

IPSY

IMPACT REPORT - 2022 UPDATE

**We inspire
self-expression
and celebrate
the unique beauty
of people and
the planet.**

Sustainability and self-expression are central to how we think about impact at IPSY.

At IPSY, we are proud to continue our work to be a positive force in the beauty industry.

We launched our first Impact Report last year, reporting on 2021 under our former name, Beauty for All Industries. The strategy, approach, and accomplishments still stand under our new name, IPSY. With the launch of our renewed corporate identity, we are excited to share an Impact Update reporting on 2022.

Since our first report, IPSY has continued its efforts and commitment to champion self-expression and elevate sustainability in the beauty industry.

Since 2021, IPSY has dedicated over \$75M to bring on Black and Latinx brands.

IPSY continues its Clean badging and has expanded it to BoxyCharm.

In 2022, we continued making early progress to reduce virgin plastic in our owned brands.

We measured our carbon footprint for the first time in 2022.

We built partnerships with inspiring nonprofits like Las Fotos Project, The Trevor Project, and Period.

We believe that everyone should be able to authentically express themselves. That's why we're amplifying and investing in Black, Latinx, and LGBTQ+ communities and brands.

BRAND EQUITY

Our goal is to dismantle beauty inequities.

How We're Creating Brand Equity

We're working to elevate brands from the Black and Latinx communities.

We invest in approximately 250,000 products on average for each of the Black and Latinx brands we partner with.

We provide 2x the average brand exposure to amplify these brands, increasing customer awareness and engagement.

We also created a \$1M fund for upfront investment in product—supporting brands that wouldn't be able to work with us if they needed to wait for payment upon delivery of goods.

In addition, we provide access to product development and introductions to supply chain resources to help these brands thrive.

\$75M+

**INVESTED SINCE 2021 IN
BLACK- AND LATINX-
OWNED BRANDS**

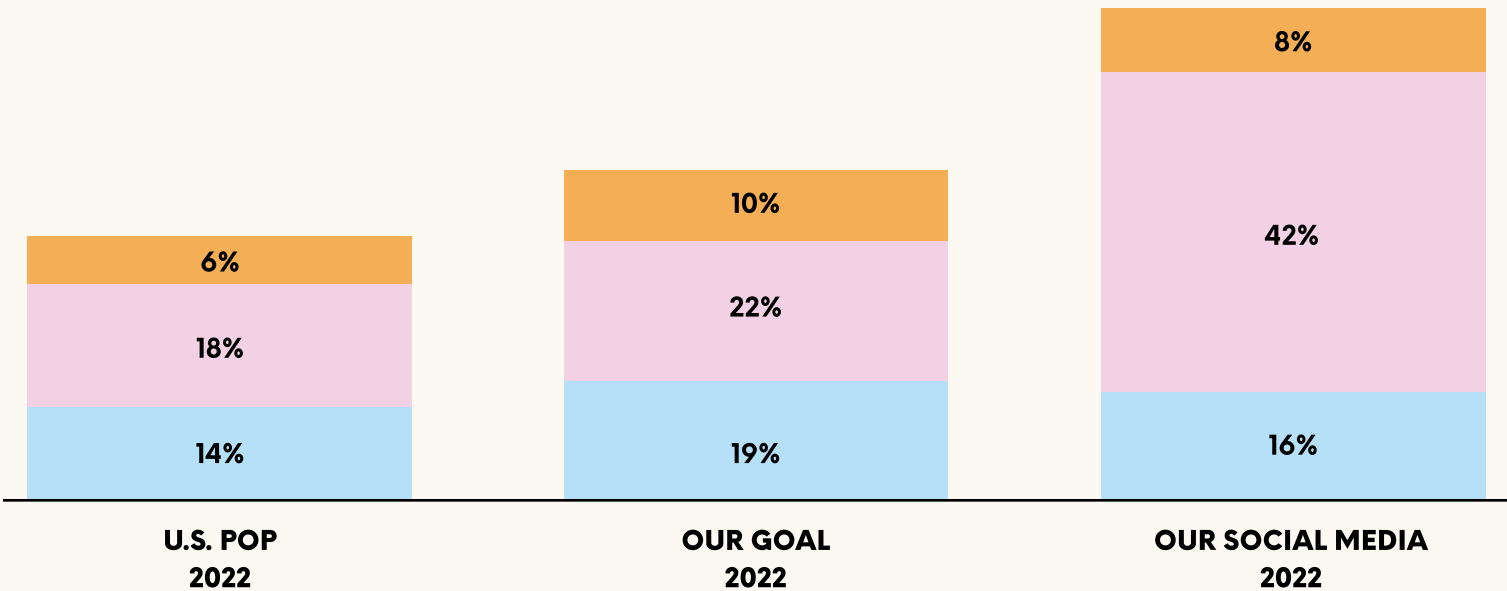
COMMUNITY REPRESENTATION

Our Focus Communities Represented 66% of Our Instagram Content in 2022

How We're Over-Indexing on Focus Communities

When we feature creators and talent on our social media, we ensure that we are representing diverse communities at higher rates than their percentage of the U.S. population.

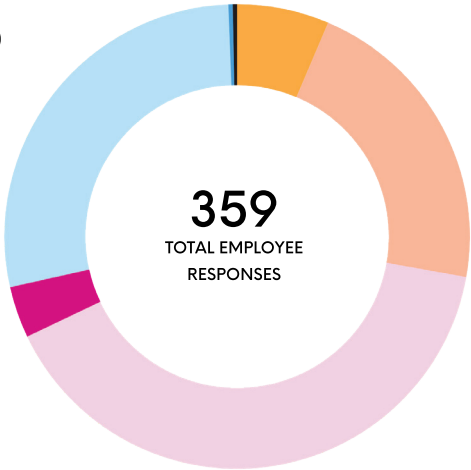
LGBTQ+ Latinx Black



Our U.S. Employee Population in 2022

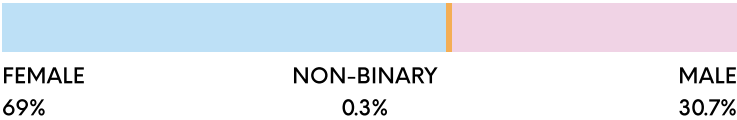
In 2021, we hired a Chief Human Resources Officer with a deep background in DEI to provide guidance and input on our commitments. We also instituted a mandatory racial bias training for all managers. To increase transparency, we committed to sharing a breakdown of our U.S. team on an annual basis. Here’s where we stand now:

ALL IPSY



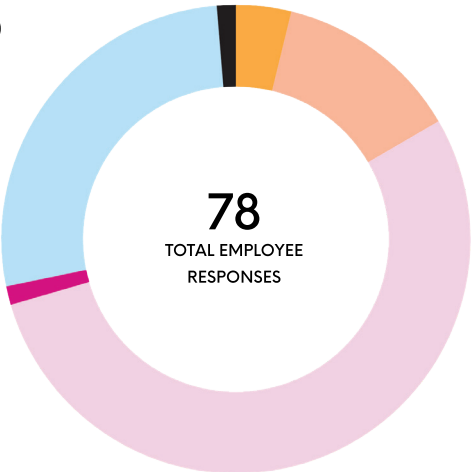
BLACK	6.4%
LATINX	21.4%
WHITE	40.1%
TWO OR MORE RACES	3.6%
ASIAN	29.7%
AMERICAN INDIAN	0.3%
NATIVE HAWAIIAN	0.3%

TOTAL EMPLOYEE RESPONSES: 359



TOTAL EMPLOYEE RESPONSES: 365

DIR +



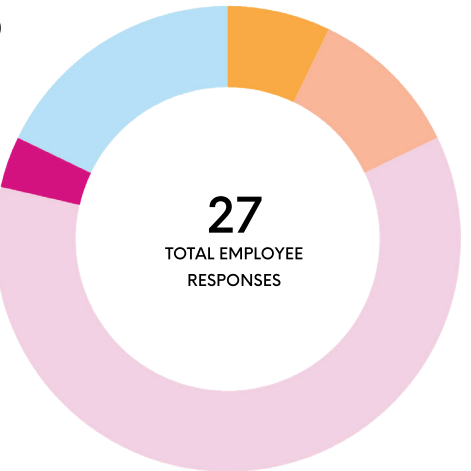
BLACK	6.4%
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ASIAN	29.7%
NATIVE HAWAIIAN	0.3%

TOTAL EMPLOYEE RESPONSES: 78



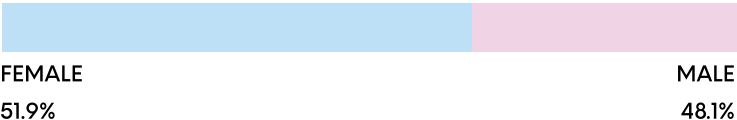
TOTAL EMPLOYEE RESPONSES: 80

VP +



BLACK	7.4%
LATINX	11.1%
WHITE	63%
TWO OR MORE RACES	3.7%
ASIAN	18.5%

TOTAL EMPLOYEE RESPONSES: 27



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We continue to prioritize sustainability in how we make, package, and ship our products.

SUSTAINABLE PACKAGING

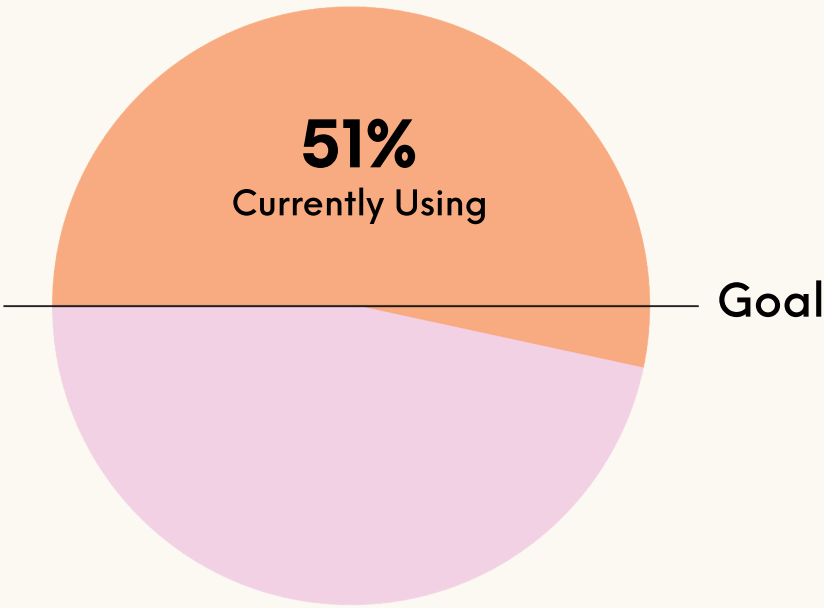
We set a three-year goal to reduce virgin plastic to a maximum of 50% of packaging in our owned brands by 2023. We know that beauty packaging is often difficult to recycle in many municipalities, so we are making changes upstream to reduce plastic waste.

Reducing Virgin Plastic

The beauty industry creates a lot of single-use packaging and we want to lead the way in reducing that waste. With only 6% of all plastic in the U.S. being recycled, making a difference with our packaging is essential.

We set an ambitious goal to reduce our single-use plastic to a maximum of 50% of all our IPSY-owned brands packaging by weight by 2023. We prioritize reducing virgin plastic waste, incorporating more sustainable materials where possible, including post-consumer recycled (PCR) plastic, paper, glass, and reusable packaging.

IPSY-OWNED BRANDS SINGLE-USE PLASTIC IN 2022



Progress Toward Our Ambitious Goal

We are excited to report that we have nearly met our 2023 goal, two years early! In 2021 and 2022, virgin plastic made up 51% of our product packaging for IPSY-owned Brands.

95+%

**IPSY BRAND PARTNERS PRODUCTS
MEET THE OUT LIST™**

The Out List™

The Out List is a standard we've created as an assurance to our members that the products they receive from us will not be formulated with potentially harmful ingredients. Our decision to prohibit these ingredients from the products we carry sets us on a path to better beauty for everyone.

In 2022, we set an ambitious goal to ban 32 of these ingredients across our entire portfolio by the end of the year. While inventory challenges prevented us from reaching 100% of our goal in time, we're already on target to do so by the end of 2023.

100%

**OF IPSY'S OWNED BRANDS MEET
THE IPSY CLEAN STANDARD**

The IPSY Clean Standard

Transparency equals trust. That's why The IPSY Clean Standard takes The Out List™ to the next level, educating our community members on an additional 1,800+ ingredients to be mindful of.

With The IPSY Clean Standard, we're highlighting products that meet these rigorous guidelines, empowering our members with the knowledge to make mindful choices that help both people and the planet.

The IPSY Clean Standard highlights products that are formulated to help reduce adverse impacts to human and environmental health.

CLIMATE ACTION

We stand for action on climate change, which is why we are committed to assessing and reducing our carbon footprint.

Our Climate Goals

To start, we measured our GHG emissions for the first time. We prioritize lower emissions shipping by using ground shipping, which creates 80% less carbon emissions (per ton mile) as compared to air. We will develop a full climate program in the future.

GHG Emissions

SCOPE	EMISSION SOURCE	TOTAL MT CO2e
Scope 1	Natural Gas	10.60
Scope 2	Electricity (location based)	797.44

September 1, 2020–August 31, 2021

We continue to integrate strong environmental, social, and governance practices into our business operations, and we are committed to giving back to the communities where we live and work.

Our IPSY Impact work is overseen by our executive team and a portion of our Board. We also work with external ESG experts to advise on our efforts.

Supporting Our Focus Communities

In addition to our efforts to invest in, elevate, and represent our focus communities through our business, since 2020 we have donated \$1,200,000 worth of cash donations and products to over 30 nonprofits working to advance the Black, Latinx, and LGBTQ+ communities.

**NUMBER OF
PRODUCTS DONATED**

500K+

**VALUE OF
PRODUCTS DONATED**

\$1.2M+

NONPROFIT ORGANIZATIONS DONATED TO

35+