.

Employee development and talent management

The continuous development and management of our employees are fundamental pillars of our corporate strategy. Through targeted performance evaluations, personal development plans, and comprehensive training programs, we cultivate our employees' potential and strengthen our organization. The main components of our approach are explained below.

Employee performance appraisal
Evaluating employee performance is a crucial part of our talent management program. Regular performance appraisals help us identify the strengths of our employees and uncover areas for development. This allows us to take targeted action to optimally nurture our employees' potential.

The main aspects of performance appraisals include:
› Goal setting and expectations: Clear definition of performance goals and expectations for each employee.
› Feedback loops: Regular, constructive feedback discussions to review job performance.
› Measurable indicators: Use of quantitative and qualitative performance indicators for objective assessment.
› Development plans: Creation of individual development plans based on the evaluation results.

Employee development planning
The creation of a personal development plans is a core element of our strategy for employee development. These plans are based on performance appraisal results and take into account the personal career goals and training needs of employees. By providing tailored development plans, we ensure that each employee receives the support and resources required for their professional growth.

The core elements of development planning include:
› Career goals: Identification and documentation of short and long-term career goals for employees.
› Training requirements: Determination of the required qualifications and competencies to achieve career goals.
› Action plan: Detailed planning of training activities, workshops, and coaching sessions.
› Regular review: Continuous review and adjustment of development plans to ensure progress.

Career training and qualification opportunities
Providing career-related and qualification-based training is crucial for our employees' professional development. Our aim is to continuously enhance our employees' skills and qualifications through a comprehensive training offering, preparing them for future challenges.

Our training and qualification measures focus on:
› Training programs: Offering a wide range of training programs tailored to different career paths and development needs.
› External education: Promotion and support of participation in external training programs and conferences.
› Mentoring and coaching: Implementation of mentoring and coaching programs to provide individual support to employees.
› Resource provision: Providing the necessary resources and tools for successful training.

60 %

Workforce at all GALA locations have received on top career or qualification-related training to regular trainings

Employee development and talent management activities in 2023–2024

GALA GROUP prioritizes employee development and talent management through tailored initiatives that foster an inclusive workplace culture. These efforts are designed to boost both employee satisfaction and company performance, aligning personal growth with organizational success.

COMPETENCY COMPASS AND LEADERSHIP PRINCIPLES

In 2022, GALA's global Board and HR established the "Competency Compass" and "Leadership Principles" on the basis of strategic workshops. These guidelines focus on four core areas: Let Others Shine, Create Winning Teams, Lead Yourself and Others, and Shaping the Future Together. The Competency Compass was divided into sub-categories to reflect varying levels of the GALA workforce, aligning competencies with their impact. Piloted in 2023, extensive training and communication ensured widespread adoption.

PILOT PROJECT FOR EMPLOYEE DEVELOPMENT DIALOGUE

The "ONE GALA GROUP" initiatives aim to enhance the employee experience and foster growth through HR programs. A pilot project for employee development focuses on global employees and four competency levels. In the upcoming year, the pilot will expand to 100 % of our white-collar workforce, with full implementation in 2024. Furthermore, a systematic approach is presented for the implementation of managerial functions within the blue-collar sector. These initiatives focus on continuous exchange, collaboration, and feedback, creating a supportive workplace. By investing in professional development and achieving certification as a Great Place To Work Company, GALA GROUP is committed to continuous improvement and sustainable growth.

TALENT IDENTIFICATION AND TALENT PROGRAM

In the upcoming fiscal year, employee dialogues will be assessed by local leadership and HR in a 9-grid calibration process to identify talented employees within GALA GROUP. Identified talented employees will then be trained through customized programs for continuous professional growth.

Our commitment to employee development is a fundamental aspect of our social responsibility, enhancing organizational performance and empowering individuals to reach their full potential.

GALA GROUP TRAININGS

	2023			2024			Total number of training sessions	Total number of employees that attended	Total of FTE hours
	Number of training sessions	Number of employees that attended	FTE hours	Number of training sessions	Number of employees that attended	FTE hours			
GALA Germany GmbH	**18**	**472**	**2,634**	**3**	**196**	**238**	**21**	**668**	**2,872**
Awareness training for codes / policies	1	44	66	–	–	–	1	44	66
General skill training	1	1	8	–	–	–	1	1	8
Health & safety	5	318	532	1	190	190	6	508	722
Job-specific skill training	7	20	494	2	6	48	9	26	542
Leadership training	2	45	846	–	–	–	2	45	846
Languages	2	44	688	–	–	–	2	44	688
GALA GROUP GmbH (Headquarter)	**9**	**143**	**417**	**2**	**75**	**105**	**11**	**218**	**522**
Awareness training for codes / policies	3	79	103	–	–	–	3	79	103
General skill training	–	–	–	1	15	45	1	15	45
Health & safety	1	38	38	1	60	60	2	98	98
Job-specific skill training	5	26	276	–	–	–	5	26	276
GALA Hungary Kft.	**14**	**57**	**456**	**2**	**2**	**14**	**16**	**59**	**470**
General skill training	–	–	–	1	1	8	1	1	8
Health & safety	3	41	216	–	–	–	3	41	216
Job-specific skill training	3	6	16	–	–	–	3	6	16
Leadership training	4	5	194	–	–	–	4	5	194
Taxation	4	5	30	1	1	6	5	6	36
GALA North America Inc.	**2**	**128**	**1,024**				**2**	**128**	**1,024**
Health & safety	2	128	1,024	–	–	–	2	128	1,024
GALA Poland Sp. z. o. o.	**36**	**3,144**	**73,669**	**11**	**462**	**4,955**	**47**	**3,606**	**78,624**
Electrical engineers	1	6	900				1	6	900
Excel	1	11	176	2	74	2,144	3	85	2,320
General skill training	1	1	16	–	–	–	1	1	16
Health & safety	5	2,180	53,072	2	65	447	7	2,245	53,519
IT security	1	190	190	1	186	186	2	376	376
Job-specific skill training	24	50	999	4	15	240	28	65	1,239
Labour law	1	71	1,136	–	–	–	1	71	1,136
Leadership training	1	115	1,840	2	122	1,938	3	237	3,778
Quality management	1	520	15,340	–	–	–	1	520	15,340
Ramesh Flowers Private Ltd.	**78**	**6,591**	**14,352**	**11**	**2,014**	**8,306**	**89**	**8,605**	**22,658**
Awareness training for codes / policies	10	911	1,032	7	1,731	8,016	17	2,642	9,048
Employee statutory benefits awareness training	4	270	540	–	–	–	4	270	540
Employee welfare benefits	–	–	–	1	84	84	1	84	84
General skill training	8	205	982				8	205	982
Health & safety	51	5,092	11,313	3	199	206	54	5,291	11,519
Job-specific skill training	4	80	370	–	–	–	4	80	370
Leadership training	1	33	116	–	–	–	1	33	116
TOTAL GALA GROUP	**157**	**10,535**	**92,551**	**29**	**2,749**	**13,618**	**186**	**13,284**	**106,169**
Average number of training hours for each employee per year: 27 hours									

Product quality and safety

GALA GROUP is dedicated to manufacturing high-quality candles that prioritize safety and environmental responsibility. Our products undergo stringent testing and rigorous quality control processes to ensure they consistently meet and exceed industry standards.

Quality assurance

At GALA GROUP, our state-of-the-art testing and laboratory facilities enable comprehensive product innovation and stringent quality controls. We oversee the entire process, evaluating all components and raw materials to ensure compliance with national and international standards. This includes our dedication to minimizing environmental impact through responsible sourcing and production practices. We are proud to contribute to industry standards development, having played a key role in shaping ECMA CEN safety norms for indoor candles and scented candles (2015), outdoor candles (2021), and candle accessories (2023). GALA GROUP GmbH holds a significant position within ECMA, with our Chairmanship of the Technical Committee. Our product offerings adhere to a diverse range of certifications and regulations, including:

- › **EN 15493:** Candle fire safety specification
- › **EN 15494:** Candles. Product safety labels
- › **ASTM F2417:** Fire safety for candles – applied on special customer request
- › **ASTM F2058:** Fire safety labeling – applied on special customer request
- › **EN 16738 to 16740:** Emission safety of scented candles
- › **EN 17885:** 2023 for candle accessories

- › **REACH (WE) 1907/2006:** Regulation concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals
- › **CLP (WE) nr 1272/2008:** Regulation on classification, labelling and packaging of substances and mixtures
- › **ISO 18001:** Occupational health and safety management systems
- › **RAL GZ 041:** Quality and testing requirements for candles
- › **RSPO:** Certification for sustainable palm oil
- › **EN 15426:** Specification for sooting behavior
- › **EN 17616:** Outdoor candles – specification for fire safety
- › **EN 17617:** Outdoor candles – product safety labels
- › **ISO 9001:** Quality management systems – Requirements

We have implemented a burning control process, standard KPIs around the world, and a manufacturing execution system to collect yield data. Our products are verified by external labs such as DEKRA, UL, and Intertek, and are tested to industry-leading standards such as RAL. All our fragrances have IFRA approval. We conduct yearly quality reviews and discuss the audit results internally on a monthly basis within the management team.

Quality control process

Our centralized research and development team ensure that every product meets the high standards of quality and value expected by our customers and consumers. Cross-testing between our sites guarantees consistency and adherence to our standards.

We have established a robust quality control process that spans:

> Checks of raw materials: Rigorous inspections ensure that all incoming materials meet our strict criteria before they are used in production.
> Production process control: We maintain strict oversight throughout the manufacturing process to uphold quality and efficiency.
> Final product inspection: Every finished product undergoes meticulous inspection to verify it meets our quality benchmarks.

Additionally, we adhere to a comprehensive set of Standard Operating Procedures (SOPs) for both quality control and complaints handling processes. These SOPs ensure consistency and efficiency in managing product quality and addressing customer concerns.

Our management approach includes strict adherence to regulatory standards such as EN 15493, ASTM F2417, and REACH, ensuring our products comply with all relevant safety and environmental regulations. Furthermore, we maintain certifications like RAL and ISO 9001, demonstrating our commitment to quality assurance from sourcing to delivery on the basis of stringent purchasing standards.

GALA GROUP has been running two pilot project of the Digital App's. One project is designed to collect data on all the checks performed on the finish goods prior to shipment and has been successfully implemented. A second project on the digitalization of the report on product burning is half-way complete FY 23/24 with the first automated reports in place

External lab testing
In order to achieve independent validation, our products undergo rigorous testing by external laboratories. These tests ensure that our products not only meet but exceed industry standards for safety, efficacy, and environmental impact.

GALA GROUP'S KEY PERFORMANCE INDICATORS FOR THE QUALITY CONTROL PROCESS

KPIS QUALITY CONTROL PROCESS	Status 2023–24	Target 2025	Target 2028
Cost of Poor Quality (COPQ)*	0.5 %	< 0.8 %	< 0.5 %
Overall Equipment Effectiveness (OEE)**	78 %	80 %	> 82 %
Delivery accuracy	96 %	> 95 %	> 97 %
First pass yield***	98 %	> 99 %	> 99 %

* Cost of Poor Quality incl. value of customer claims, rework, rejections, scrap/turnover

** Industry standard for measuring manufacturing productivity regarding percentage of quality (good parts only), performance (as fast as possible), and availability (zero output) in output per year. (Efficiency % x Availability % x Quality/FPY %)

*** Share of products coming out of the production process divided by the number of products scheduled for production per year

Product information and labeling

GALA GROUP places great importance on providing comprehensive and transparent product information and adhering to all relevant labeling standards. We ensure compliance with various EU regulations and standards for product labeling through the EU Compliance Assurance program. In the 2021–2022 fiscal year, we had no known incidents of non-compliance.

We comply with REACH and Regulation 1272/2008 for chemical registration and labeling. We also adhere to the EN 15494:2019 and RALGZ 041 standards for product safety and quality assurance. Furthermore, we meet the criteria of the RSPO standard for marking sustainable products and comply with national and EU regulations on product packaging.

Emergency health response information and unique formula identifiers are included on hazardous mixture labels in compliance with Regulation (EU) 2017/542. We also follow European Directive No. 94/62 and national laws for environmentally sound disposal of products and packaging.

The following additional measures and standards enhance customer trust in the safety and quality of our products and support our continuous efforts towards transparency and compliance.

RAL Quality Certificate

Since 1998, GALA GROUP has utilized the RAL quality mark for candles to ensure the highest standards of quality, safety, and sustainability. As a founding member of the RAL Quality Association for Candles, GALA ensures that all products meet uniform, stringent quality requirements worldwide, whereby compliance is regularly monitored. The RAL quality mark helps consumers identify high-quality products, giving GALA a competitive advantage and strengthening customer trust. This supports our ESG goals by promoting sustainable practices and ensuring transparency and reliability to our customers.

Enhanced emission safety

We strictly adhere to EU emission safety standards, including EN 16738, EN 16739, and EN 16740. These standards cover methods for emissions testing, assessing test results, and providing safety information to users.

External inspections and quality assurance

In addition to our internal quality controls, we conduct annual external inspections of our products to ensure compliance with all relevant safety and quality standards. These inspections confirm our ongoing commitment to quality assurance and transparency.

Use of synthetic fragrances with natural ingredients

To reduce our environmental footprint, GALA GROUP primarily uses synthetic fragrances supplemented with natural ingredients. This promotes sustainability and ensures that no harmful metals or chemicals are present in the fragrances, in accordance with the REACH regulation.

CANDLE PRODUCT LABELING EXAMPLE

Regulation (EC) 1907/2006.

Registration, Evaluation, Authorisation und Restriction of Chemicals (REACH)

Regulation 1272/2008

Classification, labelling, and packaging of substances and mixtures

Regulation (EU) 2017/542

Addition of an annex on harmonised information relating to emergency health response

RAL-GZ 041 Quality Assurance

Quality association for candles

RSPO Standard

Sustainable palm oil production

4: LDPE

Waste treatment & recyling marking

Scented Candle - Article no 55443322

Harmful to aquatic life with long lasting effects. May cause an allergic skin reaction. If medical advice is needed, have product container or label at hand. Keep out of reach of children. IF ON SKIN: Wash with plenty of water. Dispose of contents/container according to the separated collection system used in your municipality. Contains 2-methoxy-4-prop-1-en-1-ylphenol, Citronellol, Damascenone, Linalool. Substances that contribute to the classification: 1-(1,2,3,5,6,7,8,8a-octahydro-2,3,8,8-tetramethyl-2-naphthyl)ethan-1-one

Warning

UFI: F880-H0WE-C00A-ARD3

RAL QUALITY MARK CANDLES

EUROPEAN UNION CERTIFICATION MARK

Made in Poland
GALA POLAND Sp. z o.o.
http://gala-group.com

RSPO CERTIFIED
4-0963-17-100-00

0 | 00000 00000 |

275 g e

Couvercles

4 LDPE

Standard EN 15494–2019

Candle product safety labels

National and EU Regulations

Defines rules on normal quantites of products in unit packaging

European Directive No. 94/62

The EU Directive on Packaging and Packaging Waste

In line with our commitment to product safety and transparency, GALA GROUP adheres to stringent regulatory standards for labeling candle products, including safety standards for indoor candles, outdoor candles, and candle accessories. Each label prominently displays essential safety information such as flammability warnings, recommended usage guidelines, and material composition details.

Additionally, our website, provides explanations of safety symbols featured on our products, enabling consumers to make informed decisions about the safe use and handling of our candles and accessories. This approach not only ensures compliance with regulatory requirements but also reinforces our dedication to consumer safety and product quality.

▶ **www.GALA-GROUP.com/safety-guidelines**

Good
Governance

GALA GROUP is committed to good governance, including supply chain responsibility and compliance. This is achieved through a clear code of conduct for suppliers, effectively communicating requirements, and ongoing monitoring and auditing. Innovation and research are integral to the company's management approach, driving continuous improvement and sustainable growth.

Good governance KPIs
STATUS IN 2023–2024 AND TARGETS FOR 2030

INNOVATION AND RESEARCH

KPI	Status 2023–2024	Target 2025	Target 2030
SUSTAINABLE INNOVATION APPROACH			
Share of market pull innovations (GALA Innovation Process) with sustainable solutions, based on the net external sales of the final product per year	68 %	> 70 %	> 75 %
Net external sales achieved by innovative new products including customized design innovations	50 %	> 50 %	> 55 %

* New products in 2023-2024 = revenue share of new product since 2021–2022, including corresponding SKUs, sold in 2023–2024

COMPLIANCE

KPI	Status 2023–2024	Target 2025	Target 2030
INTERNAL COMPLIANCE AND BUSINESS ETHICS			
Number of employees that have read and are trained in the Code of Conduct	100 %	100 %	100 %

SUPPLY CHAIN RESPONSIBILITY

KPI	Status 2023–2024	Target 2025	Target 2030
SQM MANAGEMENT			
Share of suppliers with annual revenue in excess of EUR 50K who have signed the Supplier Code of Conduct	95 %	100 %	100 %

Innovation and research

At GALA Group, innovation and sustainability are key components of our strategy. To remain competitive and grow our business sustainably, we see it as an important task to continuously develop and improve our operations while minimizing our impact on the environment.

Shaping our future together

At the core of our success is GALA Innovation. Future accomplishments are driven by innovation. When it comes to innovative product assortments, our ultimate goal is to create tailored offerings for customers and consumers that not only meet their needs but are also truly affordable.

Wherever possible we develop products made from renewable raw materials obtained in a sustainable way to avoid competing with the food industry. Our aim is to be an innovation leader in an industry that sets new directions and redefines the category of candles and other air care products.

Research and development

We operate in-house R&D and innovation centers in our group companies and our Global R&D is located in Wielun, Poland. The focus of our activities around the world has been on improving GALA products, researching innovative solutions and sustainable materials, and continuously improving our manufacturing processes with several initiatives and programs over the past few years. For our scented portfolios, we collaborate with leading fragrance houses around the world and adhere to defined test standards to ensure product quality.

Our results are presented to our customers in customized workshops and at exhibitions.

Sustainability innovation approach

GALA GROUP is committed to sustainability across its value chain, from innovation and product design to logistics. The group focuses on creating high-quality products that meet consumer needs while optimizing its environmental impact. This includes careful material selection, waste reduction, recycling initiatives, energy-efficient production, and responsible supply chain management. GALA GROUP also educates consumers on sustainable product use and disposal. By prioritizing sustainability throughout its operations, the group creates long-term value while minimizing its environmental footprint.

Three dimensions of sustainable market pull innovations at GALA GROUP

In the market pull oriented GALA Innovation Process (GIP) the focus is on the following three dimensions of sustainable innovation:

› Sustainable concepts (i.e. GALA refill concept for candles and reed diffusers)
› Sustainable raw materials (i.e. renewable materials in burning masses)
› Sustainable packaging and containers (i.e. post-consumer recycled packaging foil, post-industrial recycled product containers)

GIP - GALA Innovation Process

An innovative mindset is crucial for creating a competitive advantage for our business. GALA Group has established the global GALA Innovation Process that incorporates integrated idea funnels to ensure that the best ideas for inventions are brought to market with the help of cross-functional teams led by GALA Global Marketing. Market pull innovations are launched on the market on schedule by working together with Global R&D, suppliers and specialists together with Global R&D and incorporating customer feedback.

Working in parallel with market research, the GALA Innovation Process also involves GALA employees globally to continuously contribute innovative ideas for products and processes. Fields of innovation for these market pull innovations have been precisely defined. Ideas are collected and evaluated before being added to the global idea funnel for innovation. In addition, consumer feedback is leveraged to identify new product ideas during these processes. By fostering a culture of innovation and collaboration, GALA was able to launch 10 innovation projects on the market in fiscal year 2023–2024. The projects were announced and sold in the same fiscal year, achieving a share of net sales based on sustainable benefits of 68 %.

GALA GROUP aims to continuously improve products and processes based on market pull to increase the share of new-to-market innovations for the coming years.

INSIGHTS BASED ON

Market data	GALA strategy	Potentials

Employees   Marketing

Suppliers   Research and development

Customers

IDEA FUNNEL

Evaluation

GALA INNOVATION PROCESS

Concept   Idea

Design   Development   Launch
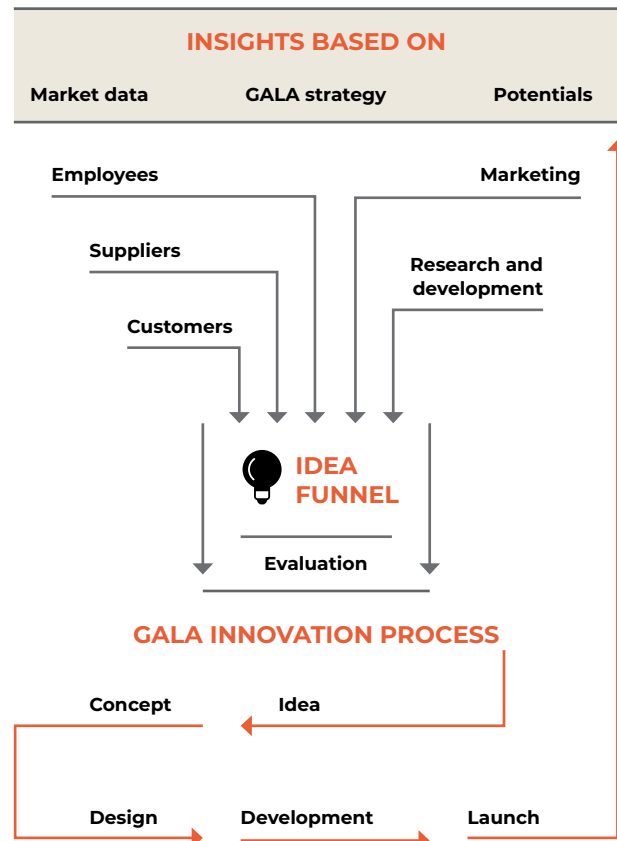
SUSTAINABILITY PRIORITIES WHEN DEVELOPING NEW PRODUCTS

PRODUCT DESIGN

Reduce packaging
Separate materials
Refill systems
Possible re-use
Zero waste in production

MATERIALS

Renewable/recycled materials
Renewable sources
Sustainability certifications
Reduce carbon footprint
Avoid plastic
Reduce material/packaging needs

RECYCLING/WASTE TREAMENT

Use of recyclable materials
Recycling information on label
Make it easier to separate materials

PRODUCTION

Reduce production waste
Re-use production waste
Energy consumption
Energy sourcing,
renewable energy Emissions

USE BY CONSUMER

Easy separation of packaging
materials
Reduce leftovers
Re-use possibilities e.g. glass
Low emissions

LOGISTICS

Efficient packaging
Pallet efficiency
FTL instead of LTL
Train vs ship

Compliance

By prioritizing legal and regulatory compliance, GALA GROUP demonstrates its commitment to ethical business practices and responsible risk management, including internal compliance. This commitment aligns with the requirements set forth by the EU Green Deal, which provides the regulatory framework for sustainable practices and environmental responsibility

Legal and regulatory compliance

Legal and regulatory compliance is a top-priority ESG topic for GALA GROUP, with 70 % of stakeholders considering it highly relevant. The group recognizes the importance of this subject to its business and is committed to upholding legal requirements.

As part of its commitment to legal and regulatory compliance, GALA GROUP is taking steps to define ambitious sustainability targets and comply with legal requirements. The group closely follows purchasing processes and annual audits for all legal entities to ensure compliance with financial regulations. It also works to comply with certain ISO standards that specify requirements for an effective compliance management system. Data storage and data security are also priorities for the group, and it conducts internal audits each year to ensure compliance with the General Data Protection Regulation (GDPR).

GALA GROUP recognizes the importance of legal and regulatory compliance to its stakeholders, including customers, suppliers, investors and regulatory authorities, and plans to work on further steps to ensure that it meets their expectations.

Whistleblowing

As part of GALA Group's commitment to promoting fair labor practices and human rights, we have implemented a whistleblowing process that allows our employees to confidentially and anonymously report concerns related to compliance issues. This initiative upholds our commitment to being a trustworthy company by ensuring that employees can report potential violations of ethical standards or legal regulations without fear of any consequences. During the reporting period, we received no reports through our whistleblower system.

Our whistleblowing process was developed in collaboration with external experts and compliance professionals to ensure that reported concerns are adequately reviewed by experts. Employees and external parties can turn to an external partner for issues related to compliance violations. Their data and reports and handled confidentially at all times while the external partner collaborates with our HR team to resolve the situation.

KPIS FOR INTERNAL COMPLIANCE AND BUSINESS ETHICS	Status 2023–24	Target 2025	Target 2028
Number of whistleblowing cases	0	0	0
Number of confirmed corruption cases	0	0	0
Number of confirmed information security incidents	0	0	0

The ombudsman reviews all reports in terms of their severity and validity, initiating appropriate actions if a violation is confirmed. These actions can include disciplinary measures, training sessions, or adjustments to work processes. This system strengthens the integrity of our work environment, promotes fair labor conditions, and upholds human rights, ensuring continuous improvement and accountability across all areas of our operations.

It is important to emphasize that our whistleblowing process can be utilized completely anonymously and free of charge, ensuring that all employees of GALA GROUP and external parties have no concerns regarding the disclosure of their identity. This anonymity provides the necessary security to address potentially sensitive issues and contribute to maintaining an ethical and compliant corporate culture.

The whistleblowing system is accessible both internally and externally via our website:

We will continue to actively work towards creating a transparent and ethical work environment where the integrity and well-being of our employees are protected and the rights of each individual are respected. Our whistleblowing initiative remains an integral part of our commitment to promoting fair labor practices and human rights, and will continue to contribute to fostering a culture of integrity and accountability within our organization.

www.GALA-GROUP.com/whistleblowing

It is important to GALA GROUP that suppliers meet ethical, social, ecological and legal standards. Therefore, as of FY 23/24 all suppliers are required to sign the Supplier Code of Conduct

Internal compliance and business ethics

Compliance management strategy
GALA GROUP has implemented a comprehensive compliance management system that encompasses internal compliance and business ethics. The group places a strong emphasis on anti-corruption and the rights of indigenous peoples. GALA GROUP's activities are in line with international declarations and conventions on human rights, labor rights and the environment, including the Universal Declaration of Human Rights, the ModernSlavery Act of 2015 and the Rio Declaration on Environment and Development.

GALA GROUP's Code of Conduct and Supplier Code of Conduct
The group's compliance management strategy involves the establishment of a code of conduct for employees and suppliers.

GALA GROUP's internal Code of Conduct outlines the fundamental principles and values expected of all employees. It covers essential topics such as anti-corruption, ethical behavior, and respect for human rights and the environment.

GALA GROUP's internal Code of Conduct

is designed to guide the behavior of its employees. It underscores the group's dedication to ethical business practices, and outlines the values and principles that every employee is expected to follow.

By 2022, 60 % of employees had been trained in the Code of Conduct. In FY 23/24 all employees have received corresponding training. As of FY23/24, training on the Code of Conduct forms an integral part of the onboarding process of all new employees.

The group's Supplier Code of Conduct focuses on specific requirements for suppliers and is discussed in more detail on page 104.

▸ **GALA GROUP Code Conduct**

   www.GALA-GROUP.com/CoC

▸ **GALA Group Supplier Code of Conduct**

   www.GALA-GROUP.com/SupplierCoC

Internal compliance and business ethics training in 2023–2024

GALA GROUP is dedicated to fostering a culture of integrity and ethical behavior. In 2023–2024, we enhanced our internal compliance and business ethics, reinforcing our commitment to the highest standards of conduct. Together, we strive to build a more ethical and transparent future.

COMPLIANCE TRAINING AT RAMESH FLOWERS LTD. INDIA

Ramesh India | SIPCOT Industrial Complex | June 20, 2023

A compliance training session was conducted at the SIPCOT Industrial Complex in Tamil Nadu, India. Prepared by RFHR (Ramesh Flowers HR), approved by RFCF (Ramesh Flowers Compliance & Ethics Team), and executed by RFMS (Ramesh Flowers Management Services), the training was designed to enhance the grievance management system and provide employees with a healthy and safe working environment.

The training placed particular emphasis on the efficacy of grievance management. Through regular grievance meetings and the establishment of an employee committee. Mechanisms were put in place to efficiently capture and address employee grievances. A whistleblower mechanism was also introduced enabling employees to confidentially report violations without fear of retaliation.

The documentation of all actions taken ensured transparency and accountability throughout the process. This report documents Ramesh Flowers Private Limited's efforts to strengthen compliance and ethical standards, fostering a positive work environment for all employees.

TRAINING ON ANTI-CORRUPTION & ANTI-BRIBERY TRAINING AT RAMESH FLOWERS LTD. INDIA

Ramesh India | SIPCOT Industrial Complex | April 17, 2023 | Attended by 84 employees

An anti-corruption and anti-bribery policy training session was held for 84 employees of Ramesh Flowers Ltd. at the SIPCOT Industrial Complex. The training was organized to raise awareness of the company's policies and to emphasize the importance of adhering to these guidelines.

Led by Mr. N. Swaminathan, the company's CFO, employees were informed about the negative impacts of corruption and bribery on the company and the individual responsibility of each employee. It was emphasized that bribery and corruption are neither tolerated nor accepted and the importance of reporting suspicious behavior was underscored.

The training provided participants with the opportunity to ask questions and express their concerns. At the end, they were encouraged to integrate the acquired knowledge into their daily work and thereby contribute to a transparent and ethical corporate culture.

CODE OF CONDUCT TRAINING

GALA Group I all Sites

Our Code of Conduct is essential for maintaining integrity, transparency, and fostering a culture of diversity, equality, and inclusion. To ensure that every employee understands and adheres to these principles, we have implemented comprehensive training programs at all our sites. These programs are delivered through regular employee meetings and onboarding sessions, ensuring that every team member is well-versed in GALA's Code of Conduct from the very beginning of their journey with us.

Supply chain responsibility

As the importance of responsible supply chain management grows, we are committed to meeting legal regulations and building a sustainable and resilient supply chain that benefits all stakeholders.

GALA GROUP is an international group of companies with locations in different regions, each with varying degrees of social risks. In light of this, the group remains committed to ensuring social standards throughout its supply chain. Through project-based supplier management, GALA GROUP works with suppliers to ensure that they meet legally required environmental and social standards. Our preparation in regards of the German Supply Chain Due Diligence Act will play an important role in ensuring compliance with environmental and social standards in GALA GROUP companies. Processes implemented on the basis thereof will help the group to take the necessary measures to obligate suppliers and business partners worldwide to comply with environmental and social standards.

Within our management processes, we track our supplier management progress and effectiveness using several key performance indicators (KPIs). These include supplier adoption of GALA GROUP's Supplier Code of Conduct, quality and social responsibility audits, especially for our production site in India, as well as ISO 9001 and ISO 14001 certifications, supplier assessments, quality assurance agreements (QAAs) and process audits (VSA). In addition, we conduct annual supplier ratings based on our restricted substance list (RSL) to ensure compliance with our standards.

Sustainable procurement
GALA GROUP has fully implemented its Supplier Code of Conduct (SCoC) across all locations and suppliers with purchase volumes above € 50,000, ensuring compliance with both our Code of Conduct (CoC) and Code of Delivery (CoD).

Additionally, in preparation for the German Supply Chain Due Diligence Act (LkSG), we initiated the FY 24/25 implementation process. Our goal is to ensure full LkSG compliance by the end of 2024.

European Union Deforestation Regulation (EUDR)
GALA GROUP has evaluated the European Union Deforestation Regulation (EUDR) as a relevant topic, as the company is not exempt due to its size. While the candles produced by GALA GROUP are not affected by the EUDR, some raw materials used in production, such as palm oil, soybean oil, and packaging materials (e.g., paper packaging), are impacted if transported empty.

GALA GROUP would need to provide a due diligence declaration if these goods were imported into the EU or transferred between EU entities, neither of which currently takes place. In conclusion, GALA GROUP has integrated EUDR into its ESG risk management and procurement processes, despite not currently being directly affected by the regulation.

ENSURING DUE DILIGENCE
IN THE GALA GROUP SUPPLY CHAIN

LOGISTICS

Provision of materials and products across the entire value chain

VALUE ADDED UPSTREAM (SUPPLY CHAIN)

Project-related development to influence and promote ecological and social standards

TIER 3
RAW MATERIAL EXTRACTION
Growing and extracting raw materials from the earth, plants, and animals

TIER 2
RAW MATERIAL PROCESSING
Processing of raw materials into wax and other semi-finished products

TIER 1
PRODUCTION OF MATERIALS
Manufacturing and finishing of materials (e.g. wax base, wick, oils) that are incorporated directly into the final product

Contractual provisions by means of Supplier Code of Conduct

PRODUCTION OF FINAL PRODUCTS
Manufacturing of final products

VALUE ADDED DIRECTLY

Corporate governance and compliance

ADMINISTRATION, MARKETING, SALES, LOGISTICS
Group departments that are not involved in the production process

DIRECT SCOPE OF INFLUENCE OF GALA GROUP

VALUE ADDED DOWNSTREAM

USE BY CUSTOMERS
Burning, decorating, storage

END OF LIFE
Reuse or recycling of the packaging, disposal

Supplier Code of Conduct

Supplier Compliance Management
The GALA GROUP's code of conduct and written declaration by suppliers outlines expectations and requirements for compliance with laws, regulations, and various ESG-related issues. The compliance management program ensures effective communication to suppliers and monitors compliance through audits and inspections. By enforcing these standards, the GALA GROUP contributes to high ethical and sustainability standards among suppliers, enhancing the GALA GROUP's overall ESG performance.

Suppliers must comply with legal and regulatory requirements, prohibit corruption and bribery, respect employees' fundamental human rights, ensure health and safety, and promote compliance with the Code of Conduct among their own suppliers. Site visits may be conducted by GALA GROUP or a third party, and contracts may be terminated for significant or repeated code violations or refusal to allow site visits.

Commitment of our suppliers to uphold environmental and social standards
Suppliers of GALA GROUP are required to comply with legal and regulatory requirements, prohibit corruption and bribery, and respect the basic human rights of employees, including equal opportunities and treatment, fair compensation, and the prohibition of child labor.

Suppliers are also responsible for ensuring the health and safety of employees and protecting the environment, as well as promoting compliance with the code of conduct among their own suppliers. Upon request, suppliers must provide GALA GROUP with a written statement or report on measures taken to ensure compliance with the Code of Conduct.

Each new supplier is required to sign the COC before being registered in the ERP system.

▸ GALA GROUP Supplier Code of Conduct

www.GALA-GROUP.com/SupplierCoC

GALA GROUP SUPPLIER MANAGEMENT DEVELOPMENT GOALS UNTIL 2025

Requirement	Purchasing volume	Status 2023–24	Target 2024–25
	Thousand euros	**% / comment**	**%**
SUSTAINABILITY			
Percentage of suppliers who have signed the Code of Conduct	> € 50k	67 %	95 %
Initial Quality & Social Responsibility Audit*	> € 100k	Ready-to-business	95 %
PROCUREMENT			
COD – Confidentiality of Documents	> € 50k	Ready-to-business	95 %
RFI – Request for Information	> € 50k	Ready-to-business	N/A
Fullfillment of communication requirements**	> € 50k	Ready-to-business	N/A
Commercial contract	> € 500k	Target end of FY 2023/24	90 %
Share of supplier contracts with clauses on environmental, labor and human rights requirements	> € 500k	97 %	98 %
Annual supplier rating for RSL	> € 500k	Start of 2024	100 %
On-site CSR audit of GALA GROUP India	> € 100k	9 %	15 %
QUALITY & ENVIROMENT			
ISO9001 certificate	> € 100k	Target end of FY 2023/24	95 %
ISO14001 certificate	> € 500k	Target end of FY 2023/24	95 %
Supplier assessment	> € 100k	Start of 2024	90 %
Quality Assurance Agreement	> € 500k	Start of 2024	95 %

* Only India

** Not applied for India

SQM implementation

Since 2021, GALA GROUP has implemented supplier quality management (SQM) reporting at each of its locations. SQM refers to the monitoring and measurement of the quality of products or services provided by suppliers. This approach enables GALA GROUP to identify and address issues related to supplier quality and to ensure that the supply chain is ethical, sustainable and aligned with the group's ESG goals and commitments.

To support the implementation of SQM, GALA GROUP has also hired an SQM manager for its Indian locations in 2022. Since then, supplier training has been undertaken to improve the quality of production materials and containers, i.e., glass and metal jars. An annual audit calendar has been prepared, and several vendor audits have been successfully carried out.

SQR management

The SQR (supplier quality risk) rating is an important aspect of GALA GROUP's supplier management approach. It involves assessing and monitoring the quality and performance of the group's suppliers based on specific criteria such as product quality, delivery performance, and customer satisfaction. This helps GALA GROUP to identify potential risks associated with supplier quality and to take proactive steps to address them before they become more significant issues.

SQR reporting provides GALA GROUP with valuable insights into the performance of its suppliers and helps the group to ensure that it is working with suppliers who are committed to delivering high-quality products and services

while adhering to ethical and environmental standards. Based on SQM reporting, the GALA GROUP purchasing department regularly tracks the development of the PPM (Parts per Million) ratio for each category. The PPM rate is the most insightful metric for assessing supplier quality.

Additionally, each lead or strategic buyer is responsible for evaluating the top suppliers in their category based on annual purchasing volume, and discussing areas for improvement.

In 2023/24, there was a significant improvement in quality compared to 2022/23 due to newly implemented measures.

SUPPLIER MANAGEMENT ROADMAP

To ensure that we maintain a reliable supplier base, we have developed a supplier management roadmap that will guide our efforts from 2021 to 2025. The roadmap includes initiatives such as defining a supplier development process, defining requirements for sustainable products and harmonizing our supplier management processes across GALA GROUP. Within our group we have identified India as a priority region for our supplier management efforts.

2021–22   **2022–23**   **2023–24**   **2024–25**   **2025–26**

2025–26
› German Supply Chain Act ready
› Preparation for European Supply Chain Act

2024–25
› Audit with new suppliers in India (QW/sustainable)
› Annual supplier rating harmonization on a global basis

2023–24
› Supplier ready-for-business process implemented
› Supplier development process defined
› Implementation of document management system
› Requirements for sustainable products defined

2022–23
› Supplier ready-for-business process defined
› SQM manager appointed in India

2021–22
› SQM reporting implemented in each location

Reporting
appendix

Report limitations

GALA GROUP hereby publishes its ESG report for the year to inform stakeholders about its sustainability measures and ESG goals. ESG stands for environmental, social, and governance and refers to sustainability aspects that are increasingly demanded of companies.

The report covers all business activities of group entities located in Germany, Hungary, India, Poland, and the USA: GALA GROUP GmbH, GALA Germany GmbH, GG Brands GmbH, GALA Hungary Kft., Ramesh Flowers Private Ltd., GALA Poland Sp. z o.o., GALA North America Inc., and Flora Classique Inc.
This report is prepared in alignment with the European Sustainability Reporting Standards (ESRS) and includes all relevant results and activities from April 1, 2023, to March 31, 2024. Comparative data from the fiscal year April 1, 2019, to March 31, 2020, is also included.

The report presents the current state of GALA GROUP's sustainability performance and outlines its plans for group-wide sustainability management. The comparative data comes from the fiscal year 2019/2020 as the base year because the data from the fiscal year 2020/2021 was heavily influenced by the COVID-19 pandemic and is, therefore, unsuitable for a realistic comparison.

The key topics were identified through a materiality analysis process. While some requirements cannot yet be fully met due to limitations, the information secured to date is transparently disclosed. The report includes data collection methodologies, boundaries, and the scope of reported information in line with ESRS requirements.

Disclaimer

This ESG report has been prepared with the utmost care, but no liability or guarantee can be assumed for errors, technical errors, or printing errors. An external audit was not conducted. Statements about future developments are based on information and forecasts available at the time of publication. Therefore, no guarantee can be given that these future developments will occur.

Climate action

Impact of climate change on GALA GROUP and our mitigation strategies disclosed.

Whistleblower system

System for secure and anonymous misconduct reporting introduced.

EcoVadis-related KPIs

› Health and safety risk assessments
›   Employee representation in committees, agreements, and elected representatives
›   Regular performance assessments and development planning
› Career-related training
› Human rights audits or impact assessments
› Diversity, discrimination, and harassment training
› Ethics reporting
› Whistleblower reports
› Confirmed corruption cases
› Confirmed information security incidents
› Internal business ethics audits
› Anti-corruption management certifications
› Information security management certifications
› Sustainable procurement
› Supplier Code of Conduct signatories
› Supplier contracts with environmental, labor, and human rights clauses
› On-site CSR audits for suppliers
› CSR evaluations via questionnaires
› Sustainable procurement training for buyers
› Corrective actions and capacity-building measures by suppliers

GRI content index

Statement of use	GALA GROUP has reported in accordance with the GRI Standards for the period from April 1, 2023 to March 31, 2024.
GRI applied	GRI 1: Foundation 2021
Applicable GRI sector standard(s)	No applicable GRI Sector Standards applied.

GRI Standard/ other source	→ Pages	Topics/ comment	SDGs	Omission, reason, and explanation

GENERAL DISCLOSURES

GRI Standard/ other source	→ Pages	Topics/ comment	SDGs	Omission, reason, and explanation
GRI 2 General Disclosures 2021				
2–1 Organizational details	→ p. 12–14	▪		
2–2 Entities included in the organization's sustainability reporting	→ p. 12–17, 119	▪		
2–3 Reporting period, frequency, and contact point	→ p. 108, 110, 119			
2–4 Restatements of information		No restatement of information.		
2–5 External assurance	→ p. 108	No external assurance.		
2–6 Activities, value chain, and other business relationships	→ p. 12–17, 20–21, 24 ff.	▪ ▪		
2–7 Employees	→ p. 66 ff.	▪ ▪		
2–8 Workers who are not employees				Information unavailable/ incomplete
2–9 Governance structure and composition	→ p. 13–14	▪ ▪		
2–10 Nomination and selection of the highest governance body				Information unavailable/ incomplete
2–11 Chair of the highest governance body	→ p. 3, 14	▪ ▪		
2–12 Role of the highest governance body in overseeing the management of impacts	→ p. 36–37	▪ ▪		
2–13 Delegation of responsibility for managing impacts	→ p. 36–37	▪ ▪		
2–14 Role of the highest governance body in sustainability reporting	→ p. 36–37, 121	▪ ▪		
2–15 Conflicts of interest				Information unavailable/ incomplete
2–16 Communication of critical concerns	→ p. 32, 34 ff., 48–49	▪ ▪ ▪ ▪		
2–17 Collective knowledge of the highest governance body				Information unavailable/ incomplete
2–18 Evaluation of the performance of the highest governance body				Information unavailable/ incomplete
2–19 Remuneration policies				Information, unavailable/ incomplete

GRI Standard/ other source	→ Pages	Topics/ comment	SDGs	Omission, reason, and explanation
2–20 Process to determine remuneration				Information unavailable/ incomplete
2–21 Annual total compensation ratio				Information unavailable/ incomplete
2–22 Statement on sustainable development strategy	→ p. 36 ff., 44, 90 ff.	▪ ▪		
2–23 Policy commitments	→ p. 96 f.	▪		
2–24 Embedding policy commitments	→ p. 97 f.	▪		
2–25 Processes to remediate negative impacts	→ p. 96 f.	▪		
2–26 Mechanisms for seeking advice and raising concerns	→ p. 38 ff., 96 f.	▪		
2–27 Compliance with laws and regulations	→ p. 96 ff.	▪		
2–28 Membership associations	→ p. 33, 40, 88	▪ ▪		
2–29 Approach to stakeholder engagement	→ p. 38–39	▪		
2–30 Collective bargaining agreements				Information unavailable/ incomplete

MATERIAL TOPICS

GRI 3 Material Topics 2021				
3–1 Process to determine material topics	→ p. 42–43	▪		
3–2 List of material topics	→ p. 43	▪		

Economic performance

GRI 3 Material Topics 2021				
3–3 Management of material topics	→ p.24 f.	▪		

GRI 201 Economic Performance 2016				
201–1 Direct economic value generated and distributed	→ p. 28–29	▪		
201–2 Financial implications and other risks and opportunities due to climate change	→ p. 32, 48–49	▪ ▪		
201–3 Defined benefit plan obligations and other retirement plans				Not applicable
201–4 Financial assistance received from government				Not applicable

Market presence

GRI 3 Material Topics 2021				
3–3 Management of material topics				Not applicable

GRI 202 Market Presence 2016				
202-1 Ratios of standard entry level wage by gender compared to local minimum wage				Not applicable
202-2 Proportion of senior management hired from the local community				Not applicable

Indirect economic impacts

GRI 3 Material Topics 2021				

▫ Material topic for GALA GROUP (→ p. 51)   ▪ Management   ▪ Environmental topics   ▪ Social topics   ▪ Governance topics

GRI Standard/ other source	→ Pages	Topics/ comment	SDGs	Omission, reason, and explanation
3–3 Management of material topics	→ p. 32–33	⬛		
GRI 203 Indirect Economic Impacts 2016				
203-1 Infrastructure investments and services supported				Not applicable
203-2 Significant indirect economic impacts				Not applicable
Procurement practices				
GRI 3 Material Topics 2021				
3–3 Management of material topics	→ p. 102	⬛		
GRI 204 Procurement Practices 2016				
204-1 Proportion of spending on local suppliers	→ p. 12	🟨		
Anti-corruption				
GRI 3 Material Topics 2021				
3–3 Management of material topics	→ p. 96 f., 99	⬛🟨		
GRI 205 Anti-corruption 2016				
205-1 Operations assessed for risks related to corruption				Not applicable
205-2 Communication and training about anti-corruption policies and procedures	→ p. 99, 100	🟨		
205-3 Confirmed incidents of corruption and actions taken	→ p. 97	🟨		
Anti-competitive behavior				
GRI 3 Material Topics 2021				
3–3 Management of material topics				Not applicable
GRI 206 Anti-competitive Behavior 2016				
206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices				Not applicable
Tax				
GRI 3 Material Topics 2021				
3–3 Management of material topics				Not applicable
GRI 207 Tax 2019				
207-1 Approach to tax				Not applicable
207-2 Tax governance, control, and risk management				Not applicable
207-3 Stakeholder engagement and management of concerns related to tax				Not applicable
207-4 country-by-country reporting				Not applicable
Materials				
GRI 3 Material Topics 2021				

☐ **Material topic for GALA GROUP** (→ p. 51)   ⬛ **Management**   🟩 **Environmental topics**   🟧 **Social topics**   🟨 **Governance topics**

GRI Standard/ other source		→ Pages	Topics/ comment	SDGs	Omission, reason, and explanation
3–3	Management of material topics	→ p. 52 f., 94, 102–103	■ ■		
GRI 301	**Materials 2016**				
301-1	Materials used by weight or volume	→ p. 55	■		
301-2	Recycled input materials used	→ p. 47	■		
301-3	Reclaimed products and their packaging materials				Confidentiality constraints

Energy

GRI 3	**Material Topics 2021**				
3–3	Management of material topics	→ p. 60	■		
GRI 302	**Energy 2016**				
302–1	Energy consumption within the organization	→ p. 46	■		
302-2	Energy consumption outside of the organization				Confidentiality constraints
302-3	Energy intensity				Confidentiality constraints
302-4	Reduction of energy consumption				Confidentiality constraints
302-5	Reductions in energy requirements of products and services				Confidentiality constraints

Water and effluents

GRI 3	**Material Topics 2021**				
3–3	Management of material topics				Not applicable
GRI 303	**Water and Effluents 2018**				
303–1	Interactions with water as a shared resource				Not applicable
303-2	Management of water discharge-related impacts				Not applicable
303-3	Water withdrawal				Not applicable
303-4	Water discharge				Not applicable
303-5	Water consumption	→ p. 47	■		

Biodiversity

GRI 3	**Material Topics 2021**				
3–3	Management of material topics				Not applicable
GRI 304	**Biodiversity 2016**				
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas				Not applicable
304-2	Significant impacts of activities, products and services on biodiversity				Not applicable
304-3	Habitats protected or restored				Not applicable
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations				Not applicable

Emissions

GRI 3	**Material Topics 2021**				

☐ **Material topic for GALA GROUP (→ p. 51)** ■ **Management** ■ **Environmental topics** ■ **Social topics** ■ **Governance topics**

GRI Standard/ other source	→ Pages	Topics/ comment	SDGs	Omission, reason, and explanation
3–3 Management of material topics	→ p. 48 f.	🟩		
GRI 305 Emissions 2016				
305-1 Direct (Scope 1) GHG emissions	→ p. 50	🟩		
305-2 Energy indirect (Scope 2) GHG emissions	→ p. 50	🟩		
305-3 Other indirect (Scope 3) GHG emissions	→ p. 58	🟩		
305-4 GHG emissions intensity	→ p. 46	🟩		
305-5 Reduction of GHG emissions	→ p. 50, 56–57	🟩		
305-6 Emissions of ozone-depleting substances (ODS)				Information unavailable/ incomplete
305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions				Information unavailable/ incomplete
Waste				
GRI 3 Material Topics 2021				
3–3 Management of material topics	→ p. 52, 62 f. 30–31, 94–95	🟩 🟨		
GRI 306 Waste 2020				
306-1 Waste generation and significant waste-related impacts	→ p. 52, 62–63, 94–95	🟩		
306-2 Management of significant waste-related impacts	→ p. 52, 62–63, 94–95	🟩 🟨		
306-3 Waste generated	→ p. 63	🟩		
306-4 Waste diverted from disposal				Information unavailable/ incomplete
306-5 Waste directed to disposal				Information unavailable/ incomplete
Supplier environmental assessment				
GRI 3 Material Topics 2021				
3–3 Management of material topics	→ p. 102 ff.	🟨		
GRI 308 Supplier Environmental Assessment 2016				
308-1 New suppliers that were screened using environmental criteria				Information unavailable/ incomplete
308-2 Negative environmental impacts in the supply chain and actions taken				Information unavailable/ incomplete
Employment				
GRI 3 Material Topics 2021				
3–3 Management of material topics	→ p. 68 ff.	🟧		

☐ **Material topic for GALA GROUP (→ p. 51)**   ⬛ **Management**   🟩 **Environmental topics**   🟧 **Social topics**   🟨 **Governance topics**

GRI Standard/ other source	→ Pages	Topics/ comment	SDGs	Omission, reason, and explanation
GRI 401 Employment 2016				
401-1 New employee hires and employee turnover	→ p. 75	▪		
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees				Information unavailable/ incomplete
401-3 Parental leave				Information unavailable/ incomplete
Labor/management relations				
GRI 3 Material Topics 2021				
3–3 Management of material topics	→ p. 80–81	▪		
GRI 402 Labor/Management Relations 2016				
402-1 Minimum notice periods regarding operational changes				Information unavailable/ incomplete
Occupational health and safety				
GRI 3 Material Topics 2021				
3–3 Management of material topics	→ p. 74–76	▪		
GRI 403 Occupational Health and Safety 2018				
403–1 Occupational health and safety management system	→ p. 41, 74	▪		
403–2 Hazard identification, risk assessment, and incident investigation	→ p. 75	▪		
403–3 Occupational health services	→ p. 74, 76	▪		
403–4 Worker participation, consultation, and communication on occupational health and safety	→ p. 75	▪		
403–5 Worker training on occupational health and safety	→ p. 67, 85	▪		
403–6 Promotion of worker health	→ p. 74	▪		
403–7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships				Information unavailable/ incomplete
403–8 Workers covered by an occupational health and safety management system	→ p. 75	▪		
403–9 Work-related injuries	→ p. 75	▪		
403–10 Work-related ill health	→ p. 75	▪		
Training and education				
GRI 3 Material Topics 2021				
3–3 Management of material topics	→ p. 82–83	▪		
GRI 404 Training and Education 2016				
404-1 Average hours of training per year per employee	→ p. 84–85	▪		
404-2 Programs for upgrading employee skills and transition assistance programs	→ p. 84	▪		
404-3 Percentage of employees receiving regular performance and career development reviews				Information unavailable/ incomplete

□ **Material topic for GALA GROUP (→ p. 51)**   ▪ **Management**   ▪ **Environmental topics**   ▪ **Social topics**   ▪ **Governance topics**

GRI Standard/ other source	→ Pages	Topics/ comment	SDGs	Omission, reason, and explanation
Diversity and equal opportunity				
GRI 3 Material Topics 2021				
3–3 Management of material topics	→ p. 77 f.	■		
GRI 405 Diversity and Equal Opportunity 2016				
405-1 Diversity of governance bodies and employees	→ p. 75, 77 ff.	■		
405-2 Ratio of basic salary and remuneration of women to men				Information unavailable/ incomplete
Non-discrimination				
GRI 3 Material Topics 2021				
3–3 Management of material topics	→ p. 80	■		
GRI 406 Non-discrimination 2016				
406-1 Incidents of discrimination and corrective actions taken	→ p. 80	■		
Freedom of association and collective bargaining				
GRI 3 Material Topics 2021				
3–3 Management of material topics				Not applicable
GRI 407 Freedom of Association and Collective Bargaining 2016				
407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk				Not applicable
Child labor				
GRI 3 Material Topics 2021				
3–3 Management of material topics	→ p. 80 , 104	■		
GRI 408 Child Labor 2016				
408-1 Operations and suppliers at significant risk for incidents of child labor				Information unavailable/ incomplete
Forced or compulsory labor				
GRI 3 Material Topics 2021				
3–3 Management of material topics	→ p. 80	■		
GRI 409 Forced or Compulsory Labor 2016				
409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor				Information unavailable/ incomplete
Security practices				
GRI 3 Material Topics 2021				
3–3 Management of material topics				Not applicable

☐ **Material topic for GALA GROUP (→ p. 51)**   ■ **Management**   ■ **Environmental topics**   ■ **Social topics**   ■ **Governance topics**

GRI Standard/ other source	→ Pages	Topics/ comment	SDGs	Omission, reason, and explanation
GRI 410 Security Practices 2016				
410-1 Security personnel trained in human rights policies or procedures				Not applicable
Rights of indigenous peoples				
GRI 3 Material Topics 2021				
3–3 Management of material topics	→ p. 99	🟧🟨		
GRI 411 Rights of Indigenous Peoples 2016				
411-1 Incidents of violations involving rights of indigenous peoples				Information unavailable/ incomplete
Local communities				
GRI 3 Material Topics 2021				
3–3 Management of material topics				Not applicable
GRI 413 Local Communities 2016				
413-1 Operations with local community engagement, impact assessments, and development programs				Not applicable
413-2 Operations with significant actual and potential negative impacts on local communities				Not applicable
Supplier social assessment				
GRI 3 Material Topics 2021				
3–3 Management of material topics	→ p. 101, 104	🟨		
GRI 414 Supplier Social Assessment 2016				
414-1 New suppliers that were screened using social criteria				Information unavailable/ incomplete
414-2 Negative social impacts in the supply chain and actions taken				Information unavailable/ incomplete
Public policy				
GRI 3 Material Topics 2021				
3–3 Management of material topics				Not applicable
GRI 415 Public Policy 2016				
415-1 Political contributions				Not applicable
Customer health and safety				
GRI 3 Material Topics 2021				
3–3 Management of material topics	→ p. 86–89	🟧		

◻ **Material topic for GALA GROUP (→ p. 51)**   🟫 **Management**   🟩 **Environmental topics**   🟧 **Social topics**   🟨 **Governance topics**

GRI Standard/ other source	→ Pages	Topics/ comment	SDGs	Omission, reason, and explanation
GRI 416 Customer health and safety 2016				
416-1 Assessment of the health and safety impacts of product and service categories	→ p. 88 f.	■		
416-2 Incidents of non-compliance concerning the health and safety impacts of products and services				Information unavailable/ incomplete
Marketing and labeling				
GRI 3 Material Topics 2021				
3–3 Management of material topics	→ p. 88–89	■		
GRI 417 Marketing and labeling 2016				
417-1 Requirements for product and service information and labeling	→ p. 88–89	■		
417-2 Incidents of non-compliance concerning product and service information and labeling				Information unavailable/ incomplete
417-3 Incidents of non-compliance concerning marketing communications				Information unavailable/ incomplete
Customer Privacy				
GRI 3 Material Topics 2021				
3–3 Management of material topics				Not applicable
GRI 418 Customer Privacy 2016				
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data				Not applicable

☐ **Material topic for GALA GROUP (→ p. 51)**   ■ **Management**   ■ **Environmental topics**   ■ **Social topics**   ■ **Governance topics**

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▸ **Supplier Code of Conduct**
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▸ **GALA GROUP's values & leadership principles**

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www.GALA-GROUP.com/values

▸ **Whistleblowing Policy**
Developed: 2023

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