PAPAELLINAS GROUP

SUSTAINABILITY REPORT

2022-2023

Contents

03
Message from the Chief Executive Officer

05
Highlights of the PAPAELLINAS Group in 2022-2023

06
The PAPAELLINAS Group

12
Our approach to Sustainable Development

19
Corporate Governance

24
With Accountability to the Market

39
Protecting the Environment

56
Providing for our People

82
Supporting Society

99
Annex

102
About the Report

103
GRI Content Index

105
Independent external assurance report

Message from the Chief Executive Officer

CHRISTOS PAPAELLINAS
Chief Executive Officer

Our goal is to continuously enhance efficiency and deliver prompt, high-quality service to our customers and partners.

At Papaellinas Group, our commitment to Sustainable Development is fundamental to our long-term business culture, an integral part of which is our social responsibility. For us, Sustainable Development holds true value only when it is based on principles of business ethics, social solidarity, and environmental respect, creating a lasting positive impact for all stakeholders.

After nearly a century of successful operations, our Group has established itself as a leader in the sectors in which it operates. Our mission, «to make people's lives better,» is the driving force behind everything we do, while our values—integrity, responsibility, entrepreneurship, passion, and simplicity—shape every decision and initiative we undertake.

Every action of our Group is designed and implemented with Sustainability in mind, not only addressing modern challenges but also creating opportunities for innovation and new business initiatives. As part of this approach, we systematically monitor our performance based on ESG (Environmental, Social, and Governance) criteria, focusing on four strategic priorities: Customer and partner trust, employee development, societal well-being, environmental protection. At the same time, we ensure timely risk management and the utilization of new opportunities.

During 2022-2023, we took actions to strengthen the Sustainability Strategy of our Group by systematically investing in our people, reducing our environmental footprint, and leveraging new and existing technologies. Our goal is to continuously enhance efficiency and deliver prompt, high-quality service to our customers and partners.

Under the market pillar, we continued investing in the digital transformation of our services and systems, optimizing their use to enhance the customer and partner experience. We constantly track, evaluate, and upgrade our responsiveness to requests, delivering impressive results including a 670% increase in orders through the PHARMACYLINE B2B e-platform, the launch of the Customer Experience (CX) platform, which provides real-time insights into the customer experience at Beauty Line stores. In 2023, we acquired Sure Food Ltd, entering the chilled retail products category and expanding into the HORECA sector.

Under the people pillar, our people-centric approach, workplace culture, and commitment to employee

Under the Environmental pillar, we remain committed to minimizing our overall environmental footprint, adopting energy-saving practices, including: the use of renewable energy sources and the reduction of natural resource consumption.

development are at the core of our sustainability initiatives. As part of our dedication to employee well-being, we launched the Colono45 program, fully covering the cost of colonoscopy examinations for all employees over 45. Additionally, during the reporting period, our Group earned two prestigious distinctions: Investors in People (Platinum) and Great Place to Work certification.

Under the Social Responsibility pillar, We support local producers and suppliers, strengthening the domestic economy and entrepreneurship. We also encourage volunteerism among employees, contributing to organizations with significant social impact and promoting the value of solidarity. In 2023, recognizing art as a fundamental pillar of human culture, we initiated the creation of the Beauty Line Art Foundation, dedicated to promoting and supporting young Cypriot artists.

Under the Environmental pillar, we remain committed to minimizing our overall environmental footprint, adopting energy-saving practices, including: the use of renewable energy sources and the reduction of natural resource consumption. Additionally, we increased our environmental investments by 36% compared to the previous two years. Our Group holds ISO 14001 certification for Environmental Management and continues to invest in fleet renewal with electric and hybrid vehicles.

At the heart of Papaellinas Group journey is the unwavering commitment of our people to Sustainable Development, as they are the ones who transform values and vision into tangible results, ensuring that our efforts contribute to a better future for all. With steadfast dedication to our mission, we strive to be part of a collective effort for a more sustainable society.

CHRISTOS PAPAELLINAS
Chief Executive Officer

Highlights of the PAPAELLINAS Group in 2022-2023

ECONOMIC GROWTH, SUSTAINABILITY, PERFORMANCE AND GOVERNANCE

Code of Ethics and Conduct

A framework of policies that includes Ethics, Donations, Corruption and Entertainment, and Conflict of Interest

Sustainable Development Committee

- ISO 22000:2018 Food Safety Management System
- ISO 14001:2015 Environmental Management System
- ISO 9001:2015 Product and Service Quality Management System

MARKET ACCOUNTABILITY

42
stores in Cyprus

Implementation of the Business to Business (B2B) tool
- 1,340 orders in 2023
- 670% increase from 2022

100%
of complaints received were answered and resolved within 24 hours

58%
reduction in the amount of thermal receipt paper rolls used thanks to Mobile POS in 2022-2023 compared to 2020-2021

PROTECTING THE ENVIRONMENT

€514,487.71
in investments for the environment (36% increase over the previous two years)

Certification of the Group to the Environmental Management standard ISO 14001

950
tonnes of CO_2 saved from Renewable Energy Sources (RES) since 2015

Commenced verification of greenhouse gas emissions under ISO 14064

4
new electric vehicles

PROVIDING FOR OUR PEOPLE

€372,127.10
Investments in Health and Safety 2023
2022: €328,952.40

Investors in People (Platinum) and Great Place to Work Certification for the third consecutive year

30% /70%
Human resources by gender
Men 30%
Women 70%

SUPPORTING SOCIETY

€167,546.543
Social product 2023
2022: €143,569.846

€371,020.44
In charity actions

Active support for local suppliers

Long-term support for NGOs and the work they do

THE PAPAELLINAS GROUP

Group Profile

Timeline

Our Products and Our Business Activity

Our Store Network

Chapter 1

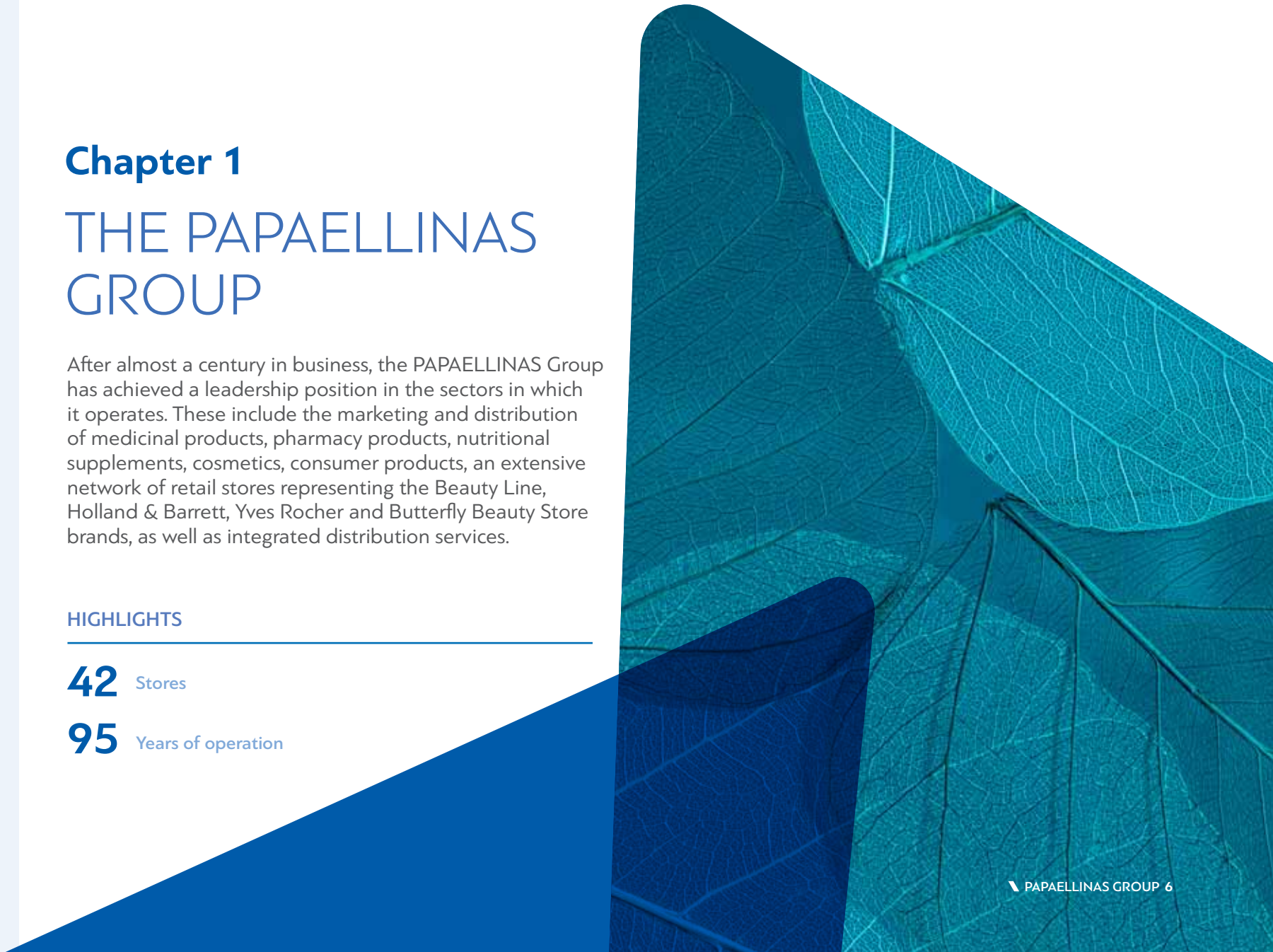
THE PAPAELLINAS GROUP

After almost a century in business, the PAPAELLINAS Group has achieved a leadership position in the sectors in which it operates. These include the marketing and distribution of medicinal products, pharmacy products, nutritional supplements, cosmetics, consumer products, an extensive network of retail stores representing the Beauty Line, Holland & Barrett, Yves Rocher and Butterfly Beauty Store brands, as well as integrated distribution services.

HIGHLIGHTS

42 Stores

95 Years of operation



1.1. Group Profile

In the broad field of its business operations, the Group has established enduring partnerships with leading multinational companies whose products it represents and distributes on the Cypriot market.

Through the strong relationship of trust with the Cypriot consumer, the Group implements its strategy of methodical expansion. It opens new paths of quality and reliability, having already established itself as the strongest corporate group of health, beauty and wellness products in Cyprus.

With a timeless mission to help make more and more people live and feel better, the PAPAELLINAS Group believes that the concepts of development and growth become meaningful when combined with business ethics. It chooses the direction of sustainability as the only realistic approach to new challenges, contributing with all its strengths to ensuring social prosperity, economic progress and environmental protection.

Our Values

Integrity

We operate with transparency, ethics and honesty. We lead the way, setting our own examples. We stay true to our commitments, building our business relationships on trust.

Responsibility

We take responsibility for our actions. We care about our people, customers, society and the environment. We are committed to our personal goals and the goals of our team.

Entrepreneurship

We embrace creativity and innovation at every level and in every way. We encourage initiative and the constant search for new opportunities. We face challenges with prudence and courage and seek continuous improvement and development, while respecting the principles of business ethics. We are committed to creating value for our customers, our people and society.

Passion

We have a passion for the best. For our people, products, services and partners. We think positively and act with confidence. We are proud of our history and committed to paving new paths for our future.

Simplicity

Our goal is simplicity in the way we work. We keep open and clear lines of communication, always and everywhere. We simplify all our processes, with safety as a key criterion, and adapt quickly to the needs and challenges of the market.

1.2. Timeline

1929

Establishment of the parent company PAPAELLINAS

1931

Start of collaboration with Sandoz Chemicals

Official registration in the registry

1933

Start of collaboration with Organon Pharmaceuticals

1948

Import of Max Factor cosmetics into Cyprus

1954

Start of cooperation with Kimberly Clark and import of Kleenex into Cyprus

1960

Expansion of the company's activities in the field of consumer and cosmetic products

1963

Collaboration with Beecham Pharmaceuticals and import of the first penicillin antibiotic, «Penbritin»

1965

Expansion of collaboration with Beecham in consumer products (Brylcreem, Vozin)

1973

Operation of the Kleenex factory

1997

Opening of the first Beauty Line store

2002

Establishment of PharmacyLine, creation of a joint venture and establishment of a company under the name «Kapakiotis & Papaellinas»

2009

Issue of the first Sustainability Report

2010

Acquisition of «Dimitriadis & Papaellinas», establishment of HealthLine, operation of a New Consumer Products Distribution Center

2011

Opening of Holland & Barret stores

2013

Opening of the Yves Rocher stores, operation of the new PharmacyLine Medicinal Product Distribution and Repackaging unit

2015

Formation of the PAPAELLINAS Group Sustainability Committee

Establishment of a new Selekt Beauty store chain

Installation of photovoltaic panels at the Group's central facilities

First edition of the in-house magazine «Metaxy Mas" (Between Us)

2019

Acquisition of Karpasia Health Products Ltd

Opening of the first Beauty Outlet store

Purchase of the first hybrid car

2020

Ban on plastic bags

2021

Purchase of the first electric car

Energy audit of the Group's properties/ facilities and fleet

2023

Launch of the rebranding of the Group's corporate identity

Renaming of Beauty Outlet stores to Butterfly Beauty Stores

Acquisition of SUREFOOD Ltd's share capital

1.3. Our Products and Our Business Activity

Our Group focuses on the following 3 product categories:

- Beauty Products
- Pharmaceutical Products
- Consumer Products

Beauty Products

Major historic brands, such as Chanel, La Prairie, Shiseido and Hermes, as well as up-and-coming cosmetics brands, such as Anastasia Beverly Hills, Diego dalla Palma and Acqua di Parma.

Pharmaceutical Products

- An expanded portfolio of prescription and non-prescription products, personal care products and nutritional supplements from the world's best-known brands in the personal care and hygiene sectors.
- Distribution of Novartis pharmaceutical company brands, as well as marketing and sales support for other pharmaceutical companies, such as: AMGEN, ADVANZ, ABC Farmaceutici, ARRIANI, BAXTER, CELLTRION HEALTHCARE, FAES FARMA SA, HALEON, IPSEN LLP, ITF HELLAS SA, HEALTH CONSUMER PRODUCTS HELLAS SA (GSK CH HELLAS SA), KYOWA KIRIN HOLDINGS B.V, LES LABORATOIRES SERVIER, MEDIAPHARM, PERRIGO PHARMA, SANOFI, LAVIPHARM, SANDOZ, TEVA B.V., VERISFIELD (UK) LTD, VIANEX SA.

Consumer Products

Consumer products personal care products which are used daily by thousands of consumers in Cyprus, such as Kleenex, Dr. Fischer, Nannys Fresh, Aquafresh, and household products such as, Eliohori, To Tziverti, Ribena, etc.

BEAUTY PRODUCTS

57 Product Suppliers
88 Brands

PHARMACEUTICAL PRODUCTS

65 Product Suppliers
81 Brands

CONSUMER PRODUCTS

42 Product Suppliers
86 Brands

Total Product Suppliers: 164, Total Brands: 255

Distribution Network and Storage

The distribution and storage of pharmaceutical and other products are important functions in the supply chain. Our Group has an organized distribution and storage network that includes:

- the storage and distribution of pharmaceutical products under the PharmacyLine brand. The Group's pharmaceutical distribution center, PharmacyLine, has received all the necessary authorizations from the Pharmaceutical Services of the Ministry of Health of Cyprus for the distribution of pharmaceutical products. It is systematically audited by its main suppliers with excellent results.
- the storage and distribution of other products that the Group provides to its customers throughout Cyprus, under the name C.A.Papaellinas Logistics Services Ltd. C.A.Papaellinas Logistics Services Ltd has modern warehouses of 14,000 m^2 and manages the distribution of its customers' products throughout Cyprus, while also operating one of the most modern repackaging units. The repackaging unit is housed in premises with a total area of 500 m^2, 120 m^2 of which are air-conditioned and are a model of organization, which allows immediate response to emergency needs of the market and our partners to ensure our customers' needs are fully met.

PHARMACYLINE C.A. PAPAELLINAS LTD

15 Commercial distribution vehicles

C.A. PAPAELLINAS LOGISTICS SERVICES LTD

20 privately owned trucks

3 rented trucks

THE GROUP HAS

1 warehouse in the industrial area of Nissos, with a total covered storage area of 10,000 m^2 and 9,600 pallet racks.

1.4. Our Store Network

With a strong network of stores that includes the Beauty Line, Holland & Barrett, Yves Rocher, Selekt Beauty and Butterfly Beauty Stores chains, our Group builds long-lasting relationships of trust with our customers, constantly consolidating our leading position.

Beauty Line - 18 stores

The No.1 retail chain of branded cosmetics with a leading position in the Cypriot market.

Holland & Barrett - 14 stores

The UK's leading chain of Health and Wellness stores with a wide range of nutritional supplements, vitamins, sports supplements, organic cosmetics and health food products.

Yves Rocher - 5 stores

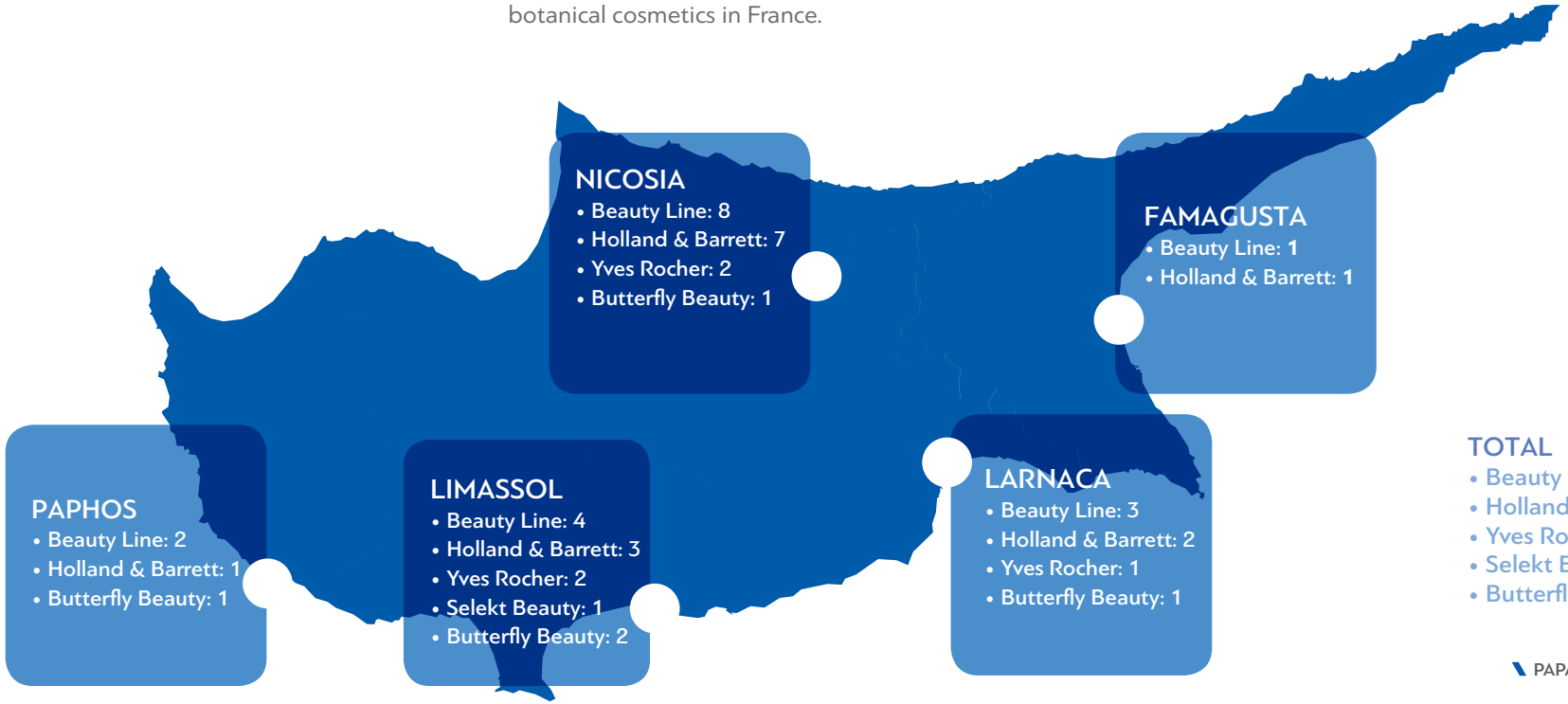
Since 2013, the Papaellinas Group has been distributing in Cyprus Yves Rocher products, the first brand of botanical cosmetics in France.

Selekt Beauty- 1 store

Chain of beauty and personal care product stores.

Butterfly Beauty Stores - 4 stores

A chain of retail stores selling cosmetics and personal care products with brands owned by the Group.



TOTAL
- Beauty Line: 18
- Holland & Barrett: 14
- Yves Rocher: 5
- Selekt Beauty: 1
- Butterfly Beauty: 4

OUR APPROACH TO SUSTAINABLE DEVELOPMENT

Our Approach

Stakeholder Engagement

Materiality Survey

Sustainable Development Goals and their Link to Material Topics

Chapter 2

OUR APPROACH TO SUSTAINABLE DEVELOPMENT

At the PAPAELLINAS Group, it is our conviction that sustainability is only achieved when our business objectives are linked to the well-being of our people, the protection of the environment and the development of our customers, partners and the wider society in which we operate. Consistently and responsibly, we work systematically to reduce the negative impacts of our operations, to continuously create value for society and our stakeholders, and to communicate our initiatives.

HIGHLIGHTS

5 strategic pillars of Sustainable Development

31 material topics

12 Link to 12 SDGs

2.1. Our Approach

OUR PILLARS	ECONOMIC GROWTH, SUSTAINABILITY, PERFORMANCE AND GOVERNANCE	CLIENTS AND CONSUMERS	EMPLOYEES	ENVIRONMENT	SOCIETY
OUR APPROACH	We link our business objectives to the well-being of our people, the protection of the environment, and the development of our customers, partners and the wider community.	Every day, thousands of consumers use our products to feel good and enjoy life to the fullest.	We continuously invest in training, provide benefits, and a modern and safe working environment that respects the needs of employees.	Environmental protection is a constant and core priority for our Group.	We believe that the path to Sustainable Development requires the alignment of our corporate goals with the well-being of society, which allows us to realize our business purpose and vision.
OUR COMMITMENTS AND OBJECTIVES	• Creating the appropriate operating framework to ensure corporate sustainability • Recognition and understanding of the needs of the wider community • Contributing to the achievement of national targets	• Ongoing two-way communication with our customers • Expanding the range of our products, according to their needs • Building trusting relationships with our partners and finding new ways to both benefit in the marketplace	• Our employees' growth • Attracting talent and supporting capable executives, offering dynamic programs for continuous career development • Respecting work-life balance	Minimizing the environmental footprint of our activities and ensuring a quality life for future generations	• Economic contribution to the communities in which we operate • Supporting local suppliers • Investing in partnerships and supporting voluntary actions

2.2. Stakeholder Engagement

As part of an open dialogue with all stakeholders, the Group regularly evaluates our strategic approach and records in detail the expectations of our stakeholders, their main issues of interest and the ways in which we respond to them, as detailed in the Annex to this Report.

- Stakeholders
- Shareholders
- Employees (and their families)
- Wholesale customers
- Consumers
- Strategic partners, foreign firms and suppliers
- Local communities

This approach is based on the in-depth stakeholder prioritization carried out by the Group in 2021 and has since been updated. The stakeholder groups were classified into 5 categories, allowing the Group to adjust its approach accordingly to meet their expectations.

2.3. Materiality Analysis

Where we focus

In preparing the previous Report, the PAPAELLINAS Group carried out extensive analysis in order to confirm or revise the material topics in order to renew its strategy and more fully document its approach in the Sustainability Report. In 2023, it proceeded to confirm the topics and further communicate its strategic approach to these topics. The next materiality assessment is scheduled for 2024/2025, as part of the implementation of the European Corporate Sustainability Reporting Directive (CSRD), and will be based on the principles of double materiality.

The in-depth analysis of topics by pillar allows for reliable prioritization, comparative analysis with similar topics, evidence-based analysis and thus more reliable results. The benchmarking/hierarchy of all the topics of each pillar reflects the importance of each topic in relation to the other topics of the pillar.

MATERIALITY PROCESS

STEP 1

IDENTIFICATION OF TOPICS

- Identification of the topics considered to be most important for the Group.
- Confirmation of topics identified as material

STEP 2

VALIDATION OF TOPICS. UPDATE OF REPORT CONTENT AND STRATEGY

- Validation of the topics so the content of the Report includes the Group's significant economic, environmental and social impacts.
- Analysis of Report content to enable stakeholders to assess the performance of the organization and use the data to make strategic sustainability decisions.

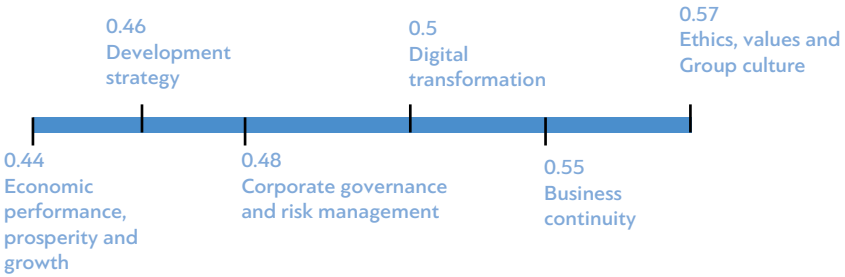
STEP 3

MULTI-CHANNEL COMMUNICATION

- Communicate with all stakeholders and ongoing request for feedback through the Sustainability Report and other corporate channels.

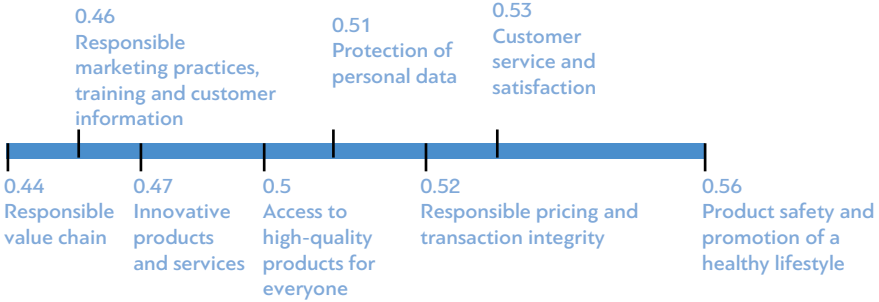
PILLAR 1: ECONOMIC GROWTH, SUSTAINABILITY, PERFORMANCE AND GOVERNANCE

The most important topics that emerged were:



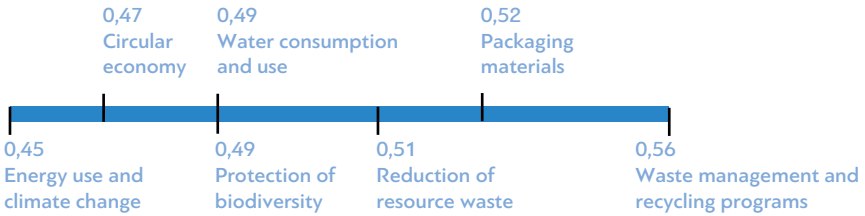
PILLAR 2: CUSTOMERS/CONSUMERS

The most important topics that emerged were:



PILLAR 3: ENVIRONMENT

The most important topics that emerged were:

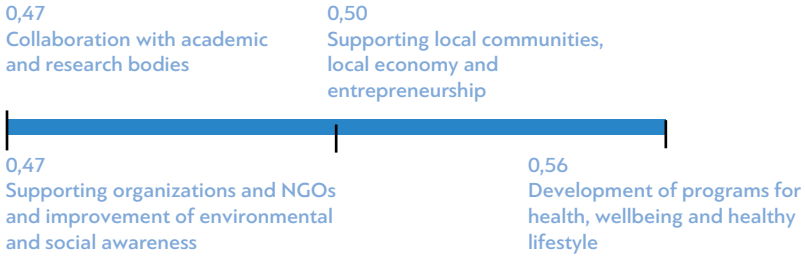


PILLAR 4: EMPLOYEES

The most important topics that emerged were:

PILLAR 5: SOCIETY

The most important topics that emerged were:



2.4. Sustainable Development Goals and their Link to Material Topics

At the PAPAELLINAS Group we have developed a comprehensive and structured process for identifying the UN Global Sustainable Development Goals which are directly related to our business activities.

ECONOMIC GROWTH, SUSTAINABILITY, PERFORMANCE AND GOVERNANCE	• Economic performance, prosperity and growth • Development strategy • Corporate governance and risk management	• Digital transformation • Ethics, values and Group culture • Business continuity	
CUSTOMERS/ CONSUMERS	• Responsible value chain • Access to high-quality products for everyone • Responsible marketing practices, training and customer information • Protection of personal data	• Innovative products and services • Customer service and satisfaction • Product safety and promoting a healthy lifestyle • Responsible pricing and transaction integrity	
ENVIRONMENT	• Energy use and climate change • Circular economy • Reduction of resource waste • Packaging materials	• Protection of biodiversity • Water consumption and use • Waste management and recycling programs	
EMPLOYEES	• Occupational Health & Safety and employee wellbeing • Employee performance evaluation • Attracting and retaining skilled human resources • Training, education and employee development	• Equal opportunities and diversity • Working relations and processes for complaints and irregularities	
SOCIETY	• Development of programs for health, wellbeing and healthy lifestyle • Supporting local communities, local economy and entrepreneurship • Collaboration with academic and research bodies	• Supporting organizations and NGOs and improvement of environmental and social awareness	

SDGs		PILLARS OF SUSTAINABILITY			
Goals	Targets	Financial Development/Sustainability/ Performance & Governance	Customers/ Consumers	Environment	Employees
	3.4		■		■
	3.5				■
	3.6	■	■		■
	3.8	■	■		■
	4.4				■
	4.7				■
	5.1				■
	5.5	■			■
	5.8				■
	8.2				■
	8.5				■
	8.8				■
	9.4	■		■	
	9.5	■			
	10.2	■			■
	10.4	■			■
	12.2	■		■	
	12.4		■	■	
	12.5			■	
	12.6	■	■		
	12.8		■		■
	13.3		■	■	■
	14.2			■	
	15.2			■	
	16.5	■			
	16.6	■			
	17.16	■			
	17.17	■			

CORPORATE GOVERNANCE

Our Organizational Structure

Sustainable Development Committee

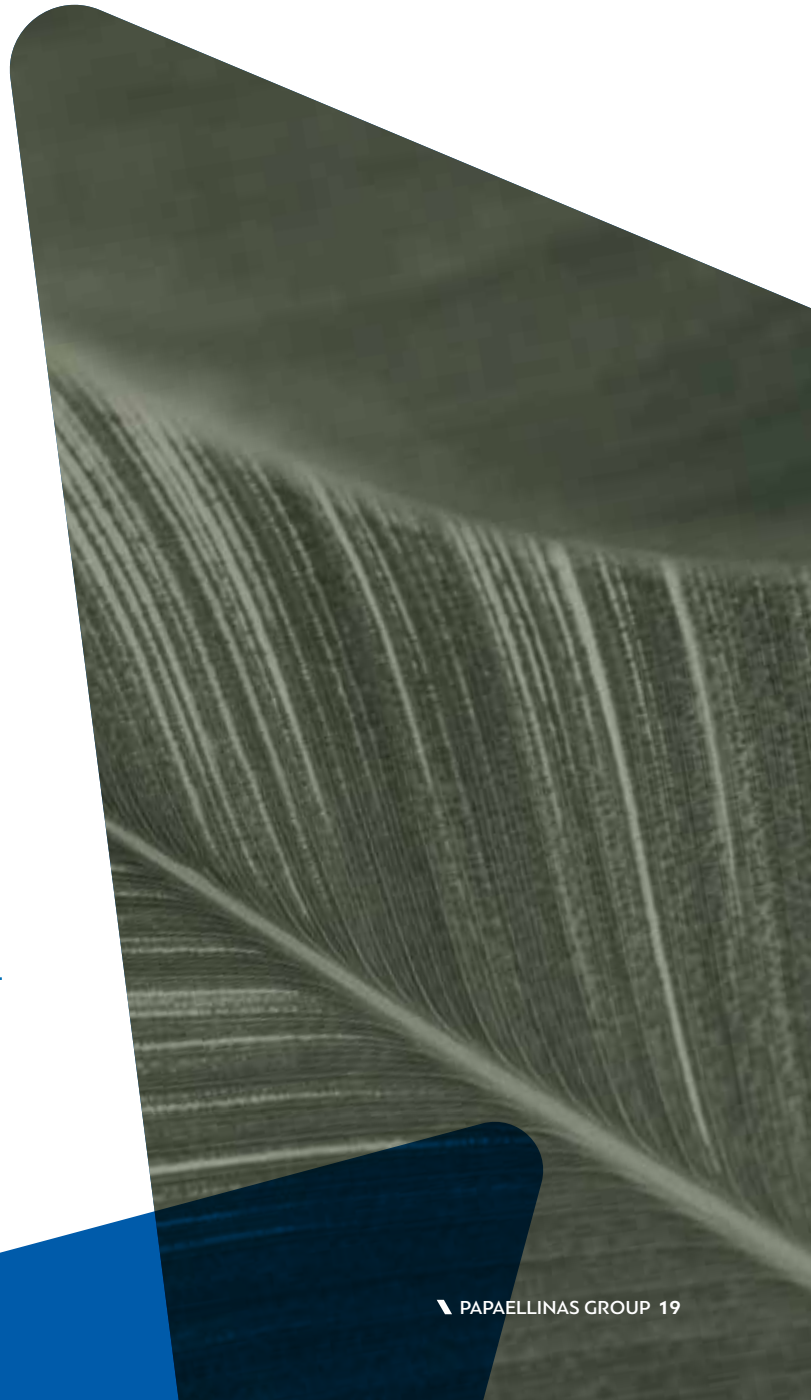
Policies and Codes in the PAPAELLINAS Group

Certifications and Standards

Chapter 3

CORPORATE GOVERNANCE

At the PAPAELLINAS Group, our business objectives are inextricably linked to the well-being of our people, the protection of the environment, the development of customers and partners, and the community. To this end, we have adopted Corporate Governance practices in four pillars that make up the system of organization and relations between the company's management, shareholders, employees and other stakeholders.



HIGHLIGHTS

10 member Sustainability Committee

ISO 9001:2015 Product and Service Quality Management System

ISO 14001:2015 Environmental Management System

ISO 22000:2018 Food Safety Management System

3.1. Our Organizational Structure

Board of Directors

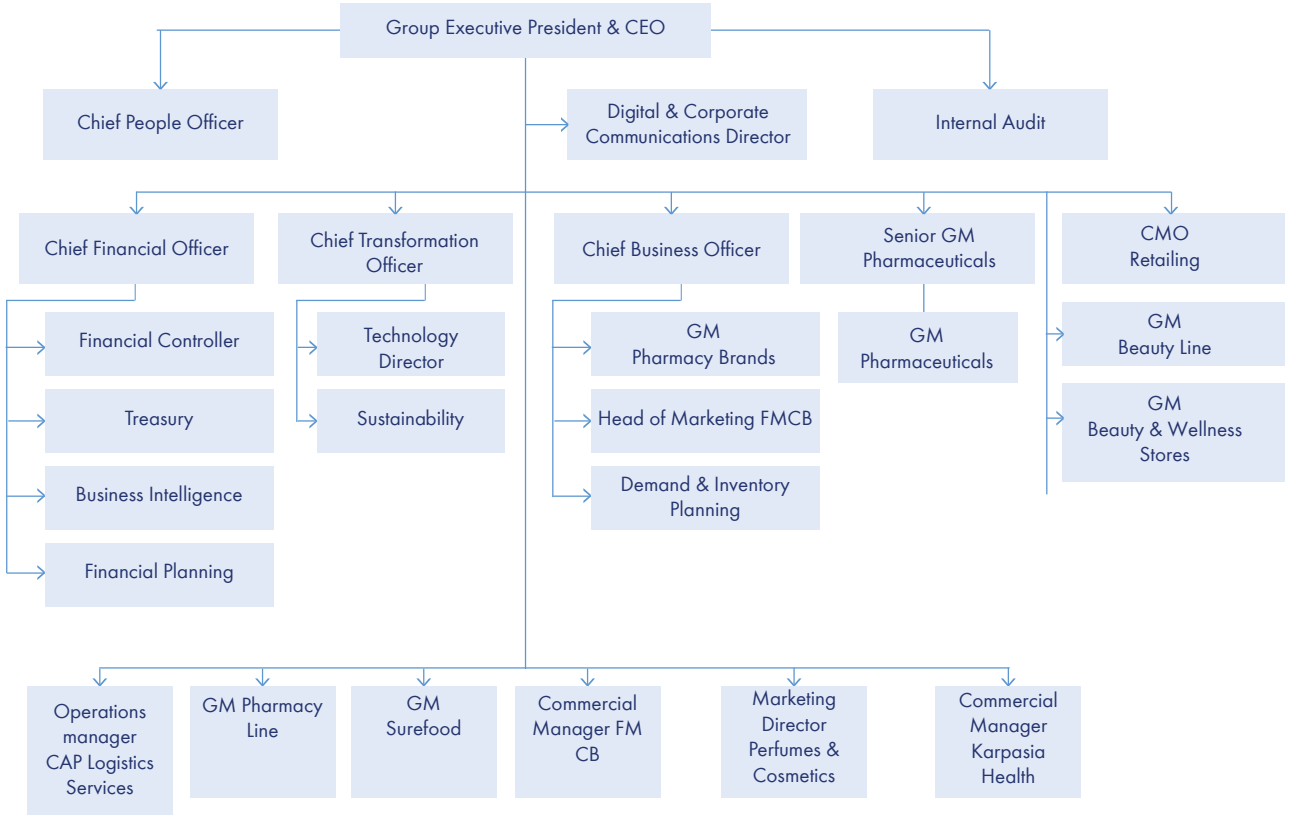
The Group's Board of Directors is the main governance body responsible for making decisions on matters relating to corporate objectives. It actively participates in formulating Sustainable Development strategy, taking responsibility for charting strategy, identifying and managing the impacts of the Group's activities, and contributing to the preparation of the Sustainability Report by prioritizing stakeholder management and identifying material topics. It is composed of 4 members of Cypriot origin, with the aim of ensuring a better understanding of Cypriot socio-political and cultural specificities within the organization.

COMPOSITION OF THE BOARD OF DIRECTORS

- **CHRISTOS PAPAELLINAS:** Chairman of the Board - Executive Member - Non-Independent Member
- **MARINA DIMADI:** Non-Executive Member - Non-Independent Member
- **KATIA THEODOTOU:** Non-Executive Member - Non-Independent Member
- **CAROLINA LOIZOU:** Executive Member - Non-Independent Member

30-50: **1** Woman

50+: **1** Man **2** Women



3.2. Sustainable Development Committee

The main mission of the PAPAELLINAS Group's Sustainable Development Committee is to design and implement the sustainability strategy on issues relating to society, the environment, the market and employees in accordance with the needs and expectations of internal and external stakeholders.

The Committee consists of the Chief Executive Officer and representatives of all the Group's business units, and is responsible for the implementation of the Sustainable Development strategy.

PAPAELLINAS GROUP SUSTAINABILITY COMMITTEE 2022-2023

- Christos Papaellinas
- Melanie Michaelidou
- Maria Germanou
- Chrystala Kouri
- Stelios Phinikarides
- Demetra Panayi
- Kostas Krommidas
- Savvas Hatzigiagou
- Irini Christodoulou
- Maritina Psara

30-50

2 Men **6** Women

50+

2 Men

3.3. Policies and Codes in the PAPAELLINAS Group

Ethics and Conduct Code, Guidelines and Policy

The PAPAELLINAS Group's Code of Ethics and Conduct describes the way in which the organization operates and aims to ensure an ethical operational framework for the Group. It is a point of reference for ensuring respect for human rights, both by our employees and our partners, and prohibits any discrimination based on nationality, sexual orientation, gender, religion, or any other characteristic of diversity. The aim is to raise awareness and guide employees and partners on human rights protection issues. Violation of the Code by our partners may even lead to the termination of our cooperation.

INCIDENTS OF CORRUPTION

0 During the current reporting period, there were no incidents of corruption in the PAPAELLINAS Group.

Policy on Ethics, Donations, Corruption and Entertainment

The disclosure of the Group's policy on Ethics, Donations, Corruption and Entertainment aims at providing guidelines on navigating certain aspects of business ethics, in accordance with Social Responsibility policies and rules specified under Article 6 of the Group's Code of Ethics.

Policy and Guidelines on Conflict of Interest

The Conflict of Interest Policy provides guidelines on how directors, supervisors, managers, executives and other employees of the Group avoid or manage conflict of interest situations.

Security Policy

The Security Policy defines and describes the overall framework regarding the management of the security of the Group's information and systems.

Open Door Policy

At the PAPAELLINAS Group, we have an open-door policy which allows employees to have easy and direct access to the senior management and ongoing communication with the Human Resources Department. Our approach aims to promote open communication, transparency and empowerment of employees and to remove any potential exclusion.

Whistleblowing policy

The Group's whistleblowing policy aims to protect complainants from retaliation by allowing anonymous reports of wrongdoing or violations to be filed. Complaints are investigated in a confidential and independent manner and with complete respect for the protection of personal data and presumption of innocence. This policy was adopted pursuant to the Whistleblowing Directive (EU) 2019/1937 of the European Parliament and of the Council and the Cyprus Parliament Law 6(i)/2022 on the protection of whistleblowers. The purpose of the policy is to provide protection to whistleblowers who report suspected illegal activities or violations that could affect the Group's business or reputation.

3.4. Certifications and Standards

During the 2022-2023 period, we proceeded to either secure recertifications or obtain new certifications, always with a view to improving our management systems and processes:

INVESTORS IN PEOPLE (IIP PLATINUM)	GREAT PLACE TO WORK®	ISO CERTIFICATIONS	LACON
For the third consecutive time, the Group earned recertification of the most important international award related to Human Resources. Certification: February 2024 (for the years 2021-2023)	Important certification in the area of Human Resources, which recognizes the Group internationally as an excellent place to work, focusing on five important parameters: • Credibility of management • Respect for employees • Sense of fairness • Proud employees • Camaraderie in the workplace Certification for the third consecutive year (2021-2023)	Recertification of the ISO 22000:2018 Food Safety Management System for the receipt, storage, repackaging and distribution of food at ambient temperatures for C.A. Papaellinas Logistics Services Ltd. ISO 14001:2015 Environmental Management System at the Head Office, the New Distribution Center, at PharmacyLine and the Kleenex factory The scope of the system includes: • Sales of food, • beverages and tobacco (NACE Code: G46.1.7) • Wholesale of perfumes and cosmetics (NACE Code: G46.4.5) • Wholesale of pharmaceutical products (NACE Code: G 46.4.6) PharmacyLine also holds an ISO 90012:2015 - Product and Service Quality Management System certificate	Recertification of C.A.Papaellinas Ltd and C.A.Papaellinas Logistics Services Ltd. for the storage, repackaging and distribution of pre-packaged organic products by Lacon.

WITH ACCOUNTABILITY TO THE MARKET

Our approach

Communication and Customer Service

Complaints Management

Development and Innovation

We support our Partners

Supporting Local Suppliers and the Local Economy

Goals

Chapter 4

WITH ACCOUNTABILITY TO THE MARKET

The PAPAELLINAS Group, having established a leading position in the market, aims to create products and services that promote well-being and improve the quality of life, while integrating social, environmental and economic factors into the company's overall strategy.

HIGHLIGHTS

92.83%
Increase in the use of PharmacyLine's B2B electronic platform in 2023

100%
of complaints received were answered and resolved within 24 hours

670%
increase in Business to Business (B2B) orders since 2022

4.1. Our approach

We at the PAPAELLINAS Group market and distribute thousands of products every day and systematically invest in the continuous expansion and enrichment of our product range, responding to the ever-increasing and evolving needs of our customers.

Focus Areas:

- Responding to the needs and expectations of consumers and customers
- Innovation
- Creating synergies and relationships of trust with partners.

4.2. Communication and Customer Service

We aim to provide more effective service to our customers as well as the systematic recording, evaluation and immediate response to their requests and suggestions,

At the PAPAELLINAS Group, we place particular emphasis on open and ongoing communication with the customer. We have developed and use specific communication tools that leverage the feedback we receive in order to continuously improve our services and products.

TELEPHONE COMMUNICATION	ELECTRONIC COMMUNICATION	ONLINE PLATFORMS	SURVEYS	LIVE CHAT
A call center with a dedicated customer service telephone number so they can communicate directly by submitting queries, concerns and complaints.	Use of email to send newsletters, notifications about offers, new products and discounts.	Use of social media and other online platforms (CX) to interact directly and continuously with customers to answer questions, provide support, and evaluate the shopping experience. Use of Viber Business to promote offers, events, etc. via messages.	Quantitative surveys, qualitative surveys, CX platform at Beauty Line stores, mystery shopper survey, contact form on the Group's website.	Live chat (Holland & Barrett, Beauty Line website) The aim of the service is to ensure that customers have direct access to Health and Well-being Advisors for advice and guidance.

Customer Satisfaction Measurement Tools

The continuous improvement of our products and services requires direct and honest communication with our customers. In this context, as a Group, we introduced different ways of assessing customer satisfaction, using both traditional and modern digital tools.

MYSTERY SHOPPER SURVEY

The Mystery Shopper survey aims to contribute to the evaluation of customer satisfaction as well as to the improvement of the level of service and staff performance in our stores. Specifically, the survey, which is conducted 4 times a year throughout the store network and in stores of the competition, with 8 visits per year to each store, evaluates the quality of services provided through the eyes of a «customer» using a pre-agreed questionnaire.

8 Visits per year to each store

CEM TOOL - CUSTOMER EXPERIENCE MANAGEMENT

The CEM platform offers customers the opportunity to rate their last visit to a Beauty Line store. The platform, which consists of multiple-choice and open-ended questions, sends useful feedback at Group level in order to continuously improve the services provided and to solve any problems.

CRM TOOL - CUSTOMER RELATIONSHIP MANAGEMENT

With the main objective of providing better service to customers and the Group's chains, the CRM tool was developed to register important data regarding specific customer profiles, such as their favorite store and brand, their last purchases and any recorded complaints, in order to provide the most personalized service possible and improve their in-store experience.

- Effective customer segmentation
- Improving the in-store and online shopping experience
- Use of innovative practices to develop relationships with customers and suppliers

BUSINESS TO BUSINESS (B2B) TOOL

For the last 4 years, the innovative Business to Business (B2B) ordering tool has provided the Group's wide network of partners (pharmacies and doctors) with features that offer value, help to save time and paper and facilitate the immediate completion of commercial transactions such as full product and commercial information and faster processing of online orders. Through full automation and the creation of multiple portals such as «Pharmacy Portal», «Vaccine Portal» (pediatricians) and «Hospital/Medical Center Portal», the tool has provided since 2023 the ability to serve a variety of customers with full customization of products and categories depending on the specific needs of each customer group.

345
active users in 2022

650
active users in 2023

92.83%
an upward trend in the use of the tool, which increased by 92.83% in visits in 2023

200
Orders in 2022 (worth €27,900)

1,340
Orders in 2023: (worth €182,000)

230
Creation of a B2B vaccine ordering portal for pediatricians (230 pediatricians in 2023)

4.3. Complaints Management

Every complaint from a customer, partner or supplier is an opportunity for improvement. The procedure followed ensures the proper recording and prompt resolution of complaints by the relevant departments. Complaints are received via call center, email, store personnel, salespeople, medical sales reps and distributors. All complaints are accepted and corrections or changes are made within 24 hours. Correct orders are delivered to the customer with the next delivery or by special delivery, if necessary. Customers are immediately informed by telephone or otherwise by a Group representative that their request has been recorded and will be resolved immediately. With the CRM tool, we have achieved a better organization of the customer service department, since the system records all incidents by category, store, date, etc. in order to analyze incidents more effectively, to inform the relevant departments immediately and to resolve issues that arise more quickly.

The table below shows the number of customer complaints per Group chain.

RECORD OF CUSTOMER COMPLAINTS PER GROUP STORE

	2023	2022	2021	2020
Beauty Line	80	83	72	75
Holland & Barrett	≈ 30	≈ 30	≈ 30	≈ 30
Yves Rocher	0	0	1	1
Butterfly Beautty Stores	0	0	-	-
Selekt Beauty	9	4	2	1
Consumer*	27	57	-	-

*Includes products from the Baby and Adult Care category

Specifically for PharmacyLine:

RECORD OF CUSTOMER COMPLAINTS ABOUT PHARMACYLINE

2023	2022	2021	2020
255	199	287	318

RESOLUTION OF COMPLAINTS

100% of the complaints received were answered and resolved immediately

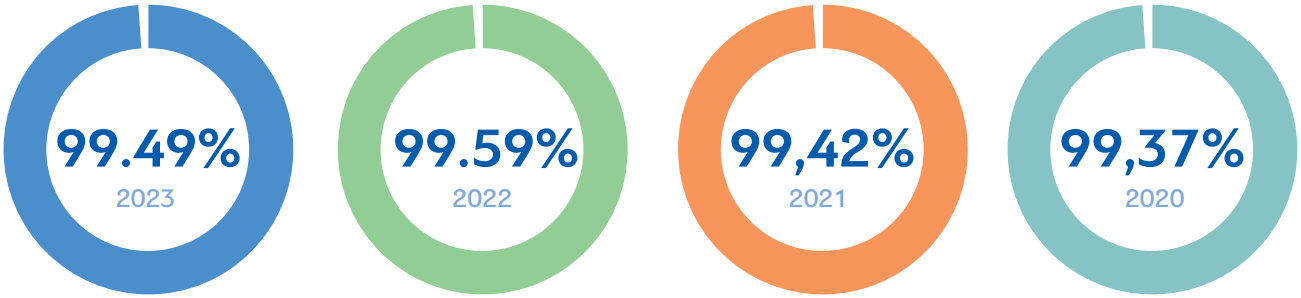
Procedure for managing requests

Requests are received via the call center and are accepted immediately.

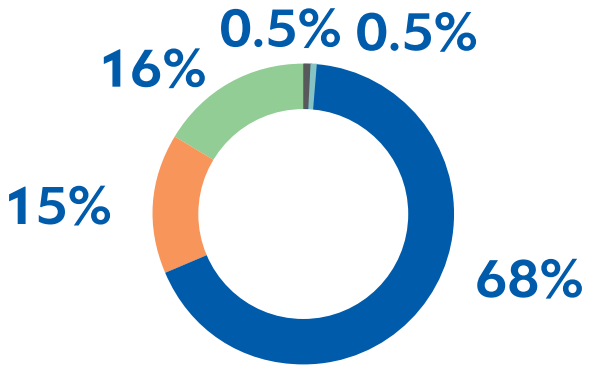
- **Corrective Actions:**
  - Changes and corrections are implemented immediately.
  - Correct orders are delivered to the customer with the next delivery or by special delivery, if necessary.
- **Recording and Analysis:**
  - A record of complaints is kept to detect trends and analyze causes.
  - Corrective actions are recorded.

The number of incorrect orders is an important performance control indicator called Perfect Order Rate (POR), which shows the percentage of correct orders processed in relation to the total number of orders.

PERFECT ORDER RATE (POR) FOR PHARMACYLINE



RATE OF COMPLAINTS BY CATEGORY



R02 - Orders Department
R03 - Order Control Department
R04 - Salesperson Error
R05 - Miscellaneous Topics
R06 - Shortages Complaint

4.4. Development and Innovation

In order to continuously respond to new market trends and the increasing demands of our consumers, an important priority for the Group remains the investment in innovation of both products and our organizational processes and services.

In addition, in 2023, we implemented electronic product returns and began the transition from manual returns to electronic returns.

Environmental Product Innovation

We continue to offer Cypriot consumers innovative and high-quality products that meet their ever-increasing demands while incorporating the principles of sustainability, ethics and transparency and being environmentally friendly.

We are expanding the range of our products

We are constantly researching our customers' needs and adding new innovative products to meet their demands. Our product range now includes 53 cosmetic brands with formulas free of toxic and chemical substances that are not tested on animals, while their production, from development to packaging, leaves the smallest possible energy footprint.

JANUARY-NOVEMBER 2022		
Launch of the new adult incontinence diaper packs, Tender Easywear • of 100% recyclable packaging • with 99% renewable energy • With an improved environmental footprint due to the removal of rubber from the diaper belt	Launch of new Kleenex packaging • 100% recyclable packaging. • Replacement of the plastic package slit with a paper one, so that the whole pack can be recycled in the paper bins without separation.	Launch of new Nannys Sensitive packaging • 100% recyclable from 30% recycled material
JULY-SEPTEMBER 2023		
Launch of 2 new baby wipe codes N Fresh Eco • 100% recyclable packaging • Biodegradable wipes and biodegradable formulas	The new Greek clean beauty brand «Athonites» uses organic herbs from Mount Athos, aiming at safety, sustainability, ethics and transparency, and offers cosmetics with formulas free of toxic and chemical substances that are not tested on animals, while their production, from development to packaging, leaves the smallest possible energy footprint.	

CREATION OF DASHBOARDS

The creation of Dashboards at Butterfly Beauty and Yves Rocher stores provides the ability to fully track sales, goals and priorities through access to the PowerBI system.

Beauty Line and Innovative Services and Processes

Beauty Line implements innovative services aimed at serving consumers, while focusing on the Group's vision to reduce the environmental footprint of its activities. By using multiple communication channels that interact with each other, such as physical stores, the e-shop, the app, social media and CRM, we add value to the customer experience.

Mobile POS

The new portable contactless cash registers allow consumers to complete purchases of their favorite beauty products quickly and securely. They encourage electronic receipts to reduce the use of paper and save time by reducing queues at the main checkouts.

MOBILE POS

58% reduction in the amount of thermal receipt paper rolls used thanks to Mobile POS in 2022-2023 (4,569) compared to 2020-2021 (10,950 rolls).

INNOVATIVE CX PLATFORM

The creation of the CX platform is a major innovation for Beauty Line's customer service department. It is a dynamic platform that provides a real-time overview of the customer experience in stores. Customers receive a personal message 24 hours after purchase, whether from a physical or online store, and can participate in a survey to evaluate their experience. The collected data are analyzed and displayed on the CX platform. If a customer gives a low score, an alert is automatically generated and sent to the customer service team for immediate contact and corrective action. Collecting these data helps us gain a more complete picture of our customers' experience both in physical stores and online.

+550

During the period 2022-2023, an increase of 550 additional entries per month on average was recorded, compared to 2020-2021

CONSUMER SERVICE TOOLS

E-GIFT CARD

The electronic Gift Card (e-Gift Card) helps to reduce the use of plastic (plastic card) and paper (paper envelope in which the card is offered). The e-Gift Card is available only from the My Beauty Line App and can be redeemed at all Group stores, on the Beauty Line App and the website. During the period 2022-2023, there was a +451% increase in online transactions involving gift cards compared to 2020-2021, and a +376% increase in the number of customers who chose them.

+451%

increase in online transactions involving gift cards compared to 2020-2021

+376%

increase in the number of customers who chose them

MY BEAUTY LINE APP

The My Beauty Line App offers a personalized experience to Beauty Line customers. Through the app, users have easy access to the balance of their myBENEFITS loyalty program points, their shopping history, learn about and take advantage of offers, search for products and information, and have the option of receiving useful tips and beauty ideas. Transactions made through the app have increased by +51% during the period 2022-2023, compared to 2020-2021. Additionally, in 2023 there was a +20% increase in app downloads over 2022.

+51%

Transactions made through the app have increased during the period 2022-2023

+20%

increase in app downloads over 2022

Medicine, Pharmacy and Consumer Products Departments:

During the period 2022- 2023, we developed and implemented the following technology upgrades, programs and tools:

- Creation of E-Receipt, electronic receipt is generated and sent to customers via email or sms
- Replacement of printed advertisements with screens
- Adoption of mobile POS for faster and easier customer service
- Use of custom made B2B platform:

- for direct access to customer statements
- Online availability of Sanofi vaccines for taking orders from pediatricians
- Better communication with the pharmacy network: Through the platform, pharmacists can learn about products and offers and place online orders to our warehouses with immediate delivery.

- Creation of a new «Nannys" website, which includes a pregnancy calendar, tips for the daily care of the child as it relates to development, nutrition and health.

4.5. We support our Partners

Aiming to become the supplier of choice for all our customers, we continue to foster relationships of trust and respect with all our partners. As part of this effort, we have a wide network of sales that includes retail stores, supermarkets, mini-markets, kiosks, pharmacies, and others.

SATISFACTION SURVEY OF PHARMACISTS

In March 2023, we conducted a qualitative survey of pharmacists in Cyprus in order to record their opinion and overall satisfaction with their cooperation with our Group. As part of this month-long survey, we conducted 10 interviews with pharmacists in Nicosia and Limassol.

The survey confirmed the positive image of the Group, with 100% satisfaction for the professional and quality service provided by the sales teams and through the PharmacyLine call center. Pharmacists also expressed satisfaction with the wide range of strong brands and established quality products on the Cypriot market.

THE ROLE OF THE SCIENTIFIC PARTNER

The role of the scientific partner is of key importance for the Group. Always with a focus on patients, we have created a structured model of collaboration for all the scientific partners in the medicines department, aimed at ensuring a common approach between the scientific partner and the doctor and providing the right medicines and the corresponding instructions to each patient.

PHARMADVANCE MAGAZINE

Issue 16 of our PharmAdvance magazine was published in 2023. The magazine is published specifically for the pharmacists of Cyprus, and aims to inform them on current issues concerning their pharmaceutical and business occupation. The magazine was published by the PAPAELLINAS Group for the first time in July 2014.

4.5.1. Partner Training

At the PAPAELLINAS Group, we consistently invest in training our partners on issues related either to the products we market or to Health and Safety issues, such as solar panel cleaning and maintenance safety procedures, safety procedures for cleaning performed by an outside crew, and others.

ORGANIZATION OF PRESENTATIONS AND SEMINARS AND PARTICIPATION IN CONFERENCES

2022

- June: Presentation to Mastiha Art of Nature pharmacists: The holistic approach to natural care of digestive and oral health
- November: NUXE Weekend for pharmacists
- December: Participation in the Pancyprian Pharmaceutical Congress
- Publication of PharmAdvance magazine to inform pharmacists

2023

- March: Staff awareness for the care of oral hygiene coinciding with World Oral Hygiene Day
- May: Presentation on menopause and Femarelle to pharmacists
- May: Presentation of NUXE Sun to pharmacists in Limassol
- June: Seminar for pharmacists: Pharmacy team leadership
- November: NUXE Weekend for pharmacists
- Publication of PharmAdvance magazine to inform pharmacists

WORK METHOD FORM

The «Work Method» form is completed by all our external partners without exception in order to record the methodology they follow in carrying out their work. Depending on the nature of their work, the Health and Safety Officer informs them about Health and Safety topics, and about the procedures followed at the Group's facilities.

NUMBER OF PARTNERS, CUSTOMERS AND SUPPLIERS TRAINED IN HEALTH AND SAFETY TOPICS

104 persons in 2022

119 persons in 2023

4.6. Supporting Local Suppliers and the Local Economy

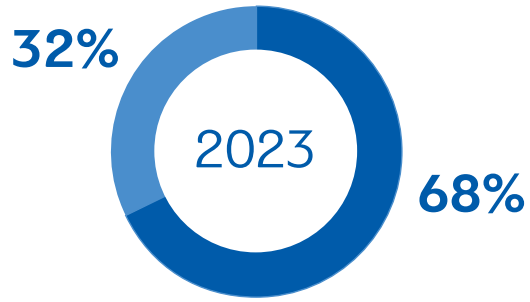
To contribute to the prosperity and development of Cypriot society, the PAPAELLINAS Group continues to actively support local suppliers, supporting local entrepreneurship and the economy and encouraging our suppliers to improve their production and adopt new standards of quality and innovation.

Supplier Selection Criteria

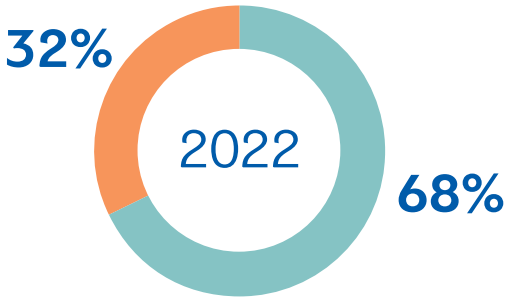
The criteria by which the Group's suppliers are selected include:

- Activities Sector
- Supplier Category
- Origin of Supplier
- Experience in the sector
- Number and profile of employees
- Convictions in relation to the supply of goods/services
- Adherence to time frames
- Quality of the deliverable
- Business Continuity Plan
- Existence of Environmental Management, Health and Safety Management and Quality Management systems
- Policy framework (Business Ethics, Information Security, GDPR and working conditions and human rights)

TOTAL NUMBER OF GROUP SUPPLIERS (Products and Services)



Domestic Suppliers: 387
Foreign suppliers: 180



Domestic Suppliers: 371
Foreign suppliers: 174

4.7. Goals

The table shows the goals set for the 2022-2023 biennium, the progress achieved by the Group, and the goals for the future.

SDG	FOCUS AREA	GOALS SET FOR 2022-2023	PROGRESS	EXPLANATION	GOAL FOR 2024-2025
	Retail Development	Development of the Beauty Line in an environmentally friendly direction, aiming to continuously upgrade our customers' experience and satisfy their new needs.	✓	Ongoing goal	Rebranding Beauty Line stores
		Strategic penetration of Holland & Barrett and increasing market shares in the categories in which it operates.	✓	Market share up 7% in the VHMS (Vitamins and Supplements) category	Maintain and increase market share in the VHMS category by 2%
	Customer-Consumer Experience	Introduction of a shopping experience evaluation platform, with the aim of achieving optimal customer service in all the Group's retail stores.	◐	Fully implemented at Beauty Line; process began at Holland & Barrett	Continuous platform utilization by Beauty Line customers. Holland & Barrett set a target of 80% of customers using the application
		Customer-Consumer Experience			
	Customer-Consumer Experience Customer-Partner Cooperation	The aim is to make the Group a partner of choice for healthcare professionals, supermarkets and all partners.	✓	Mystery Shopper Survey CEM Tool - Customer Experience Management Business to Business (B2B) tool	Continuous expansion of surveys to evaluate Customer-Consumer cooperation
					Focus groups for feedback on the Femarelle dietary supplement (menopause)
					Change of call center service provider for retail outlets
			✓	Ongoing goal	
	Digital Upgrade	Continuation of the Group's digital transformation with the aim of optimizing, simplifying and automating processes.	✓	Ongoing goal	• 20% reduction in process time for rebates for pharmaceutical customers, accounting and warehouse procedures • 50% Electronic archiving of accounting files through DMS technologies • Upgrade from SAP to Business Central for retail • 30% introduction of an integrated business analysis system to reduce decision making time by 30% • 25% cybersecurity enhancement for ISO 27001
		Developing customer experience, simplifying the way we communicate and building stronger customer relationships.	✓	Ongoing goal	New PharmacyLine website
					New e-commerce platform for Karpasia Health Products
					Translation of the Holland & Barrett website into Greek
					Creation of a Pharmadvance digital portal for communication with health experts

✓ : Goal Achieved ◐ : Partially Achieved ✗ : Not Achieved

PROTECTING THE ENVIRONMENT

Our approach
Our Environmental Footprint
Environmental Investments
Energy Management, Emissions and Climate Change
Fleet of Vehicles
Raw and Auxiliary Materials
Used Materials, Recycling, Waste Management
Water management
Promoting Environmental Awareness within the Group
Goals

Chapter 5

PROTECTING THE ENVIRONMENT

The protection of the environment is a top priority for our Group. We seek to reduce our environmental footprint through the rational management of raw materials and resources.

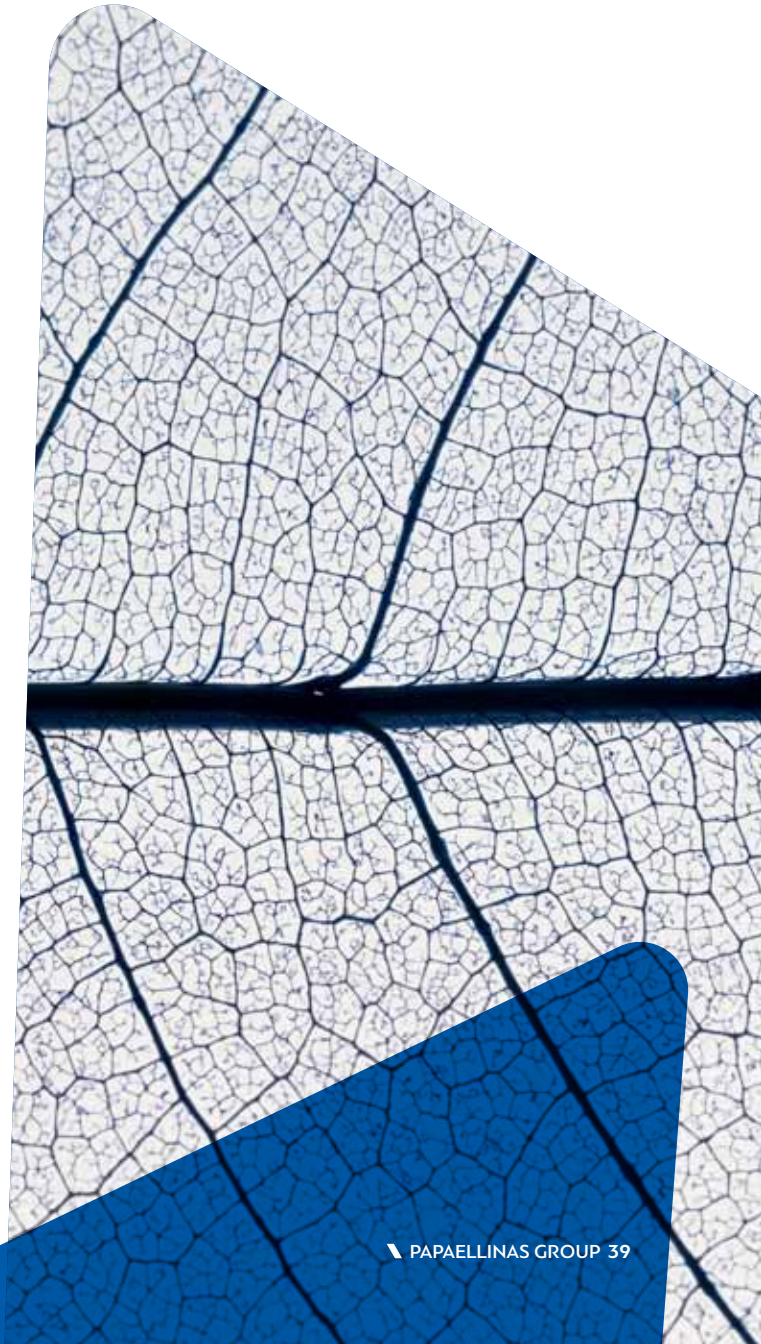
HIGHLIGHTS

4
new electric vehicles

Certification of the Group to the Environmental Management standard ISO 14001

Commenced verification of greenhouse gas emissions under ISO 14064

€514,487.71
Total expenditure on environmental protection in 2022-2023 (36% increase from 2020-2021)



5.1. Our approach

At the PAPAELLINAS Group, we focus on the most efficient waste management possible, we aim to save energy and we emphasize the creation of a sustainable and responsible supply chain. At the same time, we plan actions to promote environmental awareness throughout the Group.

Focus Areas

- Emissions, energy consumption and climate change
- Management of raw and auxiliary materials
- Used materials, recycling, waste management
- Water management
- Contribution to cultivating environmental awareness by implementing environmental protection actions

ENVIRONMENTAL MANAGEMENT SYSTEM

With the ultimate goal of protecting the environment, the PAPAELLINAS Group applies an Environmental Management System which fully complies with the guidelines of European Regulation (EC) No. 1221/2009 and the amending Commission Regulation (EU) 2017/1505 on the voluntary participation by organizations in an eco-management and audit scheme (EMAS) and the guidelines of ISO 14001:2015.

The scope of the Environmental Management System includes:

- Sales of food, beverages and tobacco (NACE Code: G46.1.7)
- Wholesale of perfumes and cosmetics (NACE Code: G46.4.5)
- Wholesale of pharmaceutical products (NACE Code: G 46.4.6)

5.2. Our Environmental Footprint

During the 2022-2023 biennium, the Group continued to invest in more effective internal environmental systems, to develop actions and implement programs to better control and improve our environmental footprint.

MORE SPECIFICALLY, IN THE CURRENT REPORTING PERIOD, WE FOCUSED ON:

- The expansion of the Recycling Program with the addition of paper, PMD and glass recycling bins at all stores.
- Strengthening our corporate fleet with electric vehicles in order to completely eliminate fossil fuels for our transport needs.
- The program to replace existing high energy consumption devices with new ones of lower energy consumption
- The photovoltaic system installation program:
  In 2022-2023, the necessary preliminary work for the installation of photovoltaic systems at 2 Beauty Line stores was completed.
- Promoting the digitization of processes such as:
  - Create e-Receipt: creating an electronic receipt and sending it to customers
  - Completing the transition from manual product returns to electronic product returns in 2023 aimed at saving energy and reducing costs, we continue to invest
  - Removal of the plastic Benefits card
  - Significant reduction of the printed editions of the Group's magazines, "Beauty Line" and «Metaxy Mas», as well as the Sustainability Report, and replacing them with electronic editions
- Door replacement with automatic doors at 8 Beauty Line stores, 5 Butterfly Beauty stores, 1 Yves Rocher store and 4 Holland & Barrett stores
- Group's re-election as a member of the Cyprus Hydrogen Association Board of Directors

5.3. Environmental Investments

At the PAPAELLINAS Group, in recognizing the need to address climate change, we continue to implement actions aimed at reducing pollutants, reducing energy consumption, and promoting environmental awareness across the culture of the entire Group.

INVESTMENTS FOR ENVIRONMENTAL PROTECTION (IN EUROS)

	2023	2022	2021
Waste management to properly licensed contractors	87,137.97	94,442.74	94,029.50
Energy saving costs*	208,928	123,979	37,720.00
Total	**296,065.97**	**218,421.74**	**131,749.50**

*Includes investment in photovoltaic solar panels and electric vehicles

5.4. Energy Management, Emissions and Climate Change

At the PAPAELLINAS Group, we develop and implement programs aimed at saving energy and reducing energy consumption, systematically decreasing our emissions, while taking measures for the greatest possible penetration of Renewable Energy Sources throughout our activities.

In 2023, we began to calculate emissions more precisely, based on the ISO 14064 standard: Greenhouse Gas Emission Management System. The ISO 14064 series of standards provides a framework for quantifying, monitoring, reporting and verifying greenhouse gas (GHG) emissions. We now monitor emissions from all our activities. Compared to previous years, we now have a more complete picture and can make better strategic decisions.

EMISSIONS (TONNES OF CO_2-EQ)

		2023	2022	2021
Scope 1 - Direct greenhouse gas emissions and removals	1.1. Direct emissions from stationary combustion	4.58	1.98	-
	1.2. Direct emissions from mobile combustion	889.82	903.32	871.18
	1.4. Direct fugitive emissions from the release of greenhouse gases in anthropogenic systems	28.88	106.67	-
Total Scope 1		**923.28**	**1,016.97**	**871.18***
Scope 2 - Indirect greenhouse gas emissions from imported energy	2.1. Indirect emissions from imported electricity	2,246.94	2,309.26	2,124.33
Total Scope 1 and 2		**3,170.21**	**3,326.23**	**2,995.51***

*The 2020-2021 totals are not comparable with the 2022-2023 totals as the measurement methodology has been upgraded and is more complete.

INCLUDES

1.1. Direct emissions from stationary combustion	Generators and LPG restaurant system at the headquarters
1.2. Direct emissions from mobile combustion	Group vehicle fleet (trucks, van, saloon)
1.4. Direct fugitive emissions from the release of greenhouse gases in anthropogenic systems	Gas leaks from air conditioning systems, stationary refrigerators and refrigerators in vehicles
2.1. Indirect emissions from imported electricity	Electricity import (EAC)

ENERGY CONSUMPTION

TOTAL PRIMARY ENERGY CONSUMPTION (KWH)	2023	2022	2021	2020
Primary energy consumption by buildings and stores (in kWh)	8,659,901	9,218,642	8,078,428.27	7,075,740.93
Primary energy consumption by transport (in kWh)	5,390,199	5,232,292	5,207,472.578	4,950,059.07
Primary energy consumption by generators (in kWh)	15,535	4,177	-	-
Primary energy consumption by restaurant (in kWh)	3,440	4,502	-	-
Total primary energy consumption (kWh)	**14,069,075**	**14,459,613**	**13,285,900.85**	**12,025,800.00**

CONVERSION FACTORS

ΣΥΝΤΕΛΕΣΤΗΣ ΜΕΤΑΤΡΟΠΗΣ ΕΝΕΡΓΕΙΑΣ ΣΕ ΤΟΝΟΥΣ CO2	2023	2022	2021	2020
Conversion factor for kWh of electricity to tonnes of CO_2	0.6766	0.6766	0.710	0.707
Conversion factor of liters of oil to tonnes of CO_2	3.206	3.206	2.6525	2.6525
Conversion factor of liters of petrol to tonnes of CO_2	3.202	3.202	2.2504	2.2504
Energy conversion factor of LPG tonnes to tonnes CO_2	2.983	2.983	-	-
Energy conversion factor of LPG tonnes to kg CH_4	0.0473	0.0473	-	-
Conversion factor of tonnes of oil to kilograms of CH_4	0.129	0.129	-	-
Conversion factor of tonnes of gasoline to kilograms of CH_4	0.271	0.271	-	-
Energy Conversion Factor of tonnes of LPG to kg N_2O	0.00473	0.00473	-	-
Conversion factor of tonnes of oil to kilograms of N_2O	0.0258	0.0258	-	-
Conversion factor of tonnes of gasoline to kilograms of N_2O	0.0251	0.0251	-	-
Oil density factor (liters to kg)	0.837	0.837	-	-
Gasoline density factor (liters to kg)	0.744	0.744	-	-

5.5. Fleet of Vehicles

Fleet replacement with electric and hybrid vehicles

Following the study we conducted to measure the carbon footprint of each vehicle category (saloon, van, truck) that we own as a Group, our strategic objective remains the gradual replacement of the existing fleet with electric and hybrid vehicles.

In the current reporting period, we have replaced all vehicles used by the sales team with hybrids.

At the same time, we:

- Purchased 4 fully electric vehicles
- Installed 4 charging stations
- Gradually replaced all diesel sedan vehicles with hybrid or electric vehicles.
- Conducted an energy audit of another 15% of the Group's fleet vehicles (total 75%) and another 25% of non-privately owned (rentals) buildings (total 50%).

Replacement or purchase plan for the future

Since 2022, all saloon cars are either electric or hybrid, with the aim of having no diesel-powered saloons by 2030. As for vans and trucks, we are waiting for the technology to mature (reduction of battery volume and mass or development of hydrogen technology) in order to include them in our strategic plan. We are implementing a plan for the replacement of sedan vehicles and to update commercial vehicles every 8 years depending on their condition and costs involved, and which may be more than 8 years old.

VEHICLES PURCHASED IN 2022-2023

4	38
Electric	Hybrid

TOTAL NUMBER OF VEHICLES AT THE END OF 2023

4	46
Electric	Hybrid

CHARGERS

4

TOTAL FUEL CONSUMPTION

COMPANY	TYPE	2023	2022	2021
PAPAELLINAS Group	Total Diesel Consumption (L)	83,754	97,665	112,161
	Total kilometers (diesel vehicles)	1,300,530	1,668,858	1,977,604
	Total Gasoline Consumption (L)	26,657	31,180	39,149
	Total kilometers (gasoline vehicles)	354,109	473,780	590,119
	Total Gasoline Consumption (hybrid vehicles)	45,570	13,829	0
	Total kilometers (hybrid vehicles)	707,891	285,063	0
C.A.Papaellinas Logistics Services	Total Diesel Consumption (L)	130,063	141,395	132,110
	Total kilometers (diesel vehicles)	661,551	670,342	664,626
	Total Gasoline Consumption (L)	0	0	1,532
	Total kilometers (gasoline vehicles)	0	0	26,618
	Total Gasoline Consumption (hybrid vehicles)	2,857	2,611	0
	Total kilometers (hybrid vehicles)	19,916	17,312	0
PharmacyLine	Total Diesel Consumption (L)	50,380	48,201	49,652
	Total kilometers (diesel vehicles)	506,916	509,211	525,495
	Total Gasoline Consumption (L)	0	0	0
	Total kilometers (gasoline vehicles)	0	0	0
	Total Gasoline Consumption (hybrid vehicles)	520	0	0
	Total kilometers (hybrid vehicles)	10,500	0	0
Total Consumption (L)	Diesel	264,197	287,261	293,923
	Petrol	26,657	31,180	40,681
	Petrol for Hybrid Cars	48,947	16,440	0
Total Kilometers	Diesel Vehicles	**2,468,997**	**2,848,411**	**3,167,725**
	Petrol Vehicles	**354,109**	**473,780**	**616,737**
	Hybrid Vehicles	**738,307**	**302,375**	**0**

5.6. Raw and Auxiliary Materials

At the PAPAELLINAS Group, we make every effort to ensure the rational use of the raw and auxiliary materials we employ. To that end, we continue to adopt measures to reduce the use of plastic, such as replacing packaging materials, banning the use of plastic bags and replacing them with biodegradable ones. At the same time, we ensure that all our employees are familiar with proper recycling and contribute to the company's goal of reducing the use of plastic in their daily lives.

Since 2022, we have been monitoring the use of paper bags by consumers through a special barcode to accurately calculate the quantities used.

PACKAGING MATERIALS (refers to quantities ordered for use in the current and subsequent reporting period)

	2023	2022	2021	2020
Beauty Line paper bags	225,377	211,758	412,080	121,740
Holland & Barrett paper bags	250,750	257,050	210,950	203,650

5.7. Used Materials, Recycling, Waste Management

Taking into account the principles of sustainable development and the circular economy, we continue to systematically work towards the sustainable use of the materials we use in our operations. In this context, we develop and implement responsible actions to manage waste resulting from our activities. More specifically:

THE GROUP'S INTEGRATED RECYCLING PROGRAM

Within the Group, we have developed and now implement an integrated recycling program for packaging, plastic, paper, batteries and ink cartridges.

- At our offices, we have been recycling PMD, paper, glass, ink and batteries for over 10 years.
- We have eliminated disposable cups, replacing them with individual cups, and have significantly reduced plastic consumption.
- The waste streams generated are disposed of through licensed operators at licensed management facilities.
- We participate in the Green Dot Cyprus collective packaging recovery and recycling system for Cypriot businesses.

We work with recycling companies such as JV IS Recycle & Germantec Ltd, which manages waste such as nylon and paper, and IESC Innovating Environmental Solutions Center Ltd, which specializes in hazardous waste management.

ENVIRONMENTALLY FRIENDLY PRINTING PAPER

For printing the «Metaxy Mas» magazine and the office calendars, we use wood-free printing paper, an alternative type of paper derived from recycled wastepaper, agricultural residues (e.g. husks, straw), fibers and wild plants (e.g. bamboo, jute, flax), as well as textiles and other waste. It is considered environmentally friendly since it takes into account the whole life cycle of the product.

MATERIALS, QUANTITIES AND MANAGEMENT METHOD

	MANAGEMENT METHOD	2023	2022	2021	2020
Paper/Cardboard (kg)* *includes Kleenex	Recycling JV IS Recycle & Germantec Ltd	57,090	55,450	52,400	46,510
Disposable thermometers (kg)	Recycling	0	0	40	42.8
Electronic equipment (monitors, computers, printers, machines, UPS, routers, etc.) (kg)	Recycling	0	0	1.169	-
Organic products (kg)	Recycling	780	0	245,55	-
Nylon (kg)	Recycling	7,420	6,700	5,500	3,500
Toners (pieces)	Recycling	144	129	191	209
Batteries (kg)	Recycling	39	60	34	14
Electronic equipment (pieces)	Donations	-	-	346,903	358,358
Medicines	Disposal by properly licensed pharmaceutical handling and destruction companies (Advance MWM Ltd)	2,678.5	3.911		

WASTE (SKIPS) (KG)

Disposal by a licensed company

190,130

2023

QUANTITIES RESULTING FROM IMPORTED PRODUCTS THAT ARE RECYCLED (GREEN DOT)

	2023
Paper	149,922.24
Aluminum	11,375.03
PET	26,454.4
HDPE	24,832.02
Beverage Cartons	1,729.99
Glass	148,796.99
Steel	14,629.46
Other*	101,448.4
Non-recoverable*	1,903.54

*During the current reporting period, some products based on Green Dot and Inventory guidelines were moved from the «Other» category to the «Non-recoverable» category.

MANAGEMENT OF BROKEN AND EXPIRED PRODUCTS (KG) 2023

100,284

Consumer products

446,490

Food supplements

546,774

Total

*Management by appropriately licensed product management companies

5.8. Water management

Being fully aware of the huge problem of water scarcity in Cyprus, we are developing actions for the rational use of water throughout the Group.

Specifically:

- We promote proper maintenance and regular inspection of water supply facilities.
- We implement employee awareness campaigns on a regular basis on the different ways to reduce water consumption in order to reduce water waste.
- We use the water extracted from PharmacyLine dehumidifiers to irrigate the green areas at our headquarters.

WATER CONSUMPTION

2,874.72 m³
2023

2,975.56 m³
2022

3,632.52 m³
2021

3,519.44 m³
2020

5.9. Promoting Environmental Awareness within the Group

As a Group, we continue to invest in initiatives that help create an environmental culture and awareness among our people and their families. In this context, we participate in environmental workshops and conferences, and organize actions such as tree planting and the annual beach clean-up in cooperation with the NGO AKTI. At the PAPAELLINAS Group, we encourage the active participation of all employees in environmental programs.

NUXE INITIATIVE FOR WORLD BEE DAY

In observance of World Bee Day on May 16, 2023, Group employees took part in the NUXE initiative and created a bee hotel at Honeymell Park, in the village of Skarinou, offering a safe haven for bees and promoting pollination and ecosystem protection. Entitled «Bee Hotel», the action combines environmental commitment with education, as visitors to the hotel can learn more about the importance of bees and their role in nature while strengthening the local community and contributing to a broader understanding of environmental issues.

At the same time, with the motto «Anyone who thinks they're too small to make a difference has never met the honey bee!» PAPAELLINAS Group employees actively participated in the planting of bee-keeping plants such as thyme, lavender, rosemary and oregano, promoting pollination and ecosystem protection.

The following sites operate as part of the program:

- Interactive exhibition on the bee society.
- Thematic route through the outdoor area of the park, where visitors, with the help of an accompanying bee-keeper, are informed about the bee-keeping plants, bee-keeping operations and the production process.
- Seminar room where seminars on bee-keeping and tasting of Cypriot honey and pollen are held.
- A Cypriot Bee-keeping Products Showroom and cafeteria where products such as honey, pollen, propolis, wax, wax ointments and royal jelly are sold and traditional Cypriot dishes with honey are offered.

CAMPAIGN FOR THE PROMOTION OF ENVIRONMENTAL AWARENESS BY BEAUTY LINE

With the aim of reducing the brand's environmental footprint, Beauty Line undertook a series of actions in 2022:

- Beauty Line shopping bags are 98% recyclable.
- Since February 2022, the bags are subject to a small token charge in our effort to reduce their use.
- With their purchase from Beauty Line stores, customers received the Beauty Line eco-friendly bag as a gift.
- Customers who used the Beauty Line eco-bag received 20 points on their myBENEFITS card for each use.

VOLUNTARY CLEANING OF CTO BEACH

As part of the promotion of environmental awareness, on Saturday, 15 October 2023, a voluntary clean-up of the CTO beach took place with the support of Together Cyprus and the «Agapi» Foundation with the participation of 22 PAPAELLINAS Group employees. Members of the Group, together with their families, collected 16 bags of litter from the shoreline of the CTO beach as part of maintaining a clean ecosystem.

TREE PLANTING IN MATHIATIS, AN INITIATIVE OF THE YVES ROCHER FOUNDATION

In February 2023, on the initiative of the Yves Rocher Foundation, a tree planting of 200 trees was organized by 13 people consisting of members of our Group and volunteers in the village of Mathiatis. In collaboration with the non-profit organization Reforest Nicosia and Yves Rocher Cyprus, our volunteers embraced the Yves Rocher Foundation's work to create green spaces in all countries where the French natural cosmetics company's products are distributed.

OTHER ACTIONS

In-house updates, also provided through the corporate magazine "Metaxy Mas" and the office calendar, on issues related to sustainability.

EMPLOYEE ACTIONS

Through the online publication «Our News», in January 2022, the Group launched a joint effort to develop ecological incentives. We highlight profiles of our colleagues who are incorporating sustainable changes into their daily lives. Our aim is to share those actions that make a positive impact on our environment.

SPECIAL ACTIONS FOR THE CHILDREN OF OUR EMPLOYEES

We organize an annual art competition for the children of the Group's employees who show a special interest in caring for the environment and participate enthusiastically in the competition. In the 2022 and 2023 competitions, the winning works were incorporated into the Group's environmental campaign and featured in press releases and social media. We further encourage children's participation with annual prizes for the winners of the competition.

5.10. Goals

The table shows the goals set for the 2022-2023 biennium, the progress achieved by the Group, and the goals for the future.

SDG	FOCUS AREA	GOALS SET FOR 2022-2023	PROGRESS	EXPLANATION	GOAL FOR 2024-2025
	Action, Carbon footprint	Gradual replacement of all Group vehicles with electric and hybrid vehicles and installation of e-charging stations	✓	In 2023, we had: • 4 electric vehicles • 46 hybrid vehicles 4 installed vehicle charging stations	Electric vehicles: +1 Hybrid vehicles: +35 Plug-in hybrid vehicles: +2 Installation of vehicle charging stations: +4
		Replacement of all light fixtures at the New Distribution Center with LED technology.	✓		
		Energy audits of all Group buildings and fleet vehicles.	✓		
		Phasing out the open entrance policy and installing automatic doors to save energy.	✓	100% for Butterfly Beauty Stores, 30% for Yves Rocher and Holland & Barrett stores, and 60% for Beauty Line stores	
		Increase in the capacity of the photovoltaic system at the headquarters and PharmacyLine from 100 kWp to 290 kWp. Installation of photovoltaic systems at the Group's 2 Beauty Line stores (not owned).	✓	Installation of 190 kWp (total 290 kWp); bids received for the 2 stores	Increase in RES with the aim of achieving 100% use of energy from green sources in privately owned buildings by 2030
		Purchase of 3 fully electric vehicles and installation of 3 charging stations.	✓	4 chargers and 4 electric cars	
		New Goals			• Net Zero by 2030 at 3 Group-owned facilities (Headquarters, New Distribution Center and PharmacyLine) • 50% reduction of the Group's dependence on fossil fuels for electricity • Installation of photovoltaic panels with a capacity of more than 1 MWp (end 2025) • New privately owned building housing offices with bioclimatic design and green roof specifications • Implementation of technologies to improve energy efficiency and digital BMS monitoring at the Headquarters and the New Distribution Center • Implementation of software for digital monitoring of carbon dioxide emissions from the Group's activities

✓ : Goal Achieved ✓ : Partially Achieved ✗ : Not Achieved

SDG	FOCUS AREA	GOALS SET FOR 2022-2023	PROGRESS	EXPLANATION	GOAL FOR 2024-2025
	Resource Management	Phasing out the wrapping material (film) used for pallets used in product transport and replacing it with multi-purpose wrapping.	✗	2 solutions were considered, and proved to be not feasible	Continued efforts to find a suitable solution for the removal/ replacement of wrapping material
		Creation of a foundation to manage the money that Beauty Line will receive from the sale of bags and full allocation of the money for environmental purposes.	✗	Revise goal	Exploring new optimal ways to reduce bag use
		New Goal			Improving the way water is managed
	Certifications	Certification of the Group to the Environmental Management Standards ISO 14001 and EMAS.	✓	ISO 14001 at C.A.Papaellinas Ltd, PharmacyLine C.A.Papaellinas Ltd, C.A.Papaellinas Logistics Services Ltd. It was decided not to go ahead with EMAS	Retention and operation based on the ISO 14001 standard
		ISO 14064 validation for the Group's greenhouse gas emissions.	✓		Validation and retention of ISO 14064. Verification of greenhouse gas emissions according to ISO 14064

✓ : Goal Achieved ✓ : Partially Achieved ✗ : Not Achieved

PROVIDING FOR OUR PEOPLE

Our approach
Human Resources in Numbers
Training
Employee Benefits
Employee Performance Evaluation and Equal Opportunities
Digital Transformation and Use of New Technologies
Attracting New Talent
Health and Safety at Work
Investing in Health and Safety
Goals

Chapter 6

PROVIDING FOR OUR PEOPLE

The PAPAELLINAS Group is a family business that focuses on the development and growth of human resources with continuous investments in professional education and training of employees, recruiting talent and promoting capable executives.

HIGHLIGHTS

INVESTING IN HEALTH AND SAFETY

€372,127.10
2023

€328,952.40
2022

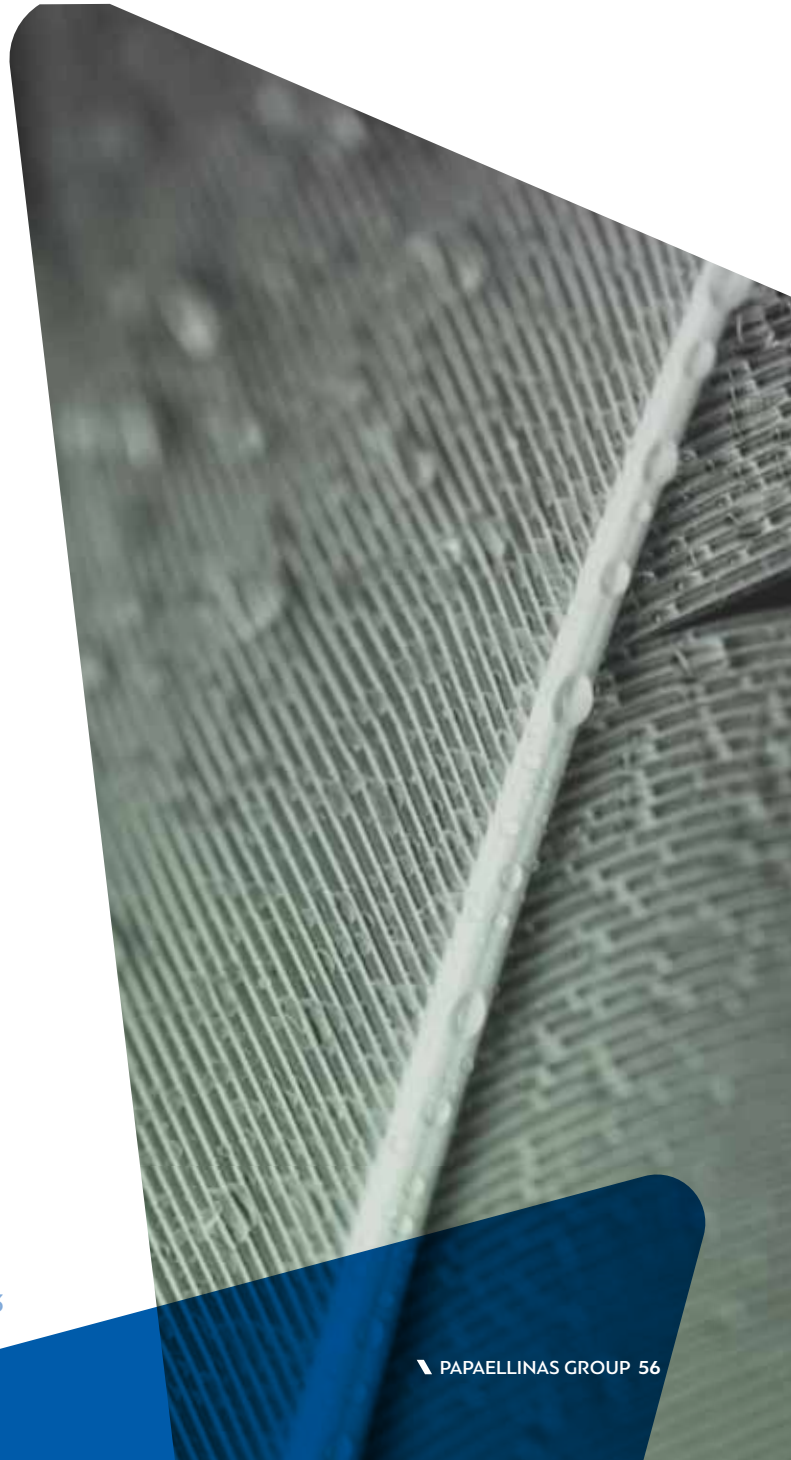
STAFF BENEFITS

€831,975
2023

€771,391
2022

683
Participation in trainings

Recertification:
- Investors in People (Platinum) 2021-2023
- Great Place to Work 2022-2023



6.1. Our approach

At the PAPAELLINAS Group, our goal is to create a modern, equitable, fair and inclusive working environment, offering competitive salaries, benefits and incentives to our people to encourage them to contribute effectively to the achievement of our business objectives.

Focus Areas

- Occupational safety and job satisfaction
- Training, education and employee development
- Establishing a work climate of equality, respect for diversity and human rights, with equal opportunities for all
- Digital transformation and integration of digital technologies
- Safeguarding the health and safety of our employees and customers

6.2. Human Resources in Numbers

HUMAN RESOURCES DATA

	NUMBER OF EMPLOYEES 2023	AVERAGE AGE	NUMBER OF EMPLOYEES 2022	AVERAGE AGE
Men	211	40.5	201	41
Women	494	40.5	462	42
Total	**705**		**663**	

HUMAN RESOURCES BY AGE

	2023					2022			
	≤25	25 - 34	35 - 44	45 - 54	≥54	≤25	25 - 34	35 - 44	45 - 54
Men	15	55	70	47	24	11	61	63	40
Women	66	178	129	79	42	60	175	113	71
Total	**81**	**233**	**199**	**126**	**66**	**71**	**236**	**176**	**111**

HUMAN RESOURCES BY TYPE OF EMPLOYMENT AND GENDER

	2023			2022		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Without collective agreements	**22**	**6**	**28**	**21**	**5**	**26**
Permanent employees	206	458	664	197	431	628
Seasonal employees*	5	36	41	4	31	35
Full-time employees	182	453	635	176	429	605
Part-time employees	7	35	42	5	27	32

HUMAN RESOURCES BY PROVINCE

	2023			2022		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Senior management	4	10	14	3	9	12
Management	13	15	28	11	14	25
Supervisory	21	53	74	20	53	73
Other staff	175	424	599	166	396	562
Total	**213**	**492**	**705**	**200**	**463**	**663**

PERCENTAGE IN 2023

30% Men **70%** Women

PERCENTAGE IN 2022

30% Men **70%** Women

HUMAN RESOURCES BY PROVINCE

Total: 705

Given that all of our management personnel come from Cyprus, we ensure an excellent understanding of the socio-political and cultural specificities of the local society and are able to achieve our business objectives at Group level.

As part of our cooperation with the Stelios Ioannou Foundation, in 2023, 4 employees from the Foundation were employed by our Group on a permanent basis and 3 people were employed with short-term contracts (seasonal workers).

YEARS OF SERVICE

	2023			2022		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Less than 1 year	40	104	144	32	82	114
1-10 years	118	284	402	116	272	388
11-20 years	32	66	98	31	69	100
21-30 years	14	31	45	17	32	49
31-41 years	7	9	16	5	7	12
Total	**211**	**494**	**705**	**201**	**462**	**663**

6.3. Training

Continuous investment in the training and professional development of our people is an important priority for our Group. Their training and education is implemented through:

- Seminars in Cyprus and abroad
- Educational workshops
- Participation in conferences
- Coaching and mentoring
- On-the-job training
- Obtaining academic and professional qualifications

Data Protection and Information Security Training

User Rights Management Training is a new policy, and training has become mandatory to prevent data breaches and to protect personal and corporate data. The ultimate goal is to create a culture of information security. Through the training, the key aspects governing the framework for the management and protection of personal data and information security, the role of each executive in relation to the protection of personal data, as well as good practices for the prevention and/or management of the relevant threats, vulnerabilities and risks in the business environment are clarified.

TRAINING: 2023 VS 2022 (% INCREASE IN THE YEAR 2023)

51% Days

53% Total hours

TRAINING HOURS BY TYPE OF SEMINAR (IN-HOUSE AND OUTSIDE THE GROUP) FOR 2022 AND 2023

	2023			2022			2021			2020		
	DAYS	TOTAL HOURS	NUMBER OF PARTICIPANTS	DAYS	TOTAL HOURS	NUMBER OF PARTICIPANTS	DAYS	TOTAL HOURS	NUMBER OF PARTICIPANTS	DAYS	TOTAL HOURS	NUMBER OF PARTICIPANTS
In-house	4,011	20,554	581	2,478	12,429	459	1,888	6,439	384	1,539	5,758	293
Outside the Group	227	1,204	102	322	1,834	198	530	2,035	135	264	749	77
Total	**4,238**	**21,758**	**683**	**2,800**	**14,263**	**657**	**2,418**	**8,474**	**519**	**1,803**	**6,507**	**370**

Beauty Line Academy

The Beauty Line Academy provides a wide range of trainings aimed at the empowerment, specialization and development of all Beauty Consultants. The schedule includes trainings in sales techniques, customer service and personal development trainings such as Management Skills Development, Stress Management, Emotional Intelligence Development, etc.

PERCENTAGE OF TRAINING HOURS PER HIERARCHICAL LEVEL

	2023	2022	2021	2020
Senior management	2.70%	3.20%	6.20%	2.15%
Management	4%	4.80%	7.60%	4.10%
Supervisory	13.10%	17.5%	33.20%	22.35%
Other staff	80.20%	74.5%	53%	71.40%

NUMBER OF PEOPLE TRAINED

116 2022

122 2023

TRAINING HOURS BY TOPIC

	2023	2022	2021	2020
Customer service	2728	2153	884	1,143
Sustainability	66	192	259	110
Sales development techniques	58	24	15	20
Technical knowledge for Beauty Consultants	3456	369	326	505
Supply Chain	137	80	372	365
Marketing and social media	355	793	55	66
Legal and financial matters	395	282	744	185
Informatics/Technology	1102	780	993	455
Health and Safety	1400	612	4,002	3,514
Product training	7686	5915	1,726	483
Development of managerial skills	2671	750	-	-
Soft skills	237	1710	-	-
Other	1467	603	-	-
Total	**21,758**	**14,263**	**9,376**	**6,846**

6.4. Employee Benefits

With the ultimate goal being employee satisfaction, the Group, in addition to what is required by legislation, provides an extended benefits package that includes:

- 13th salary for all workers
- Provident Fund
- Medical care for employees and their families
- Life and Permanent Total Disability Insurance
- Discount on Group products
- Cash prizes for colleagues' high school-aged children who excel in school
- Coverage of tuition fees for the acquisition of academic qualifications based on criteria, etc.

INVESTMENTS (IN EUROS)	2023	2022	2021	2020
Life and Permanent Total Disability Insurance Plan*	169,340	162,928	168,600	103,600
Medical Care Plan	218,500 (premiums paid by company 113,200)	206,500 (premiums paid by company 109,585)	322,200 (premiums paid by company 183,700)	283,600 (premiums paid by company 164,230)
Child benefit	34,840	31,355	33,359	23,783
Provident Fund	409,295	370,608	267,510	199,215
Total	**831,975**	**771,391**	**653,169**	**610,198**

*The entire amount is paid by the company and covers employees in the event of death or permanent total disability with 3 years' wages.

Supporting the Institution of Family

Taking into account the challenges faced by young working mothers, and the need for continuous support for the institution of the family, we adopt the following practices:

EXTENSION OF MATERNITY LEAVE TO 24 WEEKS

Young mothers can choose to take leave beyond the 18 weeks provided for by Cypriot law, receiving half of their earnings for the rest of the period.

CHILD BENEFIT

€80 per month for each child, for the purchase of children's products until the child is 2.5 years old.

COVERAGE OF THE COST OF MEDICATION

for staff members who are having fertility problems

HEALTH CARE

with 50% employer contribution for the employee, his/her spouse or partner and dependent family members.

CHILD CAR SEAT FOR EVERY NEWBORN

The Group invested in the purchase of child car seats during the reporting period:

€3,510 2023

€2,376 2022

Flexible Working Hours

The Group offers the option of flexibility in terms of arrival and departure times by up to 2 hours, in order to achieve the best possible work-life balance for employees.

MATERNITY LEAVE

	NUMBER OF WOMEN 2023	NUMBER OF WOMEN 2022
No. of maternity leaves taken	37	35
Returned from leave in 2022	n/a	20
Returned from leave in 2023	29	15
Remained on the organization's staff after 12 months from the date of their return	**28 out of 37 (return by May 2024)**	**27 out of 35**

	NUMBER OF WOMEN 2021	NUMBER OF WOMEN 2020
No. of maternity leaves taken	22	26
Returned from leave in 2020	N/A	9
Returned from leave in 2021	10	17
Remained on the organization's staff after 12 months from the date of their return	**18 out of 22**	**20 out of 26**

Staff Support Fund

The Employee Assistance Fund has been operating for over 2 decades with the aim of providing financial support to employees and their dependents who are facing medical issues. The Staff Support Fund is managed by a 4-member committee, which reviews the needs and requests, and decides the amount of financial support to be given to colleagues in need.

The Fund's income comes from 2 main sources:

- From the members of the Fund, who pay a monthly contribution of €3.42
- By organizing various events that take place on a regular basis, such as bazaars

At the bazaars, cosmetics and other items are sold to raise money for the Fund.

2023

586	€13,145	6
Registered members	Revenue	Assisted colleagues

2022

540	€10,540	12
Registered members	Revenue	Assisted colleagues

6.5. Employee Performance Evaluation and Equal Opportunities

The performance evaluation of the Group's employees is a key tool for the continuous recognition of their work and contribution to the organization. In the context of promoting digital transformation, we have developed a flexible employee evaluation process that aims to enhance their productivity and continuously reward their efforts.

2022 - 2023

100%

Almost of employees received feedback on their performance in 2022 and 2023

The PAPAELLINAS Group promotes equal opportunities at work with an emphasis on addressing the wage gap between men and women doing the same job.

Our commitment to equal pay and equal opportunities is based on the following principles:

ΙΣΟΤΗΤΑ EQUAL PAY

We ensure that all employees, regardless of gender, receive the same pay for the same work and the same level of responsibility.

PROMOTING EQUAL OPPORTUNITIES

The Group promotes equal opportunities at all levels, from recruitment to career development, ensuring that all employees have equal opportunities for development and growth.

During the current reporting period, the PAPAELLINAS Group once again participated in a market salary survey and the results have been evaluated and taken into account for the formulation of our salary policies.

Performance and Goal-setting Management System

This system utilizes the ability to provide feedback to all members of the organization in order to enhance the knowledge and skills of our employees and their continuous development.

The system is based on 2 axes:

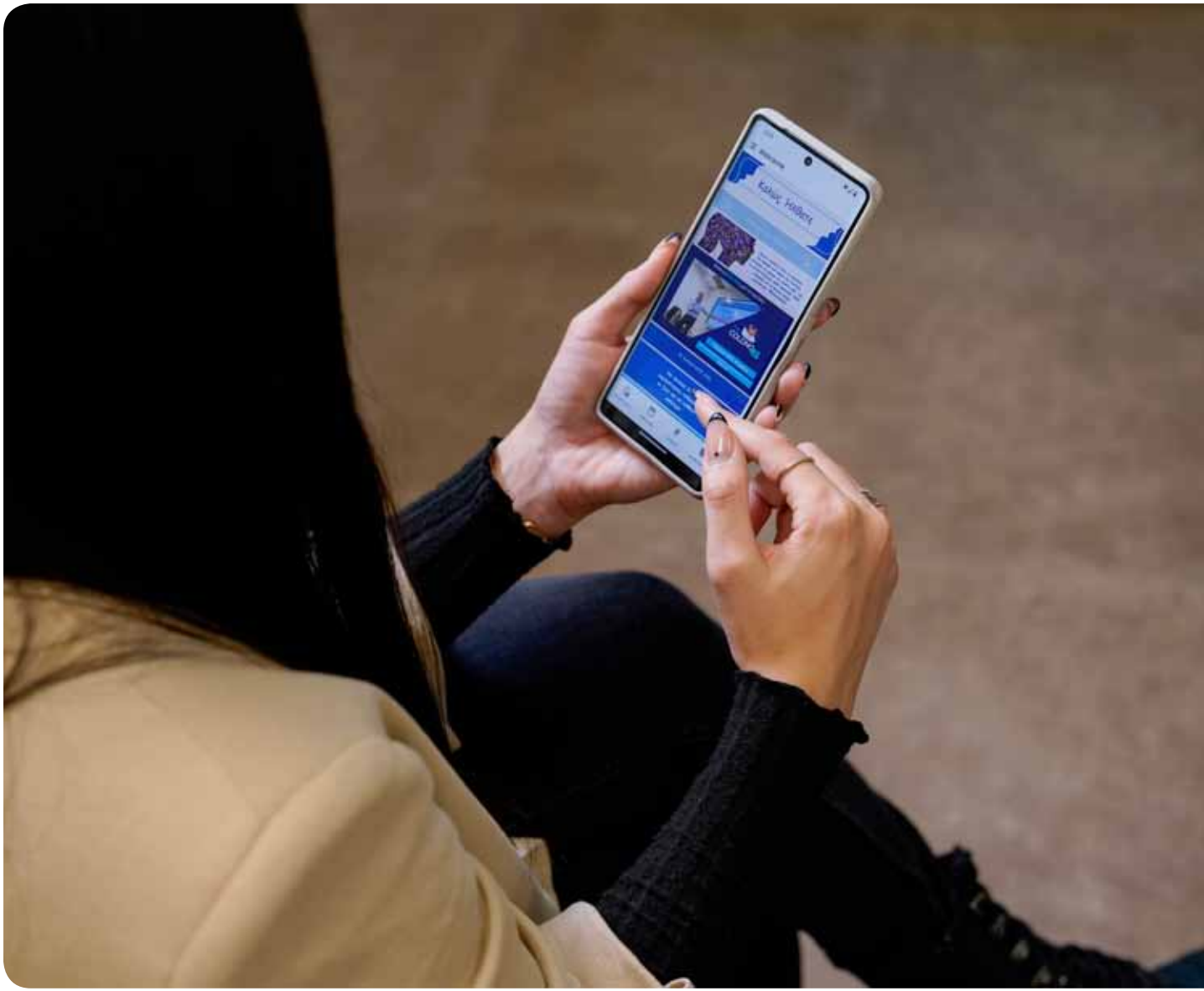
CRITICAL SUCCESS FACTORS

They include the competencies, skills, knowledge and behaviors expected of the employee.

GOALS

They include measurable tasks with specific timelines to be completed by the individual being evaluated over a specified period of time.

6.6. Digital Transformation and Use of New Technologies



ΣIn the Group, we continue to invest in digital technology with the aim of training and enhancing the digital skills of our employees and the use of new digital HR tools that simplify internal policies and processes, boost organizational efficiency and improve the work experience of our people.

In the current reporting period, we introduced the digital work card used to record employees' time of arrival and departure with the aim of:

- More effective control of their arrival and departure as well as the total working hours
- Detection of transmission errors
- Keeping analytical data for department heads
- Enabling employees to access their data

6.7. Attracting New Talent

Attracting new talent, as well as retaining and utilizing existing executives, is the Group's top priority. To this end, we apply fair recruitment procedures, ensuring that the right people are hired and that the recruitment process is not influenced by personal characteristics such as nationality, gender, sexual orientation, religion or other diversity characteristics.

MODEL D= DOMINANCE I=INFLUENCE S=STEADINESS C=COMPLIANCE (DISC)

We invest in training and informing HR Managers and Heads of Departments through workshops and lectures to enable them to efficiently implement the DISC Model and thus select the right people for each position.

NEW CANDIDATE MANAGEMENT AND TALENT SEARCH SYSTEM

Recognizing the need to develop a strategic approach to employee recruitment, the Group is investing in the creation of a unified software platform that supports key human resource management processes, including hiring and employee onboarding.

This platform has multiple benefits:

- Automated candidate communication,
- Scheduling interviews,
- Process monitoring,
- Appointment confirmation and the ability to add a reminder to the calendar through a single platform that is easy and convenient to use via mobile or tablet for both the participant and the operators.
- It has the ability to keep all the data and history of prospective employees and candidates in a single space and store them for a certain period of time in order to protect personal data.
- It enables participants to visit the platform and choose from currently open positions or apply for future jobs with our Group in their field of interest.

EMPLOYEE HIRES BY AGE, GENDER AND GEOGRAPHICAL AREA 2023-2022

	2023					2022			
	Under 25	25 - 34	35 - 44	45 - 54	>54	Under 25	25 - 34	35 - 44	45 - 54
Men	16	14	12	5	0	6	15	5	3
Women	56	46	19	7	2	32	29	15	3
Total	**72**	**60**	**31**	**12**	**2**	**38**	**44**	**20**	**6**
Nicosia	43	37	16	5	1	19	25	10	5
Famagusta	1	1	0	1	0	1	1	0	0
Larnaca	15	8	7	5	0	4	9	3	1
Limassol	11	12	7	1	1	9	5	4	1
Paphos	2	2	1	0	0	5	4	3	0
Total	**72**	**60**	**31**	**12**	**2**	**38**	**44**	**20**	**7**

EMPLOYEE TURNOVER BY AGE, GENDER AND GEOGRAPHICAL AREA 2022-2023

	2023					2022			
	Under 25	25 - 34	35 - 44	45 - 54	>54	Under 25	25 - 34	35 - 44	45 - 54
Men	12	16	15	3	4	5	20	5	2
Women	37	43	19	5	9	24	35	14	8
Total	**49**	**59**	**34**	**8**	**13**	**29**	**55**	**19**	**10**
Nicosia	29	32	15	4	8	16	35	11	5
Famagusta	0	1	0	0	0	0	2	0	0
Larnaca	6	11	7	2	2	4	9	4	3
Limassol	12	10	9	1	1	5	6	2	2
Paphos	2	5	3	1	2	4	3	2	0
Total	**49**	**59**	**34**	**8**	**13**	**29**	**55**	**19**	**10**

REASONS FOR EMPLOYEE DEPARTURE

	2023	2022	2021	2020
Redundancies (not including voluntary departure)	**14**	**7**	**9**	**9**
Voluntary departure	From 2022 onwards, it is included in the «Resignations» category		76	51
Resignations	135	105	1	2
Termination of contract	6	5		
Retirement	8	6	6	0
Total	163	123	92	62

6.8. Health and Safety at Work

The PAPAELLINAS Group recognizes and addresses any potential risk arising from our activities in relation to the production process as well as the transport of products and the provision of services. Our aim is to eliminate the factors that lead to potential illnesses or accidents at work and to create a healthy and safe working environment for everyone involved.

To that end, we take proactive measures such as continuous education and training of our employees on these issues. We implement an integrated Occupational Health and Safety Management System, based on the OHSAS 18001 and ISO 45001 standards, aiming to prevent dangerous incidents. All employees, regardless of their position, are required to follow the Health and Safety Policy in all Group activities.

DURING THE 2022-2023 BIENNIUM, THE GROUP TOOK THE FOLLOWING ACTIONS TO REINFORCE HEALTH AND SAFETY:

COUNTING PROCESS through automation (Satellite system) at one of the Group's premises without the need for human intervention.

UPGRADE OF SECURITY SYSTEMS Headquarters/ NDC/ Pharmaceutical Distribution Center / PharmacyLine.

SUPPLY OF SPECIALIZED WORK EQUIPMENT based on the needs of each site (e.g. forklift truck for handling and transporting products within the PharmacyLine warehouses in narrow aisles with laser warning when reversing).

FURTHER STRENGTHENING OF THE HEALTH AND SAFETY DEPARTMENT with the addition of one more member.

UPGRADING FORKLIFT LOADING AREAS in PharmacyLine's warehouses.

- For security reasons, the Group has 6 security guards for the overall security of the facilities.
- For enhanced security, all the Group's facilities are monitored by a closed-circuit television system.

NUMBER OF INTERNAL INSPECTIONS OF STORES (HOURS)

2022:

48	Beauty Line	36	Holland & Barrett
15	Butterfly Beauty Stores	9	Yves Rocher

2023:

48	Beauty Line	36	Holland & Barrett
15	Butterfly Beauty Stores	9	Yves Rocher

6.8.1 Investing in Health and Safety

In 2022 and 2023, the PAPAELLINAS Group increased its total investments in Health and Safety by implementing upgrades and training its employees.

The table below shows the Group's long-term and increasing investment in Health and Safety issues.

INVESTMENTS IN HEALTH AND SAFETY (EURO).

SECURITY UPGRADE PROJECTS

2023	2022	2021	2020
56,195	22,365	8,225	46,781

STAFF TRAINING ON OCCUPATIONAL HEALTH AND SAFETY ISSUES

2023	2022	2021	2020
17,017	5,699	4,478	3,955

SITE CLEANING PROJECTS

2023	2022	2021	2020
290,969	284,754	238,070	180,035

FIRE SAFETY (MAINTENANCE/UPGRADE OF FIRE PROTECTION EQUIPMENT)

2023	2022	2021	2020
3,541	3,117	14,370	12,124

SECURITY SYSTEMS (CCTV/ALARMS)

2023	2022	2021	2020
4,405	13,018	-	-

TOTAL

2023	2022	2021	2020
372,127	328,952	265,143	242,896

6.8.2. Health and Safety Committee

The establishment of the Group's Health and Safety Committee aims to improve our performance on these issues. In this context, in addition to the Group's representatives, employees from each of the PAPAELLINAS Group's areas of activity participate in the Committee. The Committee meets quarterly or whenever deemed necessary and aims to secure the active commitment and engagement of all employees with occupational health and safety issues.

THE COMMITTEE'S MAIN RESPONSIBILITIES ARE:

- to investigate the causes of accidents or serious incidents
- to propose measures to eliminate occupational hazards
- to record workers' observations on health and safety issues
- to encourage everyone to work together to minimize occupational risks
- to ensure that employees are informed and trained on health and safety issues.
- to cooperate with Medical Services, First Aid Services and the Health and Safety Inspector.

6.8.3. Culture of Prevention and Participation in Health and Safety Issues

The PAPAELLINAS Group takes initiatives and actions that aim to promote a corresponding health and safety culture among employees, partners and suppliers.

More specifically:

- Employee participation/consultation in Health and Safety Committees
- Placement of targeted messages at strategic points within the Group's premises (e.g. mirrors and signs in prominent places in the workplace with words and phrases that promote health and safety)
- 24-hour guarding of the premises to enhance the sense of security in the Group
- Through frequent health and safety training, staff are sensitized to identify potential risks and actively participate in the awareness and reduction of accidents. Open communication channels with the Group's Health and Safety Officers

MAIN RESPONSIBILITIES OF HEALTH AND SAFETY REPRESENTATIVES:

- Provide advice on matters relating to Occupational Health and Safety and bring to the Safety Committee any problem relating to Health and Safety conditions in the workplace
- Participate in the meetings of the Safety Committee, as well as in the meetings of the Pancyprian Safety Coordinating Committee, when requested.
- Recommend to the chairman of the Safety Committee that measures be taken to prevent accidents, hazardous incidents and occupational diseases
- Accompany the Inspector when conducting an inspection of the facility or premises in which they are employed.
- Carry out an inspection of the establishment, premises or undertaking at least once every three months to identify potential hazards in the workplace.

6.8.4. Training on Health and Safety issues

The Group recognizes the importance of professional training in relation to the Health and Safety of employees. In this context, training is conducted annually and, based on the skills of the staff, the employee who will assume the role of first aider (the person who has been made responsible for providing first aid to anyone who is either injured or taken ill until the ambulance arrives) is selected. At the same time, Health and Safety issues are now included in the onboarding program for new hires at the organization.

EMPLOYEE HEALTH AND SAFETY TRAINING (HOURS OF TRAINING)

	2023	2022
First Aid seminars and training on how to transport an injured or unconscious person, offered by a qualified external partner	210	185
Evacuation drills	75	75
Driver training and cultivation of road awareness	538	162
Occupational Health and Safety training for new hires	130	105
Safe use of forklift and pallet trucks	104	85
Training of Health and Safety representatives	343	0

THE PAPAELLINAS GROUP'S EMPLOYMENT CONTRACTS COVER THE FOLLOWING HEALTH AND SAFETY ISSUES:

PROTECTIVE EQUIPMENT

with the employment of personnel for specific Group activities (e.g. for the PharmacyLine warehouses and for the New Distribution Center in Nissos, Kleenex factory).

ESTABLISHMENT OF 2 SAFETY COMMITTEES

with the participation of Group management and employee representatives: the first at the Headquarters and PharmacyLine, and the second at the New Distribution Center in Nissos and the Kleenex factory).

TRAINING AND EDUCATION PROCESS FROM THE FIRST MOMENT OF HIRING

The Human Resources Department informs the Health and Safety Officer in writing of each new hire so training can be organized for them.

PARTICIPATION OF THE HEALTH AND SAFETY OFFICER IN INSPECTIONS, IN ACCIDENT AUDITS AND INVESTIGATIONS

(investigations include employees who were present at the incident). The investigation itself is carried out by the Health and Safety Officer.

COMPLAINTS MECHANISM

Introductory training on Health and Safety issues upon hiring of employees where everyone is informed about the Health and Safety complaints procedure.

6.8.5. Health and Safety of Subcontractors and Partners

The PAPAELLINAS Group follows strict Health and Safety rules, which subcontractors and partners are obliged to observe. Before implementing a project, external partners are asked to complete a work methodology form and send risk assessments. During the collaboration, inspections are carried out at their workplaces and each year they are assessed against strict safety criteria (e.g. Personal Protective Equipment and compliance with the ISO 22000, ISO 9001 and OHSAS 18001 international standards).

DURING 2022 AND 2023

2 at least 2 annual internal inspections were carried out at the Group's branches and several routine or ad hoc visits were made to verify the implementation of pending issues.

6.8.6. Health and Safety Performance Indicators

At the PAPAELLINAS Group, we systematically monitor our performance on Health and Safety issues and the effectiveness of our actions through specific indicators.

INJURY RATE (IR)*

2023	2022	2021
IR = 16 x 795,000.00 / Annual number of man-hours of work = **12.15**	IR = 9 x 795,000.00 / Annual number of man-hours of work = **7.07**	IR = 26 x 795,000.00 / Annual number of man-hours of work = **7.37**

*Annual number of injuries or accidents due to or during work) x 795,000.00 / Annual number of man-hours of work.

LOST DAY RATE (LDR) *

2023	2022	2021
LDR = 98.25 x 795,000.00 / Annual number of man-hours of work = **74.62**	LDR = 128 x 795,000.00 / Annual number of man-hours of work = **100.51**	LDR= 310 x 795,000.00 / Annual number of man-hours of work = **87.97 (2021)**

*(Number of days of absence from work due to employee accidents) x 795,000.00 / annual number of man-hours of work.

ABSENTEE RATE (AR)*

2023	2022	2021
AR = 3382,5 x 795.000,00 Annual number of man-hours of work = **2,568.96**	AR = 4470 x 795.000,00 Annual number of man-hours of work= **3,509.98**	AR = 5695.50 x 795.000,00 Annual number of man-hours of work = **1,616.29**

*(Number of days of absence from work due to any employee's inability) x 795,000.00 / annual number of man-hours of work

NUMBER OF DAYS ABSENT DUE TO ILLNESS AND ACCIDENT

2023		2022		2021		2020
Days	Hours	Days	Hours	Days	Hours	Μέρες
3,382.5	25,013	4,470	32,155.5	6,492.50	46,688.50	5.366

6.9. Actions to Strengthen Corporate Culture

EMPLOYEE SURVEYS
RESEARCH IN THE CONTEXT OF GREAT PLACE TO WORK AND INVESTORS IN PEOPLE

A survey was conducted to support the mental health of employees, specifically to consider the possibility of providing psychological support by a team of psychologists. As a result of the survey, the Group introduced the «Support Hotline»

BLUE JAM DIGITAL GATEWAY

Blue Jam is a self-service digital gateway which includes all necessary information such as payroll, insurance, welfare fund and family allowances, as well as all benefits and discounts on Group products, , aiming to facilitate the daily life and communication of employees. Additionally, it includes information and news about the Group, events, available jobs and even the menu of the day at the restaurant operated by the Group. Through the Blue Jam platform, competitions are staged while there is the possibility of direct communication through the creation of chat rooms.

SUPPORT HOTLINE

The Group proceeded with the development and operation of the Support Hotline with the aim of supporting the mental health of employees. The Hotline offers psychological support services in any area of employees' lives, both inside and outside the workplace, by professional psychologists. The cost is fully covered by the Group while the information pertaining to employees remains confidential for ethical reasons and respect for the confidentiality of personal data. Additionally, material from psychologists is posted monthly on the Blue Jam platform with practical tips on how employees can deal with specific phobias or various other issues that need psychological management.

SCHOOL FOR PARENTS

The Group established the School for Parents in 2017 to offer working parents guidance by expert psychologists and has hosted lectures on various topics. In the period 2022-2023, 2 important lectures were held:

1. Parents, let's talk about sex education for our children
2. How to help my child develop self-confidence

LECTURE ON HEALTH AND LONGEVITY

In December 2022, we welcomed Dr. Loizos Loizou to the company's Headquarters for a lecture on the journey to longevity, focusing on lifestyle and primary prevention, such as establishing healthy habits, proper diet and exercise, no smoking and stress reduction.

ELECTRONIC EDITION OF "OUR NEWS"

The monthly electronic publication of «Our News» brings together all the news concerning the Group, such as new products, partnerships, actions, interviews with new and existing colleagues, awards, etc. During the period 2022-2023, the publication introduced a new column entitled «Take care of yourself, prioritize your well-being,» with a focus on employee wellness and personal care.

HEALTH AND SPORTS FOR EMPLOYEES

During the current reporting period, the Group established a running team composed exclusively of our employees. Under the guidance of the occupational physiologist and endurance runner coach George Loukaidis, participants set personal self-improvement goals and have the opportunity to take part in a variety of local sports activities.

WORLD MENOPAUSE DAY

For World Menopause Day, on October 18, we organized (2022 & 2023) a Group-wide campaign as part of Femarelle's wider information campaign on menopause, to give women of all ages the opportunity to be informed about the early treatment of menopause symptoms. Dozens of women employees of the Group joined forces and were photographed wearing the fuchsia Femarelle T-shirts, sending a resounding message that «Menopause is a natural phenomenon that affects every woman! It's not a disease! It is a normal biological process that results from the evolution of reproductive life.»

THE COLONO45

As part of our concern for the health of the Group's employees and in recognition of the high rates of colon cancer, during the current period, we implemented «The Colono45» program. The plan involves the Group's full coverage of the costs of a colonoscopy for all Group employees over 45 years of age. At the same time, in order to raise awareness and inform employees, lectures were held by the gastroenterologist in charge of the program, Dr. Dimitris Demetriou, and leaflets were sent out on the value of colonoscopy for the detection of colorectal cancer. **€20,000 cost for colonoscopies in 2023.**

HEREDITARY CANCER RISK ASSESSMENT PROGRAM

The Group has developed and largely funds a special population screening program among the Group's employees to identify women at increased risk of developing breast cancer as a result of a hereditary predisposition and subsequently to examine their genetic profile. Through the PAPAELLINAS program, more than 300 people had the opportunity to have their family history evaluated by the medical team, and so far, 16 people have undergone genetic testing, receiving personalized guidance on the steps to follow depending on the results of the genetic test.

COFFEE WITH LOVE: TOGETHER WITH PASYKAF

The Group hosted the "Coffee with Love" event staged by the Cyprus Association of Cancer Patients and Friends (PASYKAF) at the Group's offices in February 2022 and April 2023 on breast cancer awareness and prevention and the topic of "Loss and Bereavement." Dozens of our colleagues supported the event with their presence. The «Coffee with Love» event supports the operation of the Association's services and programs.

INFORMATIVE LECTURE ON DRUGS

An informative lecture was presented on the dangers of drugs and ways of dealing with them with speakers specializing in the field of substance abuse and addiction, the Clinical Director and Psychologist of Agia Skepi, Tina Pavlou and a graduate of the program, Cypros Christodoulou. Valuable information was presented during the lecture about the characteristics that distinguish users to be able to identify them, the stages to addiction, and the Agia Skepi program.

In addition, the HR Department held over 15 activities during the year to strengthen teamwork and cooperation among employees. Some of these include the annual staff party, yoga classes, parenting lectures, Christmas and summer gatherings, ice cream day, healthy breakfast day, etc. These selected activities help to enhance a sense of teamwork and foster a positive atmosphere in our organization.

6.10. Goals

Στον πίνακα εμφανίζονται οι στόχοι που τέθηκαν για τη διετία 2022-2023, η πρόοδος που επιτεύχθηκε από τον Όμιλο και οι στόχοι για το μέλλον

SDG	FOCUS AREA	OBJECTIVES	PROGRESS	EXPLANATION	GOALS FOR 2024-2025
	Certifications	Recertification under the international Great Place to Work standard.	✅	Recertification under the international Great Place to Work standard for the period 2022-2023. Recognition as one of the 3 best companies in Cyprus	Recertification to the international standard Great Place to Work
	Digital Transformation	Full integration of digital technologies in HR functions.	✅	Ongoing goal	Full integration of digital technologies in HR functions related to: 1) Electronic filing of employee records 2) Simplification and digitization of the new hire onboarding process
	Training	Continuously strengthening the knowledge and skills of our employees and developing talent.	✅	Provide systematic and high-quality training to develop competences and skills. 683 participations in trainings	Improved performance at both individual and management level, covering soft skills, management skills, security, privacy and cybersecurity.
	Employee Commitment	Enhancing engagement with our employees through closer communication and in-person events	✅	Ongoing goal	Strengthening the commitment of our employees through closer communication and strengthening our corporate culture.
		Strengthening corporate culture through various actions in response to the impact of the pandemic.	✅	Multiple actions, such as the Support Hotline and events such as yoga classes, lectures for parents, Christmas and summer gatherings to strengthen the corporate culture	
	Health and Safety	New Goals			• Emphasis on staff health and wellness through activities and initiatives such as the creation of a gym in the new office building • Bioclimatic design and microclimate - Emphasis on the importance of creating a healthy and ergonomic indoor environment in the workplace and evaluation of productivity, through informative activities, articles, electronic updates • Creation of a Retail Academy for the recruitment and development of individuals to staff the Group's stores with wellness and beauty consultants

✅ : Goal Achieved ✅ : Partially Achieved ❌ : Not Achieved

SDG	FOCUS AREA	OBJECTIVES	PROGRESS	EXPLANATION	GOALS FOR 2024-2025
	Health and Safety	Maintaining and upgrading a safe and healthy environment.	✓	**Ongoing goal**	Ensured through continuous staff training and investment in safety and the development of a positive culture
		Implementation of an interactive online Health and Safety training program for new hires at the Group.	✗	Revised goal setting	Creation and implementation of an interactive online Health and Safety training program for new hires at the Group
		Purchase of safety ladders.	✓	All work ladders were replaced with new higher-standard ones	There is continuous information from staff on new needs for the procurement and provision of safety scaffolding in work areas.
		Continuous information and training of employees on issues related to Occupational Health and Safety so that they actively participate in the overall prevention and protection effort within the workplace.	✓	**Ongoing goal**	
		Upgrading the charging area of the PharmacyLine forklifts.	✓		
		Evaluation and monitoring of occupational hazards through appropriate risk assessment and decision-making on prevention measures.	✓	Achieved and under continuous monitoring	**Renewed a written risk assessment for shops to include the new legislation on standing**
		Upgrading security systems at Headquarters.	✓		**Extension of security systems to parking areas**
		Continuous training and employee evaluation in use of machinery, tools and equipment.	✓	Achieved and is under continuous monitoring. As regards evaluation, they are monitored by their supervisors	**Continuous training of supervisors**
		New Goals			• Group certification to ISO 45001 • Reduction of the work accident frequency rate

✓ : Goal Achieved ✓ : Partially Achieved ✗ : Not Achieved

SUPPORTING SOCIETY

Our approach

Donations and Charitable Activities

Our Economic Contribution – The Social Product

Corporate Social Responsibility

Goals

Chapter 7

SUPPORTING SOCIETY

At the PAPAELLINAS Group, we work systematically to ensure that our business objectives are aligned with the needs of society.

HIGHLIGHTS

€311,116.389
Social product 2022-2023

€371,020.44
Charitable actions

387
Worked with 387 local suppliers in 2023

7.1. Our approach

At the PAPAELLINAS Group, we have adopted and adhere to a sustainable business model that supports the local community and bolsters the local economy through long-term partnerships and programs with non-governmental organizations, non-profit institutions and bodies in the broader civil society.

Focus Areas:

- Supporting the local community with actions and donations
- Supporting the local economy
- Development of programs for health, well-being and advancement of education, culture and sports

7.2. Donations and Charitable Activities

At the PAPAELLINAS Group, we continued to invest steadily in partnerships during the 2022-2023 period, while encouraging the voluntary contribution of our employees. The tables and charts below summarize the areas in which we make donations, and the corresponding amounts by category:

INVESTMENTS (IN EUROS)

	2023	2022	2021	2020
Church	2,540	4,950	2,577.90	10,846.05
Contributions to help people for financial and medical reasons	5,910	8,694.44	8,451.00	10,922.01
Support to Vulnerable Social Groups	29,777	6,081	2,168.50	1,018.50
Local Community	144,200	5,200	37,300.00	9,400.00
Health	9,708	27,452	7,869.00	22,604.00
In-Kind Donations	18,324	21,034	25,112.61	24,640.23
Sports	48,650	38,500	16,500.00	19,700.00
Total	**259,109**	**111,911.44**	**99,979.01**	**99,130.79**

7.3. Our Economic Contribution – The Social Product

The Group's main objective remains its contribution to economic and social development. To that end, we create and support job placements, cooperate with suppliers and make community investments to create value for all stakeholders. The distribution of this economic value is shown in the following table:

DISTRIBUTION OF SOCIAL PRODUCT (IN EUROS)

	2023	2023 (%)	2022	2022 (%)	2021	2021 (%)	2020	2020 (%)
Payroll (gross wages of employees)	14,278,573	8.5%	13,573,272	9.5%	12,568,201	10.38%	11,094,891	9.81%
Payments for employee insurance (employer's contributions and private insurance)	449,666	0.3%	432,779	0.3%	315,039	0.26%	301,438	0.27%
Payments to capital providers (interest and loan installments)*	10,086,519	6.0%	9,955,431	6.9%	2,205,177	1.82%	504,553	0.45%
Taxes paid	874,465	0.5%	730,587	0.5%	745,861	0.62%	476,835	0.42%
Total investments	6,578,606	3.9%	3,943,629	2.7%	2,111,125	1.74%	1,510,230	1.33%
Payments to domestic suppliers (incl. VAT)	38,552,322	23%	30,653,529	21.4%	30,770,117	25.41%	26,999,811	23.86%
Payments to foreign suppliers	96,726,392	57.7%	84,280,619	58.7%	72,384,257	59.77%	72,267,530	63.87%
Total	**167,546,543**	**100%**	**143,569,846**	**100%**	**121,099,777**	**100%**	**113,155,288**	**100%**

*For the reporting period 2022-2023, BOCA LOANS and Finances are included in the amount related to payments to capital providers

7.4. Corporate Social Responsibility

As a Group, we seek to leave a positive impression on all stakeholders through our contribution to society, the way we operate and our responsible attitude towards environmental challenges.

The Group's policies, actions, sponsorships and events are focused on the following pillars:

- Society
- Sports
- People
- Education and Culture
- Environment (information in the Environment section).

Actions for Society

True to our vision of social contribution to the local community, we have established long-standing partnerships with organizations, institutions and NGOs in Cyprus. For example, in the period 2022-2023, we supported these organizations, institutions and NGOs:

- One Dream One Wish
- Europa Donna Cyprus
- Christos Stelios Ioannou Foundation
- Pancyprian Association of Friends of Kidney Patients (PSFN)
- PASYKAF
- Cyprus Association for People with Autism

DESIGN OF THE BEAUTY LINE ART FOUNDATION (BAF)

In March 2023, the design of the BAF Art Foundation was launched with the mission to support young Cypriot artists, with the main focus on supporting and promoting contemporary visual art by Cypriot artists and their contribution to the wider culture of Cyprus.

The Beauty Line Art Foundation aims to purchase the works of the artists it exhibits in order to create a comprehensive collection. The BAF will offer support and development programs for young Cypriot artists and will be housed in a multi-purpose space on Makarios Avenue, Nicosia, which was fully funded by Beauty Line:

- Mentoring programs
- Educational workshops
- Exhibits
- Artistic events
- Competitions-Open Calls
- Conditions for the emergence of ideas and the promotion of discussions leading to a better society

PARTICIPATION IN THE "RUN FOR AUTISM" CHARITY RACE

Our Group's runners, wearing the red Lanes jerseys, took part in the «Run for Autism» charity race's 5 km corporate run, in Agia Napa, along with hundreds of runners from all over Cyprus in 2022 and 2023. The action supports the important work of Autism Support Famagusta and the «Smile Project» based in Sotira.

NATIONAL ROAD SAFETY CAMPAIGN 2022-2023

The Group continues to be a long-standing sponsor of the Road Safety Campaign, which focuses on cultivating a safe driving culture and public awareness to reduce road accidents.

VOLUNTARY BLOOD DONATION 2022-2023

Through the voluntary blood donation program, we regularly organize blood donation days at our headquarters, collecting dozens of units of blood each year to meet the needs of Cypriot society.

UNITS OF BLOOD COLLECTED

43 2022

30 2023

HUMANITARIAN AID

Humanitarian aid with essentials collected both by the company itself and by its employees was sent to the earthquake victims in Syria and Turkey in February 2023.

Actions for Sport

As a Group, we continue to support sport in an ongoing and practical manner, highlighting its values and benefits, such as the importance of teamwork and respect, by supporting the work of national and local institutions, as well as clubs and teams.

OLYMPIADA NEAPOLIS	In 2022-2023, we continued the financial support of Olympiada Neapolis, a refugee association with significant sports and social action since 1951. It participates in table tennis and cycling championships, as well as in the national volleyball championships with eight teams, and operates an academy for children. In 2023, Olympiada Neapolis won the cup for the first time in its history and made the treble.
ETHNIKOS LATSION	We support and contribute financially to Ethnikos Latsion, which was founded in 1956 and has volleyball and futsal teams with 300 athletes of all ages. Through the support of Ethnikos Latsion, we also assist the local community of Latsia, where the Group's Headquarters are located.
PAEEK	We financially support the sports club as well as the football and basketball teams of PAEEK in Kerynia, a team with the vision to keep the memory of Kerynia alive.
NICHOLAS VASSILIOU	We continue to support Nikola Vassiliou, the top shooting sport athlete, to help him achieve even greater distinctions, both in Cyprus and abroad. • In 2022, he placed 8th at the World Cup in Korea. He was part of the national team that participated in the European and World Championships. At the end of the season, he became the Cyprus champion. • In 2023, he won the bronze medal at that year's Games of the Small States of Europe and secured 5th place at the World Cup in Doha. At the Pancyprian Championship, he took second and third place.
KONSTANTINA EFSTATHIOU	In 2022, the Group provided financial support for the 14-year-old karate athlete, Konstantina Efstathiou, who has earned outstanding competitive distinctions in individual and team competitions, marking 2 victories in the 2021 Games of the Small States of Europe 2021. She has also earned six distinctions in the Pancyprian Karate Championship, where she won 1st place three times. In 2022, Konstantina represented Cyprus at the European Games in the Czech Republic, at the Games of the Small States of Europe in Liechtenstein and at the World Games in Venice.

"ADOPT AN ATHLETE" PROGRAM

During the Special Olympic World Games held in Berlin in 2023, our Group supported the «Adopt an Athlete» program of the Cyprus Special Olympics Federation. Through the program, we «adopted» three athletes, encouraging them to excel in their respective sport disciplines. The athletes – Kyriakos Ioannou, Georgia Avgousti and Eleftheria Kleanthous – were awarded at the Group's annual staff ball.

"RUN AS ONE" INITIATIVE

Holland & Barrett is a long-standing sponsor of the «Run as One» race, which aims to raise public awareness and promote a healthy lifestyle for children. During the event, runners are given the opportunity to talk to wellness advisors, receive personalized advice and sample the quality products that Holland & Barrett offers for athletes. Dozens of Group members also participate in the race with their children.

CYPRUS CORPORATE FUTSAL TOURNAMENT

The Group participated in the Cyprus Corporate Futsal Tournament held in October 2022 and 2023. Part of the tournament proceeds were donated to charities.

RUN FOR GOOD: GROUP RUNNING TEAMS

GROUP'S PARTICIPATION IN THE "RUNNING UNDER THE MOON" HALF MARATHON 2022-2023

Dozens of employees and their families were present at the 2022 and 2023 «Running Under the Moon» half marathon road races, with the 2023 entry managing to win 2nd place.

3

brands represented the Group: the energy drink Lucozade, the specialist wellness stores Holland & Barrett, Lanes vitamins

60+

corporate entries

90+

entries (including friends and relatives)

THE "RUNNING UNDER THE MOON" HALF MARATHON INSTITUTION

The «Running Under the Moon» race is charitable in nature, since through the proceeds and parallel events, it supports the «Sophia for Children» Foundation which works to fight poverty and its adverse effects by focusing mainly on the most vulnerable of all social groups: children.

Actions for Health

At the PAPAELLINAS Group, we aim to promote health, wellness and a healthy lifestyle by providing financial support and encouraging the voluntary contribution of our employees in these areas.

During the current reporting period (2022-2023), we continued to support the important work of organizations, associations and institutions for specific patient groups along with undertaking various actions to raise awareness and promote health among the general public. These included:

- The Pancyprian Association of Friends of Kidney Patients, whose mission it is to offer financial assistance and support to kidney patients and their families and to inform the public about prevention and early diagnosis, while strengthening the Nephrology departments and dialysis units in all cities.

- The Cyprus Association for Children with Cancer and Related Diseases «One Dream One Wish», through the support of the «Motorcyclists' Love Ride» initiative which aims to support the association and raise awareness about childhood cancer. The participation of our colleagues every year exceeds all expectations, while the Group also supports the initiative financially.

Public awareness campaigns on health issues

FAMILIAL HYPERCHOLESTEROLEMIA AWARENESS

As part of Familial Hypercholesterolemia Awareness Day on 24 September 2022, the Group organized a workshop under the auspices of the Cyprus Society of Cardiology and the Cyprus Atherosclerosis Society to inform both the public and physicians about the latest developments in the field, with the ultimate goal of contributing to early diagnosis and access to appropriate treatment.

WORLD PSORIASIS AND PSORIATIC ARTHRITIS DAY

On the occasion of the World Psoriasis and Psoriatic Arthritis Day, we organized a campaign under the auspices of the Cyprus Medical Association, the Cyprus Society of Dermatology and Venereology, the Cyprus Society for Rheumatology and the Cyprus League of People with Rheumatism. The campaign included a press conference and interviews with members of scientific societies and patient representatives on media shows.

INFORMATION AND PREVENTION OF CANCER

As part of the strategic collaboration with PASYKAF, the Group supported the staging of a lecture on Tuesday, November 16, 2022, on information and prevention of cancer by Dr. Kyriakos Stylianidis, who stressed the importance of prevention and early diagnosis of various forms of cancer and answered all the attendees' questions. In addition, in 2022 and 2023 the Group hosted at its offices the annual PASYKAF «Coffee with Love» event, which supports the operation of the association's services and programs.

INFORMATIONAL SESSION ON CHRONIC VENOUS INSUFFICIENCY

In cooperation with the Cyprus Society of General Medicine, we staged an informational session on chronic venous insufficiency on May 27, 2023, at the Mall of Cyprus. Servier's medical advisors and scientific partners were available to the public for an open discussion on the topic of chronic venous insufficiency.

ALZHEIMER'S DISEASE AND DEMENTIA: PREVENTION, TREATMENT AND BRAIN PROTECTION

The Group, in collaboration with the Tender & Tender Easywear brands, supported on October 25, 2023, the staging of a seminar on «Alzheimer's Disease and Dementia: Prevention, treatment and brain protection». The event emphasized the need to inform and educate everyone about the issue in order to prevent, treat and reduce the impact of the disease.

"ALL ABOUT BREAST CANCER AND ITS TREATMENT"

An event was held to present a book on breast cancer by Nikoletta Pantelidi Tsagari titled "All about breast cancer and its treatment", with the support of Bio-Oil.

"BOSOM GIRLFRIENDS" PROGRAM FROM BEAUTY LINE AND EUROPA DONNA CYPRUS STORES

The Beauty Line and Europa Donna Cyprus stores aim to help every woman going through breast cancer live and feel better. As in previous years, in 2022-2023, the Beauty Line stores actively supported the work of Europa Donna Cyprus and the «Bosom Friends» program with various actions.
The «Bosom Friends» program provides financial support for the purchase of special bras, wigs and silicone prosthetics for women who have been diagnosed with breast cancer, also aiming also to inform, raise awareness, support and assist in their rehabilitation.

2022

€14,071

Financial support valued to Europa Donna's work through the promotion and sale of the Beauty Line Advent Calendar. All net proceeds from the sales were donated to the Association.

2023

€5,754

Contributed to the «Race for the Cure» not only through direct donations, but also by selling scrunchies designed specifically for this purpose inside the stores.

2022-2023

€21,571

For 2022 and 2023, Beauty Line helped raise a total of €21,571 to support social causes through the sale of seasonal products, such as canvag bags, good-luck charms and the Advent Calendar.

"RACE FOR THE CURE"

Our Group is a long-standing supporter of the work of Europa Donna Cyprus. On the occasion of the Breast Cancer Awareness Month (October), we participated with our road racing teams in the «Race for the Cure», organized by Europa Donna Cyprus. The 2022 race was financially supported by Holland & Barrett, and the 2023 race by Beauty Line.

"MOVEMBER CYPRUS" AT BEAUTY LINE AND HOLLAND & BARRETT STORES

Beauty Line and Holland & Barrett once again supported the charity work of «Movember Cyprus», which aims to increase public awareness, raise money and support organizations that help fight male cancer, such as the Movember Foundation. As part of the «Grow a Mo for a Bro» campaign, in a specially designed pop-up barber shop and in collaboration with professional barbers, customers and passers-by from the events «leave» their moustache in support of the wider effort.

Actions for Education and Culture

As part of our ongoing support for education, we promote programs that encourage knowledge, education and fair play, fostering the empowerment of young people and children.

AWARD OF ANNUAL CASH PRIZES TO EMPLOYEES' CHILDREN WHO EXCEL ACADEMICALLY

FOR THEIR HIGH ACADEMIC PERFORMANCE, AWARDS WERE MADE:

6 children in 2022

11 children in 2023

COOPERATION WITH THE UNIVERSITY OF CYPRUS MBA PROGRAM

Since 2008, the Group has continued to actively support the University of Cyprus MBA Program, aiming to contribute to the creation and development of business leaders. More specifically, this constantly evolving partnership provides practical learning and training opportunities to the final-year students of the MBA Program through various actions, such as:

- The preparation of business studies on practical problems in cooperation with Group executives,
- The hosting of Group executives at the University of Cyprus to inform students on issues related to the Group's activities,
- Internship opportunities for students,
- Co-organizing events with the participation of experts in public discussions on current issues of interest.

SUPPORTING CULTURE: 1ST INTERNATIONAL POETRY FESTIVAL OF THE MUNICIPALITY OF LARNACA

In order to promote Cypriot culture and civilization, we supported the 1st Larnaca Municipality International Poetry Festival, which took place from April 29 to May 1, 2022. The three-day intellectual and cultural event was attended by Cypriot and Greek poets, as well as poets from abroad, with recitation of poems and performance of poetic works set to music.

SUPPORT FOR THE CHILDREN OF THE SCHOOL FOR THE DEAF

The Group supports the children of the School for the Deaf by providing cash prizes to outstanding students and by hosting the school's choir at the Group's Headquarters. In collaboration with Beauty Line, we also organize Beauty Day for the students of the School for the Deaf. Beauty consultants, with the help of the school's teachers, share make-up application and skincare techniques in sign language, helping students to discover their unique style through skincare.

SUMMER EMPLOYMENT PROGRAM

The Summer Employment Program provides participants an opportunity to learn through real work experience and technical and business mentoring. With this program, which hosted 9 students in 2022-2023, we contribute to the personal and skills development of the participants, as well as providing them with the tools for their future professional growth. Students in disciplines related to the Group's areas of activity, such as Marketing, Logistics, Finance, Business Analytics & Innovation, Sustainability, Digital Transformation, etc., are eligible to take part in the Summer Employment Program.

7.5. Goals

The table shows the goals set for the 2022-2023 biennium, the progress achieved by the Group, and the goals for the future.

SDG	FOCUS AREA	GOALS SET FOR 2022-2023	PROGRESS	EXPLANATION	GOAL FOR 2024-2025
	Infrastructure	Completion of funding for the architectural design of the bridge in the Municipality of Latsia, on Giannou Kranidioti Avenue for the safe passage of pedestrians and funding of a bridge in the Municipality of Latsia for the safe passage of pedestrians from the parking area to the theater of the Municipality of Latsia.	✓	There was a change in the purpose and method of funding. Completed the articles of association, created a Board of Directors with regular meetings. Approval of the articles of association is expected in May 2024.	Ολοκλήρωση το 2024
		We are considering the use of this water for irrigation of the green area at our facilities, as well as for the operation of adiabatic cooling systems within the warehouse.	✗	It was decided that this goal is no longer in line with the Group's strategy	
	Information and Education	Educating the public on issues of -drugs and road safety -healthy diet -overall health	✓	Education on drug-related issues for employees and their families Articles were published on the Group's website and in newsletters on healthy diet Global campaigns were held on hypercholesterolemia, psoriasis, venous insufficiency, and longevity	Ανοιχτή πρόσκληση για διαφωτίσεις παρομοίου τύπου για εργαζομένους και το εύρη κοινό
	Inclusion in the workplace	Study to create a program to integrate people on the autism spectrum into the organization.	✓	We are continuing the study to create a program to integrate people on the autism spectrum into the organization. We support the Association for People with Autism and are creating facilities that can support people with autism. Recruitment of 2 people in 2023	
	Social	Creation of a foundation to manage the money Beauty Line will receive from the sale of bags, and full allocation of the money to support community projects focusing on women.	✗	Revise goal	
		New Goal			Approval and operation of the Beauty Line Art Foundation, a

✓ : Goal Achieved ✓ : Partially Achieved ✗ : Not Achieved

ANNEX

STAKEHOLDERS

STAKEHOLDERS	MAIN TOPICS/EXPECTATIONS	RESPONSE TO EXPECTATIONS	METHOD OF COMMUNICATION
Shareholders **Regular Communication**	• Economic/Financial Performance of the Group • Good Corporate Governance • Transparency in operations and stakeholder relations • Results of governance mechanisms • Proper risk management	• Detailed recording of the Group's footprint and its disclosure through the Sustainability Report • Adoption of new practices, improved risk and resource management, and improved crisis response	• Board of Directors • Group website • Sustainability Report • Meetings to define material topics • Meetings with the heads of the Companies • Correspondence and working meetings
Employees (and their families) **Ongoing communication**	• Healthy and pleasant working environment • Fair pay/recognition • Education and personal development • High level of cooperation • Health and Safety issues • Respect, equality and meritocracy • Respect for personal and family life • Participation in voluntary actions	• Implementation of training programs and development of employees' knowledge within the framework of the Group's human-centered approach • Adoption of Health and Safety policies • Strengthening employee commitment -Better dissemination of information • Fair evaluation of performance	• Sustainability Report • Company staff meetings, and regular and ad hoc working group meetings • «Metaxy Mas» (Between Us) magazine • Monthly Newsletter of the Group • Beauty Line monthly newsletter • Email from the Human Resources Department • Blue Jam and bulletin boards (daily) • Employee survey (every 2 years) • Departmental meetings (weekly) • Employee events • Annual performance feedback • Communication to determine the Group's material topics (every 2 years or more often, if deemed necessary)
Wholesale customers **Ongoing communication**	• Complaint response/resolution • Update on products and services	• Compliance with the terms of the agreement and deadlines • Implementation of procurement manuals • Immediate response to possible requests • Improving relationships, quality and cooperation	• Sustainability Report • Continuous physical and telephone communication • Customer Service Department (daily) -Informational events for new products / information campaigns • Company website (daily) • PharmAdvance program (1-2 times a year) • Sending newsletters and advertisements to the media • Customer Satisfaction Survey (annual) • «Metaxy Mas» magazine (2 times a year) -PharmAdvance magazine (2 times a year) • Communication to define the Group's material topics (every 2 years or more often, if deemed necessary)

STAKEHOLDERS	MAIN TOPICS/EXPECTATIONS	RESPONSE TO EXPECTATIONS	METHOD OF COMMUNICATION
Consumers **Ongoing communication**	• Safe products • Immediate response to inquiries in regard to products, beauty and wellness tips • Good value for money	• Providing safe and reliable products • Continuous improvement of the availability of products and services in order to meet the need of consumers to improve their lives • Continuous communication with consumers and addressing their complaints and requests	• Sustainability Report • Company website (live chat) • Social media (daily) • Daily contact with the sales managers at our stores • Customer Service Department (daily) • Beauty Line link «Your opinion is valuable» (daily) • Sending newsletters, SMS and advertisements to media (daily) • Beauty Line magazine • Beauty Line Application (daily) • Communication to define the Group's material topics (every 2 years) • Exhibitions and new product launch events
Strategic partners, foreign-firm associates and suppliers **Regular Communication**	• Good image and reputation • Solvency and reliability • High level of cooperation • Financial performance of the Group • Rigorous implementation of the agreed terms of cooperation and fulfilment of obligations • Effective communication • Responsible procurement • Flexibility and availability	• Creating a relationship of trust with partners-suppliers through various communication channels • Compliance with contracts • Prompt handling of any complaints and requests • Continuous feedback through the Commercial Department	• Sustainability Report • Communication with the Commercial Department • Presence at partner exhibitions and events (a few times a year) • «Metaxy Mas» magazine (2 times a year) • Communication to define the Group's material topics (every 2 years) • Correspondence, telephone communication, meetings
Local communities **Regular Communication**	• Support through sponsorships/ donations • Participation in joint actions	• Social contribution actions • Sponsorships and product offerings • Organizing informative events on social and environmental topics, as well as on health topics • Supporting and participating in activities organized by local bodies • Supporting employees to participate in actions of local bodies	• Charitable actions and sponsorship programs • Respect and protection of local environmental wealth • Maintaining a high level of service delivery • Direct communication with local government representatives • Information campaigns on social and environmental issues, as well as on Health and Safety issues • Participation in joint actions
Non-governmental/ Non-profit organizations (NGOs) **Regular Communication**	• Contribution to the goals of NGOs • Financial support sponsorships/product donations • Public awareness campaigns • Participation in joint actions	• Joint awareness-raising actions • Bolstering social profile • Linking operation with social causes • Sponsorships and product offerings -Organizing information events on social, environmental and health issues • Supporting employees to participate in actions of local bodies	• Sustainability Report • Constant communication with local agencies, associations, unions, etc. • Participation in the activities of local bodies and associations • Information campaigns on social and environmental issues • «Metaxy Mas» magazine (2 times a year) • Communication to determine the Group's material topics (every 2 years or more often, if deemed necessary)

STAKEHOLDERS	MAIN TOPICS/EXPECTATIONS	RESPONSE TO EXPECTATIONS	METHOD OF COMMUNICATION
Trade organizations, research institutions, academic institutions **Regular Communication**	• Membership in trade organizations • Collaboration and support • Participation in actions to strengthen relations between the academic and business world	• Membership in trade organizations • Support of academic institutions by providing scholarships to Group employees for the acquisition of academic qualifications • Operation of internship program for students • Lectures to the public	• Participation in conferences and seminars • Participation in trade shows • Through the university liaison offices • Through programs connected to labor market
Government agencies / Public sector **Regular Communication**	• Economic robustness and coverage of tax and insurance obligations	• Full compliance with applicable laws and regulations, and obligations towards the state and state bodies	• Correspondence, telephone communication and working meetings • Day-long seminars/meetings of representatives • Official reports • Visits, inspections • Sustainability Report
Mass media **Regular Communication**	• Clear strategic plan that includes relations with journalists and media • Ongoing updates and exclusive features • Advertising costs	• Close cooperation and communication, especially with major media firms • Meetings to discuss budget items • Sending newsletters and press releases • Organization of special events to present new products • Business lunches/dinners	• Executive interviews on issues of public concern and issues raised by the media • Sponsorship of inserts • Speeches by executives at conferences • Press releases • Sustainability Report • Presence at media events
Financial institutions and insurance companies **Regular Communication**	• Good image and reputation • Solvency and reliability • High level of cooperation • Economic robustness • Complete information on the company's performance • Compliance with the legislative framework, contractual obligations • Sound and fair governance, and financial control • Risk management and prospects for the company's growth • Keeping within budgets • Access to information	• Strict compliance with the law • Sustainability Report • Timely payment of suppliers • Positive publicity • Timely resolution of issues • Financial robustness and growth plan of the Group • Corporate governance and risk management	• Correspondence, telephone communication, • Monthly Group newsletter • Meetings and exhibitions • Official reports • Sustainability Report • Materiality analysis of the Group

About the Report

This Sustainability Report of the PAPAELLINAS Group covers the two-year reporting period 2022-2023 (1/1/2022-31/12/2023) and is the Group's 7th consecutive Report. The previous Report covered the years 2020-2021, from 1/1/2020 to 31/12/2021.

The PAPAELLINAS Group is in constant and meaningful engagement with its stakeholders to ensure timely identification of its most significant impacts on the environment, the economy and society, and to allow it to act immediately and effectively.

The Report has been prepared with the aim of informing our stakeholders of the progress made by the Group in material topics that concern them. It presents the actions undertaken by the Group to improve its positive impact.

The Report covers all PAPAELLINAS Group operations for all Group companies in Cyprus (unless otherwise stated).

The financial data included here are derived from the audited financial statements and from the Group's internal systems.

The Report does not include the activities of suppliers, partners, joint ventures or other third-party or affiliated companies.

Since the most recent Report referred to the years 2020-2021 and in order to present a complete picture of the Group's progress in material topics, we have included data for these years in the majority of the indicators we present.

Standards

The Report has been prepared with reference to the Global Reporting Initiative (GRI) standards and in accordance with the requirements of the AA1000AP (2018) standard. Its content follows the 8 principles of the Global Reporting Initiative (GRI) and the 4 principles of AA1000AP (2018), and has been approved by the organization's competent divisions and the Management. Our impacts in the environmental, economic and social sectors have been assessed for their contribution to the United Nations Sustainable Development Goals (SDGs).

Scientific Support and Guidance

The PAPAELLINAS Group's Sustainability Report 2022-2023 was developed with the scientific support and guidance of the Sustainability Knowledge Group (https://sustainabilityknowledgegroup.com).

External Assurance

The Report has received external assurance from TÜV HELLAS (TÜV NO RD) S.A. The detailed independent external audit report is included on pages 105-107 of the Report.

Contact Information

If you have any comments or observations about the Sustainability Report, please contact us:

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The PAPAELLINAS Group's Sustainability Report 2022-2023 is available on the Group's website: https://www.cap.com.cy/sustainability/

GRI content index

Statement of use	C.A.Papellinas has reported the information cited in this GRI content index for the period 1st January 2022-31st January 2023 with reference to the GRI Standards.	
GRI 1 used	GRI 1: Foundation 2021	
GRI STANDARD	**DISCLOSURE**	**LOCATION**
GRI 2: General Disclosures 2021	2-1 Organizational details	6, 7, 9, 20, 102
	2-2 Entities included in the organization's sustainability reporting	9-11, 102
	2-3 Reporting period, frequency and contact point	102
	2-4 Restatements of information	No restatements of information
	2-5 External assurance	105, 106, 107
	2-6 Activities, value chain and other business relationships	9-11
	2-7 Employees	58-59
	2-9 Governance structure and composition	20-21
	2-11 Chair of the highest governance body	20
	2-14 Role of the highest governance body in sustainability reporting	20-21
	2-13 Delegation of responsibility for managing impacts	20-21
	2-14 Role of the highest governance body in sustainability reporting	20-21
	2-15 Conflicts of interest	22
	2-22 Statement on sustainable development strategy	3, 12-13
	2-26 Mechanisms for seeking advice and raising concerns	26-30
	2-27 Compliance with laws and regulations	No restatements of information
	2-29 Approach to stakeholder engagement	14
GRI 3: Material Topics 2021	3-1 Process to determine material topics	15
	3-2 List of material topics	16-17
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	47
	201-3 Defined benefit plan obligations and other retirement plans	85
GRI 202: Market Presence 2016	202-2 Proportion of senior management hired from the local community	62
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	53, 85
	203-2 Significant indirect economic impacts	37, 84, 85

Statement of use	C.A.Papellinas has reported the information cited in this GRI content index for the period 1st January 2022-31st January 2023 with reference to the GRI Standards.	
GRI 1 used	GRI 1: Foundation 2021	
GRI STANDARD	**DISCLOSURE**	**LOCATION**
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	37, 85
GRI 301: Materials 2016	301-1 Materials used by weight or volume	47, 49
GRI 302: Energy 2016	302-1 Energy consumption within the organization	44
	302-2 Energy consumption outside of the organization	44
	302-4 Reduction of energy consumption	44
GRI 303: Water and Effluents 2018	303-5 Water consumption	50
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	43-44
	305-2 Energy indirect (Scope 2) GHG emissions	43-44
	305-5 Reduction of GHG emissions	43
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	49
	306-2 Management of significant waste-related impacts	48-49
	306-3 Waste generated	49
	306-4 Waste diverted from disposal	49
GRI 306: Waste 2020	401-1 New employee hires and employee turnover	68
	401-3 Parental leave	63
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	69-75
	403-2 Hazard identification, risk assessment, and incident investigation	69-75
	403-4 Worker participation, consultation, and communication on occupational health and safety	72-73
	403-5 Worker training on occupational health and safety	74
	403-6 Promotion of worker health	62, 69, 71, 91-95
	403-8 Workers covered by an occupational health and safety management system	72, 69
	403-9 Work-related injuries	75
	403-10 Work-related ill health	75
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	60-61
	404-3 Percentage of employees receiving regular performance and career development reviews	64
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	20, 58-59
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	82-98
	413-2 Operations with significant actual and potential negative impacts on local communities	82-98

Independent External Assurance Report

TÜVNORD

To: Management of PAPAELLINAS

1. Scope of the External Assurance project of the Sustainability Report 2022-2023

The company **PAPAELLINAS** (hereinafter referred to as **PAPAELLINAS**) has assigned **TÜV HELLAS (TÜV NORD) SA** (hereinafter referred to as **TÜV HELLAS**) the limited external assurance of the Sustainable Development Report, which covers the period of 1/1/2022-31/12/2023.

The information in the Sustainability Report concerns the company **PAPAELLINAS** and more specifically the company's premises in Cyprus.

The scope of the project consists of the following:

A. The external assurance of the information disclosed to confirm that the Sustainability Report of **PAPAELLINAS** for 2023 has been prepared **"In Accordance"** with the **GRI Universal Standards 2021.**

B. The provision of external assurance service about the accuracy of the claims mentioned for specific numerical indicators that **PAPAELLINAS** reported at the Sustainability Report Chapters, based on the **GRI Topic Standards**, as follows: GRI 204-1, GRI 303-5, GRI 306-3, GRI 401-1, GRI 404-1, GRI 404-2.

C. The control of the adherence to the AA1000 AccountAbility Principles (Inclusivity, Materiality, Responsiveness & Impact) against the criteria found in **AA1000AP (2018).**

The limited external assurance as it is defined by the above project scope, refers to the Sustainability Report of **PAPAELLINAS** for 2022-2023 and it was conducted based on the corresponding correlation table of **GRI Standards** Indicators stated by **PAPAELLINAS**, to confirm that the Sustainability Report has been prepared **"In Accordance"** with the **GRI Universal Standards 2021**, as well as the requirements of **AA1000AP (2018).**

2. Project Criteria

The external assurance was based on the evaluation of conformity with the requirements of the following guiding standards:

A. GRI Universal Standards 2021

B. GRI Topic Standards

C. AA1000AP (2018)

For the evaluation of conformity to the requirements of AA1000AP (2018), the provisions of the guide AA1000 Assurance Standard (AA1000AS v3) were followed. More specifically, the Type 1 level of external assurance was followed. According to this, evidence of the use of relevant processes, systems and controls, and available performance information, were reviewed in order the assurance provider assess the extent of the organization's adherence to all four AA1000 Accountability Principles and provide relevant findings and conclusions.

3. Project methodology

Based on the conformance criteria of paragraph 2 and to draw conclusions, the external assurance team of **TÜV HELLAS** conducted the following (indicative and not restrictive) methodology:

• Reviewed the coverage of the **"In Accordance"** with the GRI Universal Standards 2021 requirements, as they are described within the **GRI 1: Foundation 2021, GRI 2: General Disclosures 2021, GRI 3: Material Topics 2021.**

TÜVNORD

• Reviewed the procedures followed by **PAPAELLINAS** to identify and determine the material issues to include them within the Sustainability Report.

• Reviewed the materiality analysis of Sustainable Development and the identification of **PAPAELLINAS** business impact activity on the environment, society, and the economy, as well as the risks and opportunities that arise for the company itself.

• Interviews were conducted with selected executives of **PAPAELLINAS** having operational role in Sustainability issues to understand the current state of sustainability development activities and progress achieved during the period under reference.

• Reviewed the **PAPAELLINAS** consultation approach with their stakeholders through interviews with executives responsible for communication with the interested parties at company level and review of selected documents.

• Reviewed the claims mentioned to the Reporting Indicators, based on the **GRI Topic Standards** (referred in paragraph 1, point B) in connection with the findings of the above steps. In addition, the methodologies, and practices for extracting the results were reviewed and crosschecks were performed on the reliability and quality of the indicators reported in the report. These checks (not restrictively) consist of the following:

• Understanding of the quality management and results collection processes related to the indicators under consideration.

• Review of the design of processes, systems, and controls for managing reliability and quality of specified information

• Sampling of management practices and operation control, as well as evidence gathering to sufficiently ensure the completeness and accuracy of the claims.

• Maintain of the appropriate documentation for all the aforementioned controls.

4. Review limitations

The range of the review was exclusively limited to the activities of **PAPAELLINAS** company and more specifically the company's premises in Cyprus. No visits and interviews in stakeholders of the **PAPAELLINAS** have been conducted.

In case of any discrepancy in the translation between Greek and English version of the Sustainability Report, the Greek version shall prevail.

5. Responsibilities of the Reporting Organization and Assurance Provider

The Corporate Responsibility Division of **PAPAELLINAS** carried out the Sustainability Report, thus, is exclusively responsible for the information and statements contained therein.

The external assurance conducted, as it is defined in the project scope (paragraph 1), does not represent **TÜV HELLAS** opinion related to the quality of the Sustainability Report and its contents.

The responsibility of **TÜV HELLAS** is to express the independent conclusions on the issues as defined in the project scope and in accordance with the relevant contract. The project was conducted in such a way so that **TÜV HELLAS** can quote to **PAPAELLINAS** administration the issues mentioned in this report and for no other purpose.

6. Conclusions

Based on the project scope (paragraph 1) and in the context of the external assurance procedure followed by **TÜV HELLAS**, the conclusions are as follows:

A. External assurance of the information disclosed to confirm that the Sustainability Report of PAPAELLINAS for 2022-2023 has been prepared "In Accordance" with the GRI Universal Standards 2021.

• During the external assurance project carried out, nothing has come to the attention of **TÜV HELLAS**, which would lead to the conclusion that the Report has not been prepared **"In Accordance"** with the requirements of the **GRI Universal Standards 2021**, as reflected on the corresponding correlation GRI content index.

B. Control of accuracy of the claims mentioned for the Reporting Indicators that PAPAELLINAS reported at the Sustainability Report Chapters, based on the GRI Topic Standards

• Nothing has come to the attention of **TÜV HELLAS** that would lead to the conclusion of the incorrect gathering or transferring of data concerning the claims mentioned to the disclosures (indicators) of the **GRI Topic Standards,** referred in paragraph 1, point B of this report.

C. Adherence to the AA1000 AccountAbility Principles (Inclusivity, Materiality, Responsiveness & Impact) against the criteria found in AA1000AP (2018)

Inclusivity: Dialogue on Sustainability Issues with the Stakeholders

• We have not realized any matter that causes us to believe that major stakeholder groups were excluded from consultation processes, or that **PAPAELLINAS** has not implemented the principle of Inclusivity in developing its approach to sustainability.

Materiality: Focus on the material issues related to sustainability

• We have not realized any matter that causes us to believe that the material issues' definition approach which was followed by **PAPAELLINAS** does not provide a comprehensive and balanced understanding of the material issues.

Responsiveness: Addressing the needs and expectations of stakeholders

• We have not realized any issue, which would lead us to believe that **PAPAELLINAS** has not responded timely and adequately, through decisions and actions, to the needs and expectations that emerged from the material issues of sustainable development.

Impact: Impact of company's activities to the broader ecosystems

• We have not realized any issue, which would lead us to believe that the **PAPAELLINAS** has not understood and managed the direct and indirect impacts that the material aspects create to the broader ecosystems.

TÜV HELLAS did not realize anything that would lead to the conclusion of incorrect collection or transfer of data (qualitative & quantitative) concerning the allegations made regarding the fulfillment of the requirements of the Accountability Principles, as set out in AA1000AP (2018). Additionally, TÜV HELLAS did not realize anything that would call into question the reliability and quality of the performance indicators related to the Accountability Principles.

During the assurance, no issues arose that would lead to improvement proposals.

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7. Impartiality and independence of the external assurance team

TÜV HELLAS states its impartiality and independence in relation to the project of **PAPAELLINAS** Sustainability Report external assurance. **TÜV HELLAS** has not undertaken work with **PAPAELLINAS** and does not have any cooperation with the interested parties that could compromise the independence or impartiality of the findings, conclusions, or recommendations.

TÜV HELLAS was not involved in the preparation of the text and data presented in the Sustainability Report of **PAPAELLINAS.**

Athens, December 16, 2024

For TÜV HELLAS (TÜV NORD)

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