

Sustainability Report 2022



We make beauty natural.







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## General Disclosures

### Organizational Profile

#### 102-1 Name of the organization

Lipoid Kosmetik AG was founded 1972 in the heart of Switzerland under the name of Cosmetochem AG. In the year 2007, Cosmetochem has become part of the Lipoid Group and consequently, in 2013, the name Cosmetochem was changed to Lipoid Kosmetik AG. The experience in the international cosmetic industry formed the basis for today's successful company. Adaptions of changing customer requirements, developing of customer specific solutions and ongoing development of new technologies have made our company a reliable partner in the cosmetics industry. Lipoid Kosmetik and its affiliates are part of the Lipoid Holding.

#### 102-2 Activities, brands, products and services

Lipoid Kosmetik is a leading manufacturer of natural raw materials for the cosmetic and personal care industry. High-quality botanical actives and extracts (Lipoid Kosmetik AG, Switzerland) as well as pharma grade natural lecithins and phospholipids (Lipoid GmbH, Germany) are part of our sophisticated portfolio.

As a pioneer in these fields, Lipoid Kosmetik has gained an outstanding reputation in the global cosmetic industry over the last 50 years. This long-standing expertise, in combination with the exceptional quality of our portfolio, enables our customers to develop market innovative, functional and natural cosmetic products meeting the highest standards.



**Table 1: Primary brands, products and services**

Brand/Product/Service	Description
Botanical Actives	Botanical actives are cosmetic formulations with defined plant-derived active ingredients. The cosmetic efficacy of our actives has carefully been proven and documented by clinical <i>in-vivo</i> and/or <i>in-vitro</i> studies.
Botanical Extracts	We offer a wide range of botanical extracts from 350 plants in different solvent- and preservation systems. In addition to standardized, organic and fair trade qualities we develop also tailor-made systems upon request. Many of our products can be used in natural cosmetics.
Natural Phospholipids	Phospholipids, manufactured in the manufacturing site in Germany, are 100% natural ingredients with unique technological and physiological properties. As the main building blocks of living cell membranes, they possess excellent bio-compatibility and can be used for a multitude of cosmetic applications.
Expertise	Lipoid Kosmetik combines more than 50 years experience in the manufacture of botanical extracts with a unique botanical and biochemical expertise. This includes: <ul style="list-style-type: none"> <li>• Extensive sourcing for all kind of raw materials</li> <li>• Unique Full Spectrum Mild Extraction Technology</li> <li>• Traceability from the plant to the final product</li> </ul>
Technology	Focusing on the plethora of active molecules in the plants, our extraction process is designed to maintain the phytochemical composition and to guarantee high quality and consistency. This is achieved with our proprietary extraction technology: Cold extraction with a unique combination of extremely mild maceration and percolation techniques. Active molecules such as flavonoids and polyphenols can be isolated without the risk of thermal degradation
Herbasol®	Liquid full-spectrum extracts
Herbasec®	Dry powder based on maltodextrin
Herbamilk® Eco	All natural o/w emulsions incorporating plant oils & extracts with analogy to mammalian milk
Herbasome®	Liposomal plant water for deep skin hydration
Several Actives with registered Brand Names	HerbaProtect® NOX, HerbaGlow® NRG, HerbaShield® URB, PhytoCodine®, Citrolumine 8®, Caffeine Herbasome®, Colla-Gain®, VNGR+® and others

Our organization sells products and/or services which are banned or disputed in certain markets.

**Table 2: Banned products and services**

Product / Service	Description
Not all products fulfill the requirements of the local cosmetic regulations	We provide all information for our products on international conformity, such as INCI Listing, Negative list listing, Chemical Inventory Listing, Regulations by local authorities/institutions. The information is according to results from the global ingredient search within the Personal Care Products Council (PCPC) regulatory database and other relevant links to databases.

Our organization sells products and/or services which are the subject of stakeholder questions or public debate.



**Table 3:** Questioned/debated products and services

Brand/Product/Service	Description
Palm Oil Containing Products	We are committed to a responsible use of resources and avoid any threats which are connected with the use of ingredients derived from palm/palm kernel oil. Therefore, we avoid sourcing of ingredients derived from non-sustainable palm/palm kernel oil and are certified by the Roundtable on Sustainable Palm Oil (RSPO).
No Animal Testing	In Europe, the performing of animal tests on cosmetic products and ingredients for cosmetic purpose was banned in 2009. Furthermore, the selling of cosmetic products and ingredients, which have been tested on animals for cosmetic purpose, was prohibited in March 2013. Lipoid Kosmetik AG assesses the safety of our products by using alternatives to animal testing such as in vitro tests. None of our products and ingredients has been tested on animals by or on behalf of our company since 1999.
Protection of Biodiversity	We are committed to preventing any threatening of species which might be connect with our business processes. Complying with the obligations of CITES and IUCN Red List is our basis for this. We refuse the use of protected or threatened plants by CITES- or IUCN Red List from wild source.
Access and Benefit Sharing	On 12th October 2014 the Nagoya Protocol on ABS has entered into force and henceforth, is legally binding for all committed countries. The EU 'Regulation on compliance measures for user from the Nagoya Protocol' (EU) No 511/2014 and the 'Swiss implementation in the Natural and Cultural Heritage Protec-tion Act' (NCHA) has concurrently become effective on this date.  Our Commitment: We respect the rights of third parties and we commit ourselves to comply with ABS regulations.

### 102-3 Location of headquarters

**Table 4:** Location of organization's headquarters

Adress	Description
Street	Sennweidstrasse 44/46
Post code	6312
City	Steinhausen
Country	Switzerland

Lipoid Kosmetik AG is headquartered in Steinhausen, Central Switzerland and part of the Lipoid Holding. We are a Swiss based company and have affiliates in Germany, France and UK.

Lipoid Kosmetik AG is a public limited company (joint stock company) according to Swiss law and is registered under the number CHE-106.909.300 (formerly CH-170.3.003.100-1).

#### 102-4 Location of operations

Lipoid Kosmetik AG is headquartered in Steinhausen, Switzerland and has affiliates in Germany (Lipoid Kosmetik GmbH) France (Lipoid Sarl) and UK (Lipoid Kosmetik UK). These affiliates are pure sales organization selling all products from Lipoid Kosmetik AG and Lipoid GmbH for the cosmetic market. Lipoid Kosmetik AG is represented in more than 60 countries worldwide, either via sister companies or representatives in most countries.

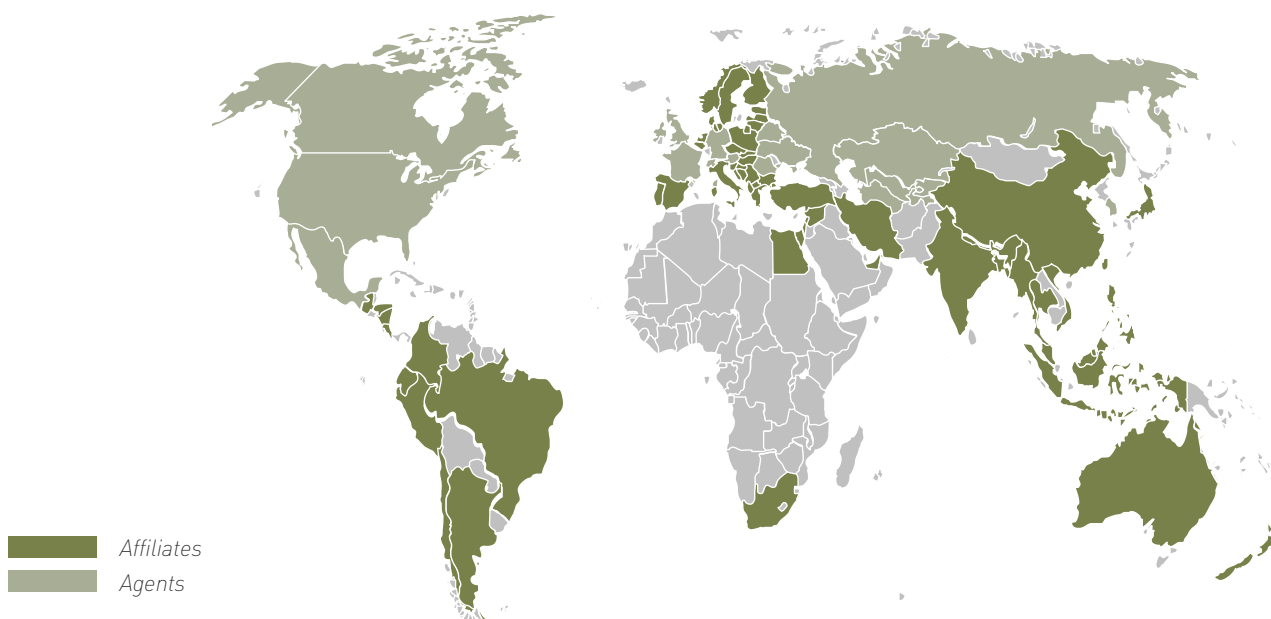
#### 102-5 Ownership and legal form

Lipoid Kosmetik AG is a public limited company (joint stock company) according to Swiss law and is registered under the number CHE-106.909.300.

Lipoid Kosmetik AG is 100% owned by Lipoid Verwaltungs AG (CH-170.3.018.802-3).

#### 102-6 Markets served

Lipoid Kosmetik has three affiliates in Germany, France and UK and is represented in around 60 countries worldwide either through subsidiaries or representatives. About 60% of the turnover is generated within the European Union. Around 25% comes from Asian-Pacific markets, mainly South Korea. Around 6% each, is generated in the US and in Latin America and the rest in Middle East and Africa.



#### 102-7 Scale of the organization

Lipoid Kosmetik AG has around 40 employees in Switzerland working in Production, R&D, Quality Control, Quality Management, Regulatory Affairs, Administration, Marketing, Sales and Customer Service. Lipoid Kosmetik has 3 affiliates in Germany, France and UK and is represented in around 60 countries worldwide. As a privately-held company we do not disclose any financial statement on revenue, growth, size of organization, capitalization and details on revenue on product categories or countries.



## 102-8 Information on employees and other workers

Table 5: Employees by gender

Category	Number of employees
female	20
male	18
<b>Total number of employees</b>	<b>38</b>

Table 6: Employees by employment contract

Employment type	Number of employees
<b>Permanent contract</b>	
female	20
male	18
<b>Temporary contract</b>	
female	0
male	0
<b>Total number of employees with permanent and temporary contracts</b>	<b>38</b>

Table 7: Employees by employment contract and region

Country/region	Permanent contract	Temporary contract	Total number of work force
Switzerland	38	0	0
<b>Total number of employees</b>	<b>38</b>	<b>0</b>	<b>0</b>

Table 8: Employees by employment type

Employment type	Number of employees
<b>Full-time</b>	
female	8
male	17
<b>Part-time</b>	
female	12
male	1
<b>Total number of employees with full-time and part-time status</b>	<b>38</b>

A substantial portion of the organization's work is performed by permanent employees. There are no significant seasonal variations in the number of employees. These data are regularly summarized and analyzed in a HR Report since 2015.

## 102-9 Supply chain

With about 300 plants and more than 140 plant-based, mineral and synthetic ingredients we have a comprehensive raw material portfolio. Our particular strength lies in the search and procurement of raw materials and we have a longstanding network of raw material suppliers.

We currently have 104 suppliers, mostly distributors or manufactures, delivering plant material and chemical ingredients. Currently most of our suppliers are based within Europe. We focus on long-term partnerships, stable supply of high-quality raw materials and transparent sourcing. We place great importance on open communication and good relations with our suppliers.

The supply chain is an essential part of our value chain.

- Our **sourcing policy** integrates aspects of biodiversity and understanding the relevant stakeholders along the supply chain. Raw materials must meet our high quality standards.
- Our sourcing and **qualification** of all raw materials is subject to requirements such as product safety, availability, conformity to EU law concerning cosmetics and chemicals, countries of cultivation and sustainability issues (e.g., CITES, IUCN Red List, ABS), including social and environmental aspects and many more criteria.
- Further, we expect our suppliers to comply with our **Code of Conduct**. We insist that our suppliers recognize the importance of sustainable management and have to an effective sustainable strategy.

In detail, this means among other things:

- **Supplier Assessment on Environmental Issues**  
We expect our suppliers to be compliant with environmental and biodiversity laws and have an effective strategy concerning waste management, reduction of energy consumption and careful use of natural resources.
- **Supplier Assessment regarding Social Sustainability Issues**  
Generally, we expect our suppliers to be compliant with the ILO and UN Principles regarding human rights issues. These issues include essentially equality of race, sex and creed; freedom of association and collective bargaining; minimum compensation of employees; no discrimination or punishment; no forced labor and no child labor.
- **Supplier Assessment regarding Occupational Safety and Health**  
We expect our suppliers to assure occupational safety and health by appropriate means.
- **Supplier Assessment regarding Anti-Corruption**  
We expect our suppliers to be compliant with local laws and have a strategy to prevent corruption in the company.

We qualify our suppliers by means of written agreements. However, we cannot 100% ensure the full compliance of the supplier and especially of their sub-suppliers to all aspects. Nevertheless, our suppliers are regularly assessed and qualified.

The current situation regarding our suppliers' commitment to the above said criteria is evaluated annually based on the written contracts. About 80% of our suppliers can be regarded as compliant to sustainable management practices as mentioned in the ten principles of the UN Global Compact. All raw material requirements are continually adapted to changing market needs and internal guidelines. The organization ordered from a total of 104 suppliers in the reporting period.



## 102-10 Significant changes to the organization and its supply chain

During the reporting period there were no significant changes in terms of the size, structure or ownership of the organization or the supply chain.

## 102-11 Precautionary principle or approach

Our organization addresses the precautionary principle as follows:

We attach equal importance to economic and social goals. This explains our strong focus on environmental protection, plant process safety (for both employees and neighbors), occupational safety, and product safety (for customers and end users).

The UN's Global Compact is another guideline for our actions. We joined the initiative in 2015. Member companies commit to implementing the Global Compact's ten principles, which are derived from the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, and the Rio Declaration on Environment and Development. We observe the Global Compact's ten principles, which address social and environmental standards, anti-corruption and the protection of human rights (see progress Report).

### Human Rights

#### Principle 1:

businesses should support and respect the protection of internationally proclaimed human rights within their sphere of influence, and

#### Principle 2:

make sure that they are not complicit in human rights abuses.

### Labor Standards

#### Principle 3:

businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining,

#### Principle 4:

the elimination of all forms of forced and compulsory labor,

#### Principle 5:

the effective abolition of child labor, and

#### Principle 6:

the elimination of discrimination in respect of employment and occupation.

### Environmental Protection

#### Principle 7:

businesses should support a precautionary approach to environmental challenges,

#### Principle 8:

undertake initiatives to promote environmental responsibility, and

#### Principle 9:

encourage the development and diffusion of environmentally friendly technologies.

### Anti-Corruption

#### Principle 10:

businesses should work against corruption in all its forms, including extortion and bribery.

## 102-12/ External initiatives

### 102-13 Membership of associations

The following list shows the membership of various external organizations who supports us in our daily business and provides a quick and effective interaction.

#### International Associations

EcoVadis  
Supplier Sustainability Ratings

Ecocert Greenlife  
Certification body for sustainable development

European Federation  
for Cosmetic Ingredients (EFfCI)

Forest Stewardship Council (FSC)

The Climate Protection Partnership  
(Myclimate)

Roundtable on Sustainable Palm Oil (RSPO)

Personal Care Products Council (PCPC)

UN Global Compact

#### National Associations

Energie-Agentur der Wirtschaft (EnAW)

Swiss Association for Quality (SAQ)

Swiss Society of Cosmetic Chemists  
(Swiss SCC)

Technologie Forum Zug (Tfz)

Zürcher Handelskammer (ZHK)



## Strategy

### 102-14 Statement from senior decision-maker

We make beauty natural. It is not only our company slogan, but also a statement, which summarizes our philosophy. But being natural on the product side is far not enough. Sustainability is an important driver in the beauty industry. We can state without limitation that sustainability is and has been part of our DNA. Sustainability for the organization but also sustainability for the environment and society. As an international company, we understand our responsibility as part of our economic efforts, but also as a small part for a better future of the world.

Sustainability starts already at the innovation level, where we have integrated aspects of biodiversity, procurement policy and understanding the relevant stakeholders along the supply chain. We focus on long-term partnership, stable supply of high quality raw material and transparent sourcing and taking into account environmental and social impact.

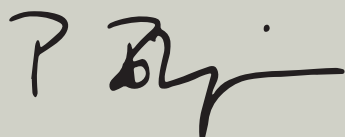
Our proprietary manufacturing process – full spectrum mild extraction technology – is designed to protect the phytochemical composition of the plant. The electronically controlled mild extraction process is environment friendly and energy efficient, guaranteeing high quality and consistency and therefore reducing waste or water usage. This goes also along with the development of more natural products with self-preserving properties.

As a company we are committed to an effective strategy for environmental protection which does not only conform to the complex requirements of current environmental laws, but also goes beyond, by respecting voluntary standards and in-house requirements. Our sustainability policy is an integral part of our certified ISO 9001:2015 system and sustainability is part of our company policy and even company vision and mission. Furthermore, we strive to involve our partners in the supply chain into our sustainability efforts.

And last but not least, from a customer view, the more health-conscious perspective is a key driver for this development. The sustainable lifestyle is far more than just a trend, it is part of a large movement towards conscious consumption and respect for the environment and the next generation.

The summary of all these efforts is carved down in our company vision, which is the core of our short-term and long-term company strategy.

We make beauty natural, ethical and sustainable. But that is of course not enough: we can only do it together with our customers. Therefore we can even reinforce the statement: Let's make beauty natural!



**Dr. Peter Röthlisberger**  
Managing Director  
Lipoid Kosmetik AG

## Ethics and Integrity

### 102-16 Values, principles, standards and norms of behavior

Our organization is based on values, principles, standards, or norms of behavior.

*Table 9: Values, principles, standards, or norms of behavior*

Value/principle/standard/norms of behavior	Name	Description of how the value/principle/standard and norm of behavior was developed, approved and implemented
Principle	Code of Conduct for employees of the Lipoid group	Management Guidelines Lipoid Group
Value	Company Philosophy	Developed by management and approved by the board of directors
Standard of conduct and norm	Code of Conduct	Expectation on business practice for all business partners
Principle	Innovation management	Principles & guidelines on quality, sustainability, time and potential
Principle	Sustainability Policy	CSR Policy Lipoid Kosmetik AG
Standard of conduct and norm	GHS	GHS (Global Harmonized System of Classification and labelling of Chemicals)
Principle	UN Global Compact	UN principles on human rights, labor, environment and anti-corruption
Principle	Environmental Policy	Defines fundamental principles of our environmental policies
Standard of conduct and norm	Anti-bribery Policy	Code of conduct with respect to corruption prevention
Principle	Policy on Sustainable Palm Oil	Defines fundamental principles of our palm oil policy
Principle	Safety Policy	Defines fundamental principles of our safety policy
Principle	Purchasing Policy	Defines fundamental principles of our purchasing policy
Principle	Quality Policy	Defines fundamental principles of our quality policy
Principle	Policy on the Nagoya Protocol and Access and Benefit Sharing (ABS)	Defines fundamental principles of our position to the Nagoya protocol and our ABS policy
Principle	Whistleblowing Policy	Defines fundamental principles of our whistleblowing policy



The topics of environmental protection, social responsibility and sustainability were of greatest significance from the very beginning for the entire corporate group. This engagement has always been more than just words. The two decision making bodies, Board of Director and the Executive Committee are ultimately responsible for our economic, environmental and social performance. As such, they play an active role in ensuring that sustainability is an integral part of our strategy.

We defined our sustainability commitment in the corporate philosophy with the following words: We are guided by the principles of sustainability and ethical behavior. For us, this means that we want to leave an intact ecological, social and economic system for future generations. This philosophy has been playing a central role for the main shareholder since the beginning of its business.

Each and every one of our employees has an important role in our sustainability program. This program is communicated regularly internally, and the outcome has been granted with gold from Ecovadis, an independent company assessing Corporate Social Responsibility.

There is a growing emphasis on sustainability in the majority of our markets, a trend which has been here for some years now, but accelerated recently through the integration the principle of sustainable development into the business model by the major players in the industry. Due to our early initiatives, our current efforts and our commitment for the future will guarantee the dedication necessary to drive future growth. There are regular training courses in terms of values, principles and standards of conduct and norms our workers performing the organization's activities and business partners. New stakeholders are obligated to read and sign our principles, standards of conduct and norms. These include our workers performing the organization's activities and business partners. The following position maintains responsibility for the values, principles, standards and norms of behavior: Managing Director.

Our values, principles, standards and norms of behavior are available in different languages to reach all governance body members, workers performing the organization's activities, business partners, and other stakeholders.

### Our Sustainability Policy

As a leading manufacturer of high-quality botanical extracts and lecithins for the cosmetic and personal care industry we are aware of our environmental and social responsibility which is associated with our company activities as sourcing or production. Our understanding of sustainable corporate governance is in line with the definition of sustainable development of the United Nations: «Development which meets the needs of the present without compromising the ability of future generations to meet their own needs.»

We acknowledge the importance of sustainable corporate governance as important part of our business philosophy. In consequence, our business success is not only based on economic performance, we also feel and take responsibility for the environment and society. Important for us is that we do not just talk about it. Our sustainability policy is therefore an integral part of our certified ISO 9001:2015 system, with all relevant parts such as setting and assessment of objects, documentation and internal auditing. We continuously improve and enhance our activities for environmental protection and social fairness and examine annually the achievement of our sustainability objectives.

Our sustainability policy covers within the three main areas economic, environment and social aspects several important factors as summarized in the graphic on the next page.



## Governance

### 102-18 Governance structure

Our organization has the following governing bodies and committees in the governance structure: In compliance with the Swiss Code of Obligations (OR), Lipoid Kosmetik AG has a two-tier management system, comprising the Management Board and the supervisory Board of Directors. The Management Board has two members (Managing Director, Head of Finance).

Lipoid Kosmetik AG has an extended Management Board (Executive Committee) comprising all important functions (Managing Director, Finance and Administration, R&D, Production, Regulatory Affairs and Quality Management, Quality Control, Marketing and Sales).

The two decision making bodies, Board of Director and the Executive Committee are ultimately responsible for our economic, environmental and social performance. As such, they play an active role in ensuring that sustainability is an integral part of our strategy. We have defined our sustainability commitment in the corporate philosophy with the following words:

*We are guided by the principles of sustainability and ethical behavior. For us, this means that we want to leave an intact ecological, social and economic system for future generations. This philosophy has been playing a central role for the main shareholder since the beginning of its business.*

## Stakeholder Engagement

### 102-40 List of stakeholder groups

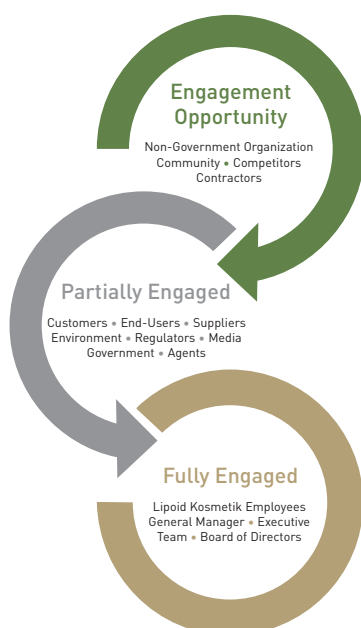
During the reporting period the organization's stakeholders were involved in sustainability issues. The following table shows the involved stakeholders:

- Consultants
- Contractors
- Customers
- Management
- Media
- Partners
- Shareholders and providers of capital
- Unions
- Agents & Distributors

As a socially responsible company, we are committed to fair dealing with all our stakeholders. We focus on a strong company network, an open and honest communication and dealing with respect to one another. A close involvement of our stakeholders we regard as essential. In this context, we are focusing our engagement on stakeholders who we are in direct contact with us, e.g. customers, affiliates, suppliers and employees.

Considering social aspect into our Company's business process, we cover the ethical behavior of our company toward our stakeholders and as well, we demand ethical behaviors of our partners. Our company not only expects its business partners to comply with the national laws regarding social responsibility and human rights issues, it expects its partners to comply with the ten principles of the UN Global Compact. Awareness for such issues is propagated by way of contract and provision of information regarding the international legislation as well as close contact with our procurement department.

The issues covered include: child labor; equality of race, sex, creed; freedom of association and collective bargaining; no forced labor; no corruption; adherence to occupational safety laws; adherence to environmental laws; as well as building awareness for Access and Benefit Sharing.



**We grow together  
with our stakeholders.**



#### 102-41 Collective bargaining agreements

Our organization has no employees covered by collective bargaining agreements.

#### 102-42 Identifying and selecting stakeholders

During the reporting period the organization's stakeholders were involved in sustainability topics. The identification and selection of stakeholders is made in accordance with the following principles and procedures:

Consideration of sustainable issues becoming increasingly important in our business. Understanding the needs of our stakeholders and taking actions to meet their expectations are key prerequisite in this context. We focus on long-term partnerships and transparent and open communication with our stakeholders.

In creating our sustainability program, the interests and exceptions of our stakeholders formed the basis. The information had been obtained from market research, face to face meetings with stakeholders, surveys and self-assessments. Due to our global business activities with many stakeholders worldwide our engagement focuses on stakeholders who are in direct contact with us.

#### 102-43 Approach to stakeholder engagement

Stakeholders of our organization were involved in discussions on sustainability issue during the reporting period. The following table shows the methods of stakeholder involvement.

*Table 10: Stakeholder involvement and frequency*

Procedure	Stakeholder groups	Frequency of engagement
Within general corporate communications	Sales representatives (REP's)	≥ 3 times/year (newsletters)
Selectively for specific events or issues, e.g. through surveys	Customers	1 time/year (customer satisfaction)
From time to time in different formats	Customers	ca. 2 times/year
Selectively for specific events or issues, e.g. through surveys	Media/ Press releases	ca. 2 times/year
Within general corporate communications	Board of Directors	4 times/year
In a transparent and continuous dialog process	Employee meetings	4 times/year
Within general corporate communications	Suppliers	ca. 1 time/year
In a transparent and continuous dialog process	UN Global Compact	1 time/year

Stakeholder involvement was independent of the report preparation. Our organization understands the involvement of stakeholders as strategically important and has implemented it accordingly in the management process. Some selected details about our Stakeholder Involvement:

### Marketing Letter

An important part of the communication with our worldwide partners is our marketing letter. For us, this is an important tool to inform them about trends, regulatory information, sales and marketing news and our continuous efforts regarding sustainability. It appears at least three times a year.

### Customer Satisfaction Survey

Lipoid Kosmetik AG performs an annual customer satisfaction survey via questionnaire. Customers evaluate their satisfaction with several topics on a scale from 1 (= not at all satisfied) to 5 (= completely satisfied). The topics are varied and cover such areas as innovation, customer service, marketing, delivery reliability, quality of products and quality of services offered.

Each year this feedback is analyzed, and a report is prepared to provide our customers with feedback outlining the goals of the company to further improve its services and products. Particular attention is paid to improving our innovation in future years.

### Employee Involvement

We are committed to supporting human rights and labor standards at various levels. Central elements of our human resources policy are motivating employees and steadily developing their abilities. Freedom of association and the right to form professional associations are fundamental elements of the Swiss law «Federal Constitution of the Swiss Confederation», article 23 and 28, which we comply with. In concrete terms, this means every employee has the right to act accordingly.

The values and expected behavior of our employees and the behavior of the company toward employees are summarized below:

- **Personal development**  
Personal development and creating conditions for effective and efficient work is met with careful induction and ongoing training opportunities.
- **No discrimination**  
The company group operates a policy of zero tolerance with regard to discrimination. Any discrimination against persons on the grounds of sex, race, origin or belief contradicts our principles and will be met with personal consequences.
- **Fair pay**  
Wage and wage fixing processes are in line with national laws and regulations to ensure proper wage adjustment and a balanced wage development in the company.
- **Open communication**  
The company attaches great importance to open communications and good relations within the company.
- **Occupational safety**  
The company attaches great importance to the safety and health and well-being of its staff and complies with local statutory provisions.

## 102-44 Key topics and concerns raised

Table 11: Key topics and concerns through stakeholder engagement and organization's response

Topic / Concern	Stakeholder groups that raised the topics and concerns	Response of the organization
Development of a 'Business Code of Conduct'	Customer	'Business Code of Conduct' was developed, reviewed and published.
Training of anti-corruption & anti-bribery policy	Employee	Appropriate training was developed and given to all concerned employees.

## Reporting Practice

### 102-45 Entities included in the consolidated financial statements

Lipoid Kosmetik's sustainability report explains how the company balances economic aspects with environmental and social responsibility. The report is published in English and also available as a printable PDF file. The facts and figures given in this report refer to the year 2020/2021.

Unless otherwise stated, our statements apply to business of Lipoid Kosmetik AG in Switzerland and it does not include the business of the Lipoid Group from other locations or businesses.

### 102-46 Defining report content and topic boundaries

This report offers an honest and comprehensive account of sustainability at Lipoid Kosmetik not only for our customers, business partners, suppliers and shareholders, but also non-governmental organizations, the authorities, our sites' neighbors and our employees.

The key aspects of Lipoid Kosmetik's sustainability strategy and reporting were defined through the following activities:

We have reviewed the materiality analysis which was conducted for the first time in 2015. The analysis focused on potential material topics, reflecting the sustainability impacts of Lipoid Kosmetik's operations, products, and services along the entire value chain, considering:

- GRI standards
- relevant topics for peers, customers and suppliers
- expert knowledge



The relative importance of the topics was rated according to the two criteria «influence on stakeholder assessments and decisions» (importance to stakeholders) and «significance of economic, environmental and social impacts» (importance to Lipoid Kosmetik).

A first selection was based on the recommendations of the 360 report software which was used for this report and material aspects and findings were validated by the management board.

### Sustainability Context

The context in which Lipoid Kosmetik operates on global and local level was considered when determining the list of relevant topics and prioritizing the activities.

## 102-47 List of material topics

The materiality of the topics was defined by taking into account:

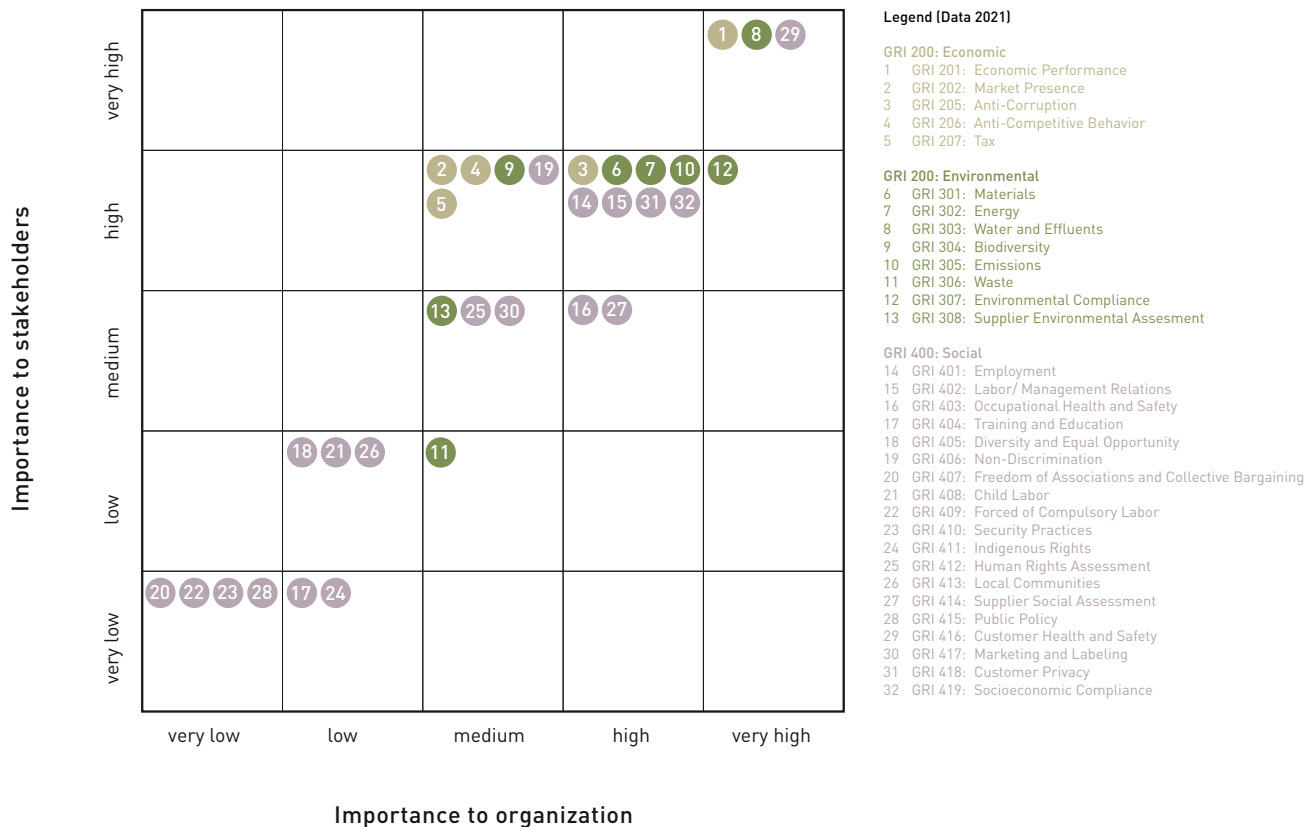
- The main sustainability topics raised by Lipoid Kosmetik stakeholders
- The relevance for Lipoid Kosmetik's core business
- Potential reputational impacts
- Potential of Lipoid Kosmetik to influence/impact the topic
- Relevant laws and regulations, Compliance
- Lipoid Kosmetik's risk management

Our sustainability efforts and Corporate Social Responsibility (CSR) policies, actions and results have been reviewed by EcoVadis, the first collaborative platform providing suppliers sustainability ratings for global supply chains. More than 75'000 companies have been evaluated so far.

The assessment of EcoVadis integrates social and environmental aspects, and is based on 21 CSR criteria, which can be grouped into four fundamental themes: Environment, labor and human rights, ethics and sustainable procurement.

Since the first evaluation in 2015, Lipoid Kosmetik has achieved the highest rating with regular improvements over the years. Since then, we have been awarded several times for our outstanding performance on all aspects of Corporate Social Responsibility by EcoVadis, being regularly among the top 1% of all companies assessed. In 2020, Lipoid Kosmetik was honoured with the Sustainability Leadership Award and in 2021 we received the EcoVadis platinum medal for the second consecutive time.





#### 102-48 Restatements of information

Our organization has previously reported on sustainability issues. Compared to the previous Sustainability Report there are changes in the statement of information.

The first sustainability report of Lipoid Kosmetik AG covering the year 2013 was released in July 2014, but even before Lipoid Kosmetik has collected data back to 2010. These data were not put together into a formal report.

A major improvement has been realized in April 2015 with the integration of GRI (Global Reporting Initiative) Reporting Standards. Since then we have updated the data in a yearly leaflet.

The last report from 2019 has been completely reworked with the help of a software platform called 360report. The software complies with international reporting standards, enabling certification of the reports generated. This report in 2022 was updated and refreshed based on the previous report.

#### 102-49 Changes in reporting

There are no major changes in reporting compared to the last report. However, there are a few adaptations including new topics such as GRI 207: Tax and GRI 403: Occupational Health and Safety.

**102-50 Reporting period**

This report reflects the action of Lipoid Kosmetik AG for the period 2020/2021.

**102-51 Date of most recent report**

An update of the full report is done on a yearly basis with the latest environmental data.

**102-52 Reporting cycle**

A full report is foreseen every 3 years with yearly updates on the most important recent parameters and achievements.

**102-53 Contact point for questions regarding the report**

*Table 12 Information about the contact person*

Title	Full name	Department	E-Mail	Phone
Dr.	Peter Röthlisberger	Managing Director	info@lipoid-kosmetik.com	+41 41 748 33 33
Frau	Alexandra Winz	QM & Regulatory Affairs Manager	info@lipoid-kosmetik.com	+41 41 748 33 33

**102-54 Claims of reporting in accordance with the GRI Standards**

This report has been prepared in accordance with the GRI Standards: Core option.

**102-55 GRI content index**

The GRI content index is shown in the appendix.





# GRI 200: Economic

## 103-1/2/3 Management Approach for GRI 200: Economic

### General requirements for reporting the management approach

#### Our Sustainability Policy

As a leading manufacturer of high-quality botanical extracts and lecithins for the cosmetic and personal care industry we are aware of our environmental and social responsibility which is associated with our company activities as sourcing or production. Our understanding of sustainable corporate governance is in line with the definition of sustainable development of the United Nations: «Development which meets the needs of the present without compromising the ability of future generations to meet their own needs.»

We acknowledge the importance of sustainable corporate governance as important part of our business philosophy. In consequence, our business success is not only based on economic performance, we also feel and take responsibility for the environment and society. Important for us is that we don't just talk about it. Our sustainability policy is therefore an integral part of our certified ISO 9001:2015 system, with all relevant parts such as setting and assessment of objects, documentation and internal auditing. We continuously improve and enhance our activities for environmental protection and social fairness and examine annually the achievement of our sustainability objectives.

Our sustainability policy covers within the three main areas economic, environment and social aspects several important factors as summarized in the graphic below.

#### Economic Aspects

We develop and market products and services that improve the quality of life and create additional value for our customers, employees and for society as a whole. It is our policy to supply world markets with safe and effective products that contribute to a higher quality of life. Every employee has the task to always act in accordance with our ethical and behavioral codex, which is defined for all Lipoid companies and subsidiaries. Some of the essential aspects of this codex are: no corruption, open communication, data safety, confidentiality or long-term view. Through continual improvement of our processes and products, we aim to be a reputable leader in the industry. Our future success in the markets is also affected by the worldwide reputation of the company. This is accomplished not only with the high quality of the products but also the production processes and ethical business practices by which they are sold. We are continually working to improve our technical and business concepts.

#### Environmental Aspects

Our activity must not involve a threat to the environment, for the health and safety of those with whom, who work for us or use our products. The term «environment» is to be understood in the broadest sense of the word: people their property, their living conditions and their quality of life as well as all elements of nature (flora, fauna, natural resources, ecological balance.) Protecting the environment is not only a legal obligation; to fulfill them is a challenge to all responsible members of society. Environmental protection, biodiversity protection and conservation, prevention of environmental pollution and careful use of natural resources are our fundamental principles.



It is one of the foundations to implement the concept of sustainable development in all business areas. It is the duty of every employee to be extra vigilant with regard to environmental, health and safety risks. Awareness programs are in place to support the reduction of waste and the efficient use of energy resources. However, we have also implemented various other activities which will be described in following chapter.

#### Social Aspects

As a socially responsible company, Lipoid Kosmetik AG is committed to fair dealing with our stakeholders as customers, suppliers and employees and to support human rights on various levels.

Considering social aspect into our Company's business process, we cover the ethical behavior of our company toward our stakeholders and as well, we demand ethical behaviors of our partners. We consider the close involvement of our stakeholders as the basis therefore and focus on a strong company network, an open and honest communication and dealing with respect to one another. Besides, we also feel responsible for the society. We take our social responsibility seriously and therefore we support various non-profit institutions with longer-term perspective.

The following graphic summarizes our sustainability approach.

<p>For us, creating conditions to promote sustainable growth means:</p> <ul style="list-style-type: none"> <li>• Focussing on long-term success and growth</li> <li>• Continually strengthening and expanding our market presence</li> <li>• Enhancing our competitiveness</li> <li>• Investing in the future with new products and innovations</li> <li>• Acting in an ethical, transparent and responsible manner</li> </ul>	<p>Economic Aspects</p> 
<p>The principles of our environmental policy are:</p> <ul style="list-style-type: none"> <li>• Compliance with laws</li> <li>• Environment protection</li> <li>• Biodiversity conservation</li> <li>• Prevention of environmental pollution</li> <li>• Careful use of natural resources</li> </ul>	<p>Environmental Aspects</p> 
<p>In the area of social sustainability we attach great importance to:</p> <ul style="list-style-type: none"> <li>• The safety and quality of our products</li> <li>• Fair business relations and close involvement of our stakeholders</li> <li>• The qualification and satisfaction of our employees</li> <li>• Respecting UN global principles on human rights, labor standards and anti-corruption within the supply chain</li> </ul>	<p>Social Aspects</p> 

## Disclosure 103-1: Explanation of the material topic and their boundaries

Economic Aspects include the following aspects:

### Economic Performance and Long-Term View

A prerequisite for sustainable growth is economic performance. Economic performance is not only linked to revenues or earning but also on market strength, market presence, competitiveness and innovation. As a privately owned company we can clearly believe and state, that long-term success is more important than short-term yearly or even quarterly financial results.

- **Performance**

With the combined portfolio of botanical products, actives and natural phospholipids we have achieved a stable growth. In the last year, we have made progress in adapting the company to different market demands and driving its efficiency, modernity and performance.

- **Market Presence**

We are present in more than 60 countries worldwide continuously adapting to new demands, local needs and global perspectives. We are present at the major international trade shows, fairs or international congresses.

- **Innovation**

With strategic innovation map we have defined strategic innovation fields where we want to be active in the future, where we see the greatest potential and how we can provide the industry with state-of-the art products. In the last years we have regularly launched new products.

- **Long-Term view**

As a privately held company we can put long-term success before short term financial goals. This gives us the strength to pursue our long-term goals and not to focus on short-term results or success only. This is not only reflected in our company goals, but also in our compensation plans.

### Fair Business Practice

Lipoid Group and Lipoid Kosmetik AG have a defined ethical and behavioral codex for all its companies and subsidiaries. This codex provided in German and English is constantly updated and distributed over the company based in Switzerland and our subsidiary companies. Every employee confirms the receipt with signature and has the task to always act in accordance this codex. Among others, following issues as basis of our business activities:

- **Fair Trade**

It is the aim of the company to produce best quality products at reasonable prices.  
We invest a predefined percentage of our profits into nonprofit organizations.  
These nonprofit organizations support socially discriminated groups and children.

- **Free Trade and Competition**

Any kind of restriction on the free movement of goods is regarded not in line with our fair-trading policy. Our employees may not enter into agreements or contracts with competitors for example by defining or influencing directly or indirectly the purchase or selling prices of products; including the division or allocation of markets; nor may they Conduct or participate in boycotts with any party against any third parties.

- **No Corruption**

In terms of bribery and illegal transactions, we respect and comply with it the law of the country in which the Group operates, as well as the international rules against such practices and transactions. We make it clear what value we attach to the integrity and proper business practices. Our employees may therefore, not offer cash or in kind gifts to neither influence business partners or officials nor derive any direct or indirect personal benefit from the company's activities.

- **Data Safety and Confidentiality**

All employees who have access to confidential information are obliged to comply with the rules and regulations set forth by the company and legislation. All data managed be it customer or internal information is handled according to defined safety rules. All employees are made aware of this policy.

- **Whistleblowing Policy**

All employees can confidentially report any criminal behavior or wrong doing by an employee or manager to an independent person and is assured that it is reported and properly dealt with. The organization is committed that no member or staff should feel disadvantage in raising legitimate concerns.

This report covers all aspect of the sustainability measures of Lipoid Kosmetik AG, Switzerland. Sister companies or other companies in the Lipoid Group are not covered.

### Cybersecurity

The global rise in cyberattacks and the professional nature of the hacks launched by cyber-criminal organisations are presenting enterprises with the challenge of developing, implementing and constantly reviewing security strategies.

Guidelines for management and the organisation of corporate security are developed within the company. Business continuity management (BCM) ensures that all critical business processes can be continued or promptly restored in case of internal or external incidents.

To maintain a high level of expertise, Lipoid Kosmetik holds regular training including a newsletter that are based on realistic scenarios. Regular internal audits make it possible to determine the maturity of the security.



### Privacy Policy

Protecting identities is an important concern to us that we take very seriously. We treat personal data confidentially and in accordance with statutory data protection requirements. We are committed to continually improving the effectiveness of data protection.

### Secrecy and data security

It is not always apparent where dangers lurk. Secrecy and data protection measures are intended to prevent unauthorized persons from accessing protected information. All suitable technical and organizational security measures are taken to protect data and information from unauthorized or unlawful access, loss, destruction or damage. Cyber risks are a real and growing threat, which we aim to counter with effective measures.

### Disclosure 103-1: The management approach and its components

Business success and economic performance is the basis for a sincere CSR policy. We align our policy with the UN definition and we try to feel and take responsibility for the environment and the society. Therefore, our CSR policy includes three major pillars: social fairness including fair business practices, respecting UN Global Compact principles; environmental aspects such as biodiversity conservation, prevention of pollution and respectful use of natural resources; and economic aspects such as fair business practice and long-term relationships. The CSR policy is fully integrated into our ISO 9001:2015 system with all relevant parts such as setting and assessment of goals, key performance indicators, documentation and internal auditing.

Rising ethical consumerism and the need for resource efficiency is a major trend in the industry and sustainability can also be a driver for innovations. Big players have a clear strategy of sustainable developments with all its aspects and this will go side by side with more educated and demanding consumers. Here we have to distinguish between different global markets with a different understanding of sustainability and natural or organic cosmetics. In some cases in the raw material but also in the cosmetic consumer industry, we observe that the company philosophy becomes greener but the product quality does not develop equally.

However, there is still a lot of effort needed from the industry to satisfy the consumer trend driven by the younger generation.

## GRI 201: Economic Performance

### 201-1 Direct economic value generated and distributed

Our organization uses accrual accounting as the accounting method.

However, as a privately held company we respect the shareholders decision not to disclose any financial statement on revenue, growth, capitalization etc.

Lipoid Kosmetik AG belongs to the Lipoid Group which itself belongs to the Lipoid Stiftung. The Lipoid Stiftung (Foundation) considers the respect and protection of human dignity as well as the prevention of its infringement to be its most important, ethical mission.

Sustainability is the essential core and the guiding principle of the Lipoid Stiftung.

The Lipoid Stiftung follows and is committed to the principles of good practice for foundations as approved by the members of the Association of German Foundations. The Lipoid Stiftung is a public foundation with legal capacity under civil law. It was established for the promotion of non-profit and charitable purposes, in particular for the support of children with disabilities and children from socially disadvantaged backgrounds.

Our entrepreneurial activity forms the material basis for the foundation's charitable work. In addition to the Lipoid Stiftung, the beneficiaries of the enterprise also include scientific institutions. Moreover, individual companies in the Lipoid Group sponsor social projects in their respective regions with additional donations.

**More information can be found here:**

<http://www.lipoid-stiftung.de/en/homepage/>

### 201-2 Financial implications and other risks and opportunities due to climate change

The opportunities and risks of climate change for our organization have been estimated. The risk to our organization from natural disaster arising from climate change is low. We do not have a systematic, data-supported analysis of the financial effects of climate change and do not plan to introduce one.

The global climate change can have a major impact on the supply chain of some botanical extracts. For example, the shortage of Vanilla is partly due to extreme weather, weak crop-security, and exporters who hoard inventory and speculate on further rises have also kept prices high. This price increase has an impact on the supply chain for some botanical products which are restricted to a certain area which might be impacted by extreme weather conditions such as tropical storms or flooding.

However, overall the impact of climate change on our business model remains low. The described impacts affect our organization particularly on the value chain. The following methods are used to deal with the opportunities and risks:

- Use of renewable and low-carbon energy
- Optimization of energy efficiency
- Other methods

## GRI 202: Market Presence

### 202-1 Ratios of standard entry level wage by gender compared to local minimum wage

All entry level wages are above the local minimum wage. We have defined the following in our policy regarding fair payments and gender discrimination.

#### Fair Pay

Wage and wage fixing processes are in line with national Laws and regulations to ensure proper wage adjustment and a balance wage development in the company.

#### No Discrimination

The company operates a policy of zero tolerance with regard to discrimination. Any discrimination against persons on the grounds of sex, race, origin or belief contradicts our principles and will be met with personal consequences.

## GRI 205: Anti-Corruption

### 205-1 Operations assessed for risks related to corruption

#### Compliance Management

Lipoid Kosmetik's ethical principles of corporate management exceed legal requirements. They are summarized in our Code of Conduct. All Lipoid employees are required to follow this code. The Head of Finance and Administration and the Managing Director are responsible for ensuring that these principles and all related legal provisions are observed throughout the company. Training courses on compliance raise employees' awareness of the relevant risks and convey binding rules of behavior for daily work routines. These aspects are covered by Lipoid Kosmetik's compliance regulation. Employees are instructed to inform their supervisors or the person defined in the whistle blowing process of any violations they notice.

The Managing Director is responsible for implementing the compliance rules and regulations.

Prevention is a key aspect of the work regarding compliance. For example, a dedicated training program on anti-corruption and anti-bribery was launched to raise employee awareness of the risks.

Lipoid Kosmetik's compliance programs are designed to prevent misconduct, minimize the repercussions of misconduct, and – in accordance with the UN's Global Compact – identify any cases of corruption or other legal infringements. To promote compliance, we use such organizational methods as the separation of responsibility and our dual-control policy. Separation of responsibility makes it impossible for any one employee to single-handedly carry out transactions involving payments. The purchasing unit is thus quite distinct from the ordering unit. Dual control ensures that every critical transaction is checked by a second person.

## 205-2 Communication and training about anti-corruption policies and procedures

Employees are informed about our anti-corruption policy. We also offer anti-corruption training courses.

*Table 13: Communication and training on anti-corruption of employees by level*

Level	Number of employees per Level	Employees informed about anti-corruption	in %	Employees trained on anti-corruption	in %
Management/Sales/Procurement	8	8	100	8	100
Rest of Employees	30	30	100	0	0
<b>Total</b>	<b>38</b>	<b>38</b>		<b>8</b>	

*Table 14: Communication and training of employees on anti-corruption by function*

Function	Number of employees per function	Employees communicated to anti-corruption	in %	Employees trained on anti-corruption	in %
Management	2	2	100	2	100
Sales	3	3	100	3	100
R&D with customer contact	1	1	100	1	100
Purchasing Manager	2	2	100	2	100
Rest of employees	30	30	100	0	0
<b>Total</b>	<b>38</b>	<b>38</b>		<b>8</b>	

*Table 15: Communication and training of employees on anti-corruption*

Region	Number of employees per region	Employees informed about anti-corruption	in %	Employees trained on anti-corruption	in %
Switzerland	38	38	100	8	21
<b>Total</b>	<b>38</b>	<b>38</b>		<b>8</b>	

Governance body members are informed about anti-corruption and training courses on anti-corruption for governance body members were conducted. Our organization has policies and procedures of anti-corruption. Our organization has policies and procedures of anti-corruption.



**Table 16:** Communication on anti-corruption of business partners by type

Type of business partner	Number of business partners per type	Business partners communicated on anti-corruption	in %
Affiliates	3	3	100
Agents	40	40	100
<b>Total</b>	<b>43</b>	<b>43</b>	

#### 205-3 Confirmed incidents of corruption and actions taken

No violations, fines or legal actions for anti-competitive behavior, anti-trust and monopoly practices are to be reported in the current period 2020/2021.

## GRI 206: Anti-Competitive Behavior

#### 206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices

In the reporting period or before, our organization was not involved in any legal actions due to anti-competitive behavior or violations of antitrust law.

## GRI 207: Tax

#### 207-1 Approach to tax

Lipoid Kosmetik AG is a swiss public limited company established under the law of Switzerland. With that Lipoid Kosmetik pays full tax in the Kanton of Zug according to BGS 632-1 Steuergesetz Kanton Zug. [[https://bgs.zg.ch/app/de/texts\\_of\\_law/632.1](https://bgs.zg.ch/app/de/texts_of_law/632.1)]

There is no specific tax policy in place.

Correct accounting is yearly supervised by an external auditing company according to swiss law on behalf of the highest governance body of Lipoid Kosmetik AG.



## GRI 300: ENVIRONMENTAL

### 103-1/2/3 Management approach for GRI 300: Environmental

The detailed description of the management approach is described in Chapter 103-1/2/3 Economic Aspects.

#### Environmental Management

Our comprehensive environmental management program is an integral part of our certified Quality Management System ISO 9001:2015. We establish and maintain this integrated environmental management system. We set objectives, monitor and evaluate them annually. These are communicated in the sustainability report and the Corporate Social Responsibility summary to our stakeholders.

To better understand our environmental impact we annually evaluate our key indicators such as energy and water consumption or waste generation. We continually monitor and extend these factors. Our goal is to improve our actives on an on-going basis.

We have published an Environmental Policy that is reviewed annually for its suitability and communicated to all interested parties.

#### Our Environmental Policy

We are committed to an effective strategy for environmental protection, which does not only conform to the complex requirements of current environmental laws, but also goes beyond, by respecting voluntary standards and in-house requirements. We are guided by the principles of sustainability and ethical behavior that we leave an intact ecological structure to future generations. We take responsibility for the health and safety of our employees and customers and the protection for the environment and its natural resources. We are therefore committed to avoiding pollution, minimizing our environmental impact, using resources responsibly, protecting the environment and conserving biodiversity. In support of our commitment, we adhere to the following principles:

- We meet all applicable legal environmental requirements and relevant laws concerning the protection of environment and biodiversity.
- We fulfill all voluntary obligations to which we have committed ourselves and support voluntary programs such as myclimate, RSPO and IUCN Red List.
- We include environmental issues in our business strategies.
- We prevent pollution, emissions and reduce waste to a minimum by returning it back to the material cycle.
- We minimize the consumption of resources (e.g., energy, water) by initiating appropriate measures.
- We constantly strive to develop and implement useful measures to reduce the environmental impact of our company and products under consideration of its entire life cycle.
- We are constantly working to make our products more natural and sustainable by using, for example, more organic plant materials, renewable solvent systems and biodegradable chemicals.
- We train and motivate employees to carry out tasks in an environmentally responsible manner and handle hazardous substances in a responsible way.
- As a signatory to the UN Global Compact, we comply with the ten principles of the United Nations Global Compact and we expect the same from our partners.  
We raise awareness along the supply chain.
- We work together with external partners to share knowledge and implement the latest scientific findings.

Lipoid Kosmetik AG is committed to continually improve its environmental performance.

## GRI 301: Materials

### 301-1 Materials used by weight or volume

We do not currently report the weight or volume of the materials used as the data are confidential.

## GRI 302: Energy

### 302-1 Energy consumption within the organization

Since 2009, we measure the total energy consumption of the production site Steinhausen (Switzerland). The electricity used in our production site in Steinhausen comes from the electricity and gas provider 'Wasser- und Elektrizitätswerk Steinhausen'. Since 2012, the energy used is from 100% renewable source mainly in the form of hydroelectricity.

In the reporting period energy has been purchased.

*Table 17: Consumption of fuels broken down by fuel type*

Energy source	Energy (GJ) 2009	Energy (GJ) 2020	Energy (GJ) 2021
Non-renewable energy sources			
Natural gas	1,424.97	1,294.90	1,482.08
Petrol	6.89	6.89	6.89
Total direct energy consumption	1,431.68	1,301.79	1,488.97

The increased gas consumption in 2021 is probably due to a weather effect. However, we are currently clarifying whether there are other causes.

*Table 18: Total amount of indirect energy consumption differentiated by indirect renewable and indirect non-renewable energy sources in Gigajoule (GJ)*

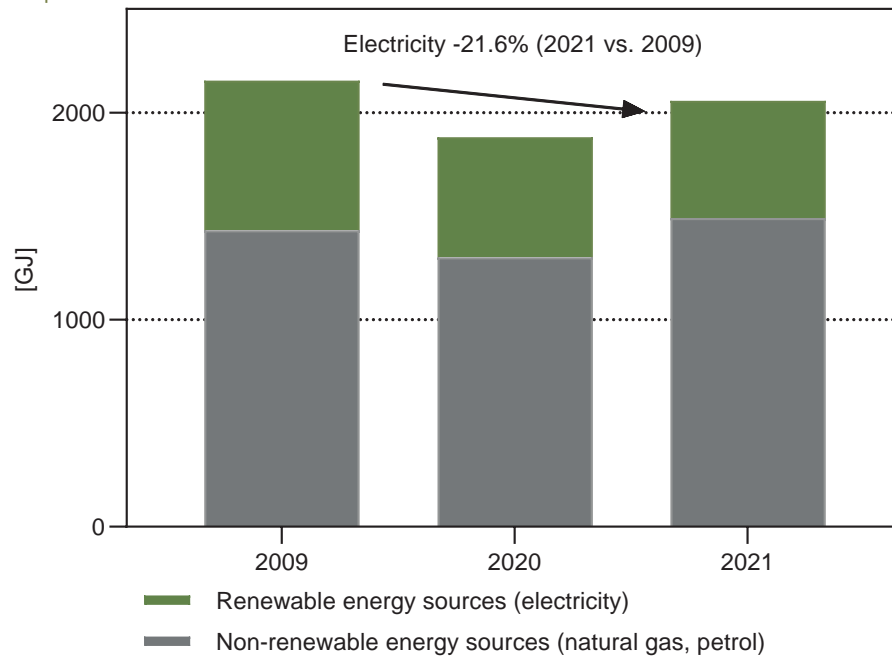
Energy source	Energy (GJ) 2009	Energy (GJ) 2020	Energy (GJ) 2021
Renewable energy sources			
Electricity	0	579.40	565.74
Non-renewable energy sources			
Electricity	721.63	0	0
Total indirect energy consumption	721.63	579.40	565.74



**Table 19:** Total amount of energy consumption within the organization broken down by renewable and non-renewable energy source

Total energy consumption within the organisation	Total (GJ)	of which renewable (GJ)	of which non-renewable (GJ)
2009	2,153.3	0	1,431.7
2020	1,881.2	579.4	1,301.8
2021	2,054.7	565.7	1,489.0

#### Energy consumption



#### 302-2 Energy consumption outside of the organization

We do not provide any information about upstream or downstream energy consumption.

#### 302-3 Energy intensity

**Table 20:** Amount of energy, relevant types and intensity

Year	Amount of energy	Unit energy	Affected types of energy*	Value reference size	Unit reference size	Energy intensity	Unit result
2009	2,146.42	GJ	total energy	244	U	8.80	GJ/U
2020	1,862.38	GJ	total energy	270	U	6.90	GJ/U
2021	2,047.82	GJ	total energy	259	U	7.91	GJ/U

\* without petrol

Energy intensity is based on total energy consumption of the production site Steinhausen divided by the average production volume (U) in the corresponding year.

#### 302-4 Reduction of energy consumption

Optimizing our energy efficiency is our top priority. We use 100% green electricity (mainly water power) and energy-saving technologies. We have been working for years to optimize our energy consumption in order to manufacture our products in an energy-efficient manner. Since 2009, we have been evaluating our energy consumption annually and have been able to reduce our electricity consumption by around 20%.

In that respect, we obtain external support and technical advice from the Swiss Energy Agency for Industry (EnAW). Together with the EnAW, we set up an energy efficiency plan in 2010. By realizing our EnAW energy efficiency plan, we directly reduced our carbon footprint. Each year within the 10-year action plan, we implemented defined energy efficiency measures and reported them back to the EnAW. By implementing this energy efficiency plan, we were able to reduce our energy consumption by around 400 GJ and our CO<sub>2</sub> emissions by 15.6 t CO<sub>2</sub>-eq.

In 2021, we extended the measures for another 10 years. Our new target for 2030 is to reduce our energy consumption by 65 GJ and our CO<sub>2</sub> emissions by 3 t CO<sub>2</sub>-eq.

The table gives an overview of implemented energy-saving measures.

*Table 21: Initiatives to reduce energy consumption*

Initiative	Reduction (in GJ)	Types of energy affected	Base year / reference size	Standards, methods and assumptions
<b>Total EnAW measures implemented since 2010</b>	<b>448.00</b>	<b>–</b>	<b>2021</b>	<b>Based on the energy models created by EnAW.</b>
Periodic check of the steam traps	41.7	Natural Gas	2021	Based on the energy models created by EnAW.
Replacement of unregulated cooling water pump	7.5	Electricity	2021	Based on the energy models created by EnAW.
Replacement of fluorescent lamps by LED tubes	74.22	Electricity	2018	Based on the energy models created by EnAW.
Replacement of ventilation systems' drive motor of laboratory hood	0.60	Electricity	2018	Based on the energy models created by EnAW.
Dismantling of unused steam lines	20.02	Natural Gas	2017	Based on the energy models created by EnAW.
Insulation of the condensate line	6.97	Natural Gas	2017	Based on the energy models created by EnAW.
Replacement of desalination plant	40.00	Natural Gas	2017	Based on the energy models created by EnAW.
Temperature of the external storage area have been increased	36.00	Electricity	2015	Based on the energy models created by EnAW.
Renewal of the existing vacuum distillation plant	80.00	Natural Gas	2014	Based on the energy models created by EnAW.

Initiative	Reduction (in GJ)	Types of energy affected	Base year / reference size	Standards, methods and assumptions
Insulation of the condensate reservoir	80.00	Natural Gas	2013	Based on the energy models created by EnAW.
Reduction of the water flow	8.00	Natural Gas	2012	Based on the energy models created by EnAW.
Temperature of the microbiology laboratory has been increased	1.22	Electricity	2012	Based on the energy models created by EnAW.
Insulation of condensate container	40.00	Natural Gas	2012	Based on the energy models created by EnAW.
All radiator-valves in the offices, production and storage areas have been limited	6.48	Natural Gas	2011	Based on the energy models created by EnAW.
Temperature of the server room was been increased	4.68	Electricity	2011	Based on the energy models created by EnAW.
Installation of a time switch on the coffee machine	0.90	Electricity	2011	Based on the energy models created by EnAW.

With all EnAW-actions already implemented, we have been able to reduce our energy consumption in total by 448 GJ. With these actions, we cut our energy consumption, which has a direct positive impact on our carbon footprint.



## Key Process Indicators

### Energy Savings

(according to EnAW program) [GJ]

2020



399

### Energy Savings

(according to EnAW program) [GJ]

2021



49



### Energy Savings

(according to EnAW program) [GJ]

Target 2020



299

### Energy Savings

(according to EnAW program) [GJ]

Target End of 2030



65

The target set for 2020 was successfully achieved and the new target for 2030 is currently in progress.

### **302-5 Reductions in energy requirements for products and services**

We manage energy responsibly by saving avoidable kilowatt-hours for lighting, heating and air conditioning and take particular care that our products are produced in an environmentally friendly and energy-saving manner. Our extraction takes place at room temperature. Only low temperatures are used for the concentration of our extracts. We take energy efficiency into account when purchasing new technical equipment and beyond that every employee actively contributes to our energy policy in their day-to-day work.

## **GRI 303: Water and Effluents**

### **303-1 Interactions with water as a shared resource**

With over 1500 lakes, several rivers as well as ancient glaciers, Switzerland has considerable water resources. Drinking water is not in short supply in Switzerland.

Water is used in many ways in our company, for example as an extraction solvent and for cleaning equipment and production premises. And it is also a valuable ingredient of our products. At our site we use only drinking water. Careful use and protection of this significant raw material, is therefore an important concern for us.

As part of our water management program, we are committed to the responsible use of this resource and take measures to avoid any risks. Our water management program consists of the following elements:

- All employees are aware of the proper handling of chemicals and the responsible use of water.
- We monitor water consumption annually for efficient water usage and introduce measures where necessary.
- We have a risk and crisis management procedure in place to react if a hazardous incident occurs.

### **303-2 Management of water discharge-related impacts**

Our industrial wastewater is discharged untreated into the public sewer system. We comply with the local legal requirements for wastewater discharge. There are no other standard wastewater quality parameters available in our organization.

### **303-3 Water withdrawal**

The total water used in our facility in Steinhausen comes from the municipal water supplier 'Wasser- und Elektrizitätswerk Steinhausen'. It has drinking-water quality and comes from ground water. Since 2012, we use an installed water meter to evaluate how much water we have used at our site in Steinhausen to maintain the entity.



*Table 22: Total water withdrawal per sources (in m³)*

Source	Water usage (in m³) 2012	Water usage (in m³) 2020	Water usage (in m³) 2021
Water utilities	1,708.4	1,305.0	1,361.0
<b>Total of all water sources</b>	<b>1,708.4</b>	<b>1,305.0</b>	<b>1,361.0</b>

The values shown above are based on measurements. In 2021, we used in total 1'361 m³ water which is 20% less than in 2012.

### 303-4 Water discharge

Our waste water gets treated with communal waste water in the sewage plant 'Kläranlage Schönauf', located 5 km away until it is ready for human consumption again. In order not to interfere with the microbiological system in the sewage works, we collect laboratory reagents and other dangerous goods according to their hazards.

Our organization has wastewater discharges, which are shown in the table below.

*Table 23: Waste water discharges by location, destination and treatment*

Year	Location	Volume (in m³)	Water quality	Destination	Method	Reuse by another organisation
2012	Steinhausen	1,133	Treated in the external waste water treatment plant	Public sewer system	Estimated	No
2020	Steinhausen	1,190	Treated in the external waste water treatment plant	Public sewer system	Estimated	No
2021	Steinhausen	1,263	Treated in the external waste water treatment plant	Public sewer system	Estimated	No

We have used the following standards, methods and assumptions. We use an installed water meter to evaluate the water consumption at our production site in Steinhausen. The waste water is calculated by subtracting the value from the water meter with the water used as ingredient of our products.

### 303-5 Water consumption

Due to the lack of measured data on waste water volumes, we are currently unable to provide a further breakdown of consumption.



## GRI 304: Biodiversity

### 304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas

Our office floors, manufacturing and storage facility in Steinhausen are located in the water protection area Au, classified according to Swiss Water Protection Act (WPA) and Waters Protection Ordinance (WPO) for the purpose of ground water protection and prevention of drinking water from pollution. All necessary government licenses authorizations were obtained.

As a contribution to local water protection, we take all possible measures to avoid potential incidents that could endanger the environment. Our employees know how to use chemicals responsible and are trained in correct handling of hazardous substances. All chemicals are stored and periodically discharged according to their hazards by hazardous waste professionals, for example hazardous materials are stored above barrier basins. All employees are sensitized on potential dangers and how to behave appropriately in case of emergency situations. Processes for the transportation of hazardous goods and the internal handling of such are set up by our hazardous materials safety manager and are controlled regularly.

### 304-2 Significant impacts of activities, products and services on biodiversity

Sustainability is far more than a trend, it is a steadily growing movement toward conscious consumerism that recognizes the impact on the environment and society for future generations. Following our company slogan "We make beauty natural.", Lipoid Kosmetik offers customers a wide portfolio of natural, ethical and sustainable products.

Our range includes a variety of COSMOS- and RSPO-certified products. Many other products are in line with the well-known standards of natural and organic cosmetics such as NATRUE and others, they contain organic and sustainable raw materials and, additionally, are biodegradable.

With our green product portfolio Lipoid Kosmetik makes cosmetics more natural, ethical and sustainable.

### Natural Cosmetic Products

Since many years, Lipoid Kosmetik continuously strives to make products more natural, and we are proud to offer a broad portfolio of natural products.

The international norm ISO 16128 defines a new global way of communicating the naturalness of cosmetic ingredients and final cosmetic products. The grade of naturalness of a cosmetic ingredient can now be quantified using four indices and contents, respectively. The playing field for all grades of natural and organic cosmetic products has now become substantially larger than before. This creates more transparency for consumers once the natural and organic origin content is advertised on the packaging of final cosmetic products.

Lipoid Kosmetik has calculated the natural and organic content of all products according to ISO 16128 and set essential targets:



### Key Process Indicators

#### Enhancing Natural Products

Number of natural products (with Cno  $\geq$  99% or Ino  $\geq$  0.99 as per ISO 16128) vs. number of all products of the active portfolio.

2020



53.3%

2021

56.7%



#### Enhancing Natural Products

Number of natural products (with Cno  $\geq$  99% or Ino  $\geq$  0.99 as per ISO 16128) vs. number of all products of the active portfolio.

Target End of 2025



$\geq$  60%

Target End of 2030

$\geq$  80%

Already over 56 % of our portfolio achieves an outstanding natural origin content of  $\geq$  99 % or a natural origin index of 0.99, respectively. But that is not all: We keep working to increase the proportion.

### Sustainability Score

By focusing on sustainability, Lipoid Kosmetik has created a new evaluation scheme to assess the sustainability of our plant raw materials and products, accordingly. Based on criteria such as traceability, compliance and positive social and environmental impact, raw materials are ranked into Sustainability (SUS) level ranging from 1 to 3. SUS 3 products have high sustainability with a positive environmental and social impact.

Lipoid Kosmetik has calculated the sustainability level of all products according to ISO 16128 and set essential targets:



### Key Process Indicators

#### Enhancing Natural Products

Number of products with Sustainability Level 3 (SUS3) vs. number of all products of the active portfolio.

2020



36.5%

2021

39.7%



#### Enhancing Natural Products

Number of products with Sustainability Level 3 (SUS3) vs. number of all products of the active portfolio.

Target End of 2025



≥40%

Target End of 2030

≥60%

Currently, over 39 % of our plant raw materials reach in the highest SUS 3 level, and we constantly work on increasing this number. This ranking system does not just emphasize the importance of transparency in raw material sourcing, it also provides an added value to our products.

### Organic Raw Materials: A Benefit for All

Following the trend of organic ingredients in cosmetics, we continue to upgrade our raw materials towards organic quality, advancing the Green Shift of our portfolio. Today, 40 % of our portfolio contains organic raw materials and this share is continuously increasing.

By using organic raw materials, we make an important contribution to biodiversity preservation, environmental protection, and sustainable cultivation: Conventional raw materials require extensive farming, which endangers soil, water, and wild habitations. In contrast, using organic raw materials results in less pesticide use, improved soil fertility, and maintains biodiversity. For that reason, our organic plant extracts make a positive contribution to the environment and meet customers' needs for greener products at the same time.

### Our Palm Oil<sup>1</sup> Engagement - The Roundtable on Sustainable Palm Oil (RSPO)

Excessive consumption of palm oil leads to many environmental and social issues along the supply chain, hence, the importance of sustainable palm oil production increases each year.

Sustainable and responsible behavior, – based on environmental, social and economic actions – is a fundamental part of Lipoid Kosmetik's business philosophy. For that reason, we have a long history regarding the use of sustainable palm oil and its derivatives. It has been part of our purchasing specification since years. Further, Lipoid Kosmetik is a member of RSPO since 2017.

Since October 2020 Lipoid Kosmetik is certified according to the RSPO Supply Chain Standard, Mass Balance. This certification confirms that we contribute to the production of sustainable palm oil by using palm oil derived from sustainable supply chains based on either Mass Balance (MB), Segregated (SG) or Identity Preserved (IP). We are very proud of having achieved this certification which further strengthen our position as an outstanding supplier for sustainable cosmetic ingredients.

Every raw material has to successfully pass our strict raw material approval procedure. As a requirement, the palm-based raw material purchased must be certified sustainable via one of the RSPO supply chain options. In very rare case where an ingredient is not available as such or in the desired quality, we cannot avoid using minor quantities of palm oil, which are conventionally produced. These quantities are compensated by purchasing corresponding RSPO Credits (Book & Claim). However, the continuous reduction of these quantities is part of our CSR (Corporate Sustainability Responsibility) target settings and is continuously monitored.

Already 93% of our palm oil is from a sustainable, certified source. For 2025, we have set ourselves the target to increase it to 100%:



#### Key Process Indicators

##### RSPO Certified Palm Oil

% RSPO certified palm oil and its derivatives, minimum Mass Balance

2020



**73%**

##### RSPO Certified Palm Oil

% RSPO certified palm oil and its derivatives, minimum Mass Balance

2021



**93%**



##### RSPO Certified Palm Oil

% RSPO certified palm oil and its derivatives, minimum Mass Balance

Target End of 2025



**100%**

<sup>1</sup> The term 'palm oil' includes palm (kernel) oil and its derivatives.



### Sustainable Use of Biodiversity - Our Biodiversity Strategy

Plants are the foundation of our business. With over 350 plants in our portfolio we consider the protection of natural species and prevention of biodiversity for further generation as particularly important. The sustainable use of biodiversity is therefore a special concern for us. This is anchored in our sustainability strategy. Our Biodiversity strategy is comprised of:

- Renouncement of animal testing
- Sustainable use of biodiversity based on Access and Benefit Sharing (ABS)
- Our palm oil engagement
- Checking of plant protection status

### Renouncement of Animal Testing

Animal testing is a current topic in the cosmetic sector and is still performed for safety evaluations of cosmetic products. In Europe, animal tests on cosmetic products and ingredients for cosmetic purpose was banned in 2009. Furthermore, the selling of cosmetic products and ingredients that have been tested on animals for cosmetic purpose was prohibited in March 2013. However, outside Europe there are still some countries in which animal testing is required or allowed.

Lipoid Kosmetik AG assesses the safety of our products by using alternatives to animal testing such as in vitro tests. None of our products and ingredients has been tested on animals by or on behalf of our company since 1999.

### Access and Benefit Sharing

The Nagoya Protocol on ABS is a new international treaty introduced at the Convention on Biological Diversity (CBD) on October 2010 in Nagoya, Japan. The protocol has been in force since October 12, 2014. Its objective is the fair and equitable sharing of benefits arising from the use of genetic resources, thereby contributing to the conservation and sustainable use of biodiversity and implementing the three objectives of the CBD:

- The conservation of biological biodiversity
- The sustainable use of its components
- The fair and equitable sharing of benefits arising from the utilization of genetic resources

Lipoid Kosmetik is a leading manufacturer of high-quality botanical extracts and natural phospholipid products for the cosmetic and personal care industry. Our products are impacted by ABS regulations to varying degrees depending on the claims made and the plant material used.

We are not only affected by the ABS legislation but are also convinced that this is the right path to work towards a fair distribution of resources around the globe. We make every effort to use due diligence where applicable.

### 304-3 Habitats protected or restored

Our organization was not involved in rehabilitation, renaturalization or protection of areas.

#### 304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations

The sustainable use of plants is part of our daily business activities. We adhere to all relevant laws concerning protection of biodiversity and trade of endangered species as globally specified by the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) and regulated by laws in the EU and Switzerland. We also take into account the conservation statue as defined by IUCN Red List of threatened species (IUCN Red List).

We are committed to preventing any threat to species which might be connected with our business processes. Complying with the obligations of CITES and IUCN Red List is our basis for this. We refuse the use of protected or threatened plants by CITES or IUCN Red List from wild sources. Our approach is as follows:

- Before using a new plant, we check the laws and databases for its protection status.
- If the plant is listed in any of these regulations or databases, we only purchase it from non-concerned origins, cultivated and well documented sources.
- Wild collection is only accepted after we have ensured with our supplier that there is no further local protection regulation applicable and that the collection does not harm the population of the plant and the environment. Any non-compliance results in new sourcing of this material from a cultivated source.
- We check our plant portfolio every two years against the international IUCN Red List database.
- The protected status of the raw material is checked again as part of the raw material requalification process.

Table 24: Conservation statue as defined by CITES and IUCN Red List

Classifications	Total number of species	Measures implemented
<b>Total number of plant-based raw materials (2020)</b>	<b>323</b>	<b>–</b>
Threatened under IUCN Red List (VU, EN, CR)	10	We use only these species from cultivated or non-concerned origin.
Near threatened under IUCN Red List (NT)	3	We use only these species from cultivated or non-concerned origin.
Protected plant species under CITES	11	The plant part used of these species or its origin does not fall under the CITES regulation.

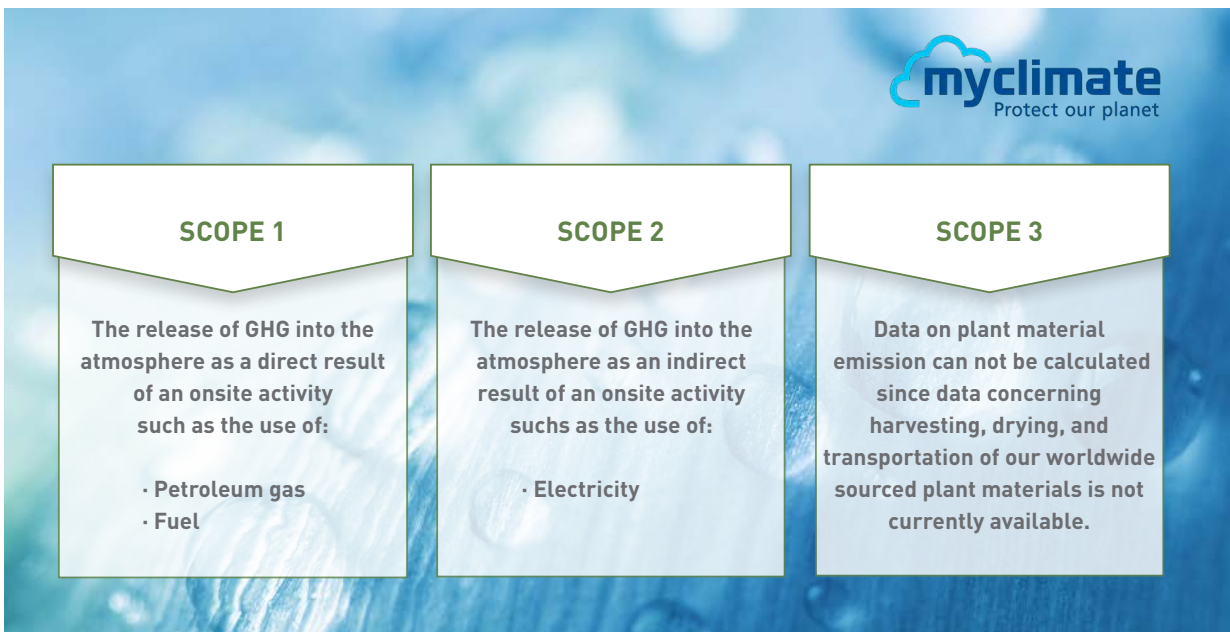
In summary, no species are threatened by our business activities due to the measures taken.

# GRI 305: Emissions

Greenhouse gases in the form of carbon dioxide (CO<sub>2</sub>), methane, nitrous oxide or ozone have harmful effects on the environment. Due to our environment-friendly production which takes place at room temperature, we consider only CO<sub>2</sub> emissions for our production site as significant.

Under the terms of the Greenhouse Gas (GHG) Protocol, Scope 1 and 2, using the carbon footprint as a measure of environmental impact is a recognized process. There are many other methods, yet we have decided to record our environmental impact with this process.

In 2010, we got in contact with myclimate, a non-profit foundation based in Switzerland and among the world leaders when it comes to voluntary carbon offsetting measures. It was our internal decision to report our carbon footprint according to the Green House Gas Protocol Scope 1 and 2.



## 305-1 Direct (Scope 1) GHG emissions

Our organization calculates the entire Scope 1 CO<sub>2</sub> emissions in cooperation with myclimate. The calculation is based on theecoinvent, the world's leading supplier of consistent and transparent lifecycle inventory data.

Table 25: Methods of data collection of direct CO<sub>2</sub>-emissions (Scope 1)

Emission source	Methodologies for data acquisition
Natural gas, petrol	Calculation based on site-specific data

Based on our annual consumption of natural gas and petrol in 2020 and 2021. We use as consolidation approach for Scope 1 GHG emissions operational control.

### 305-2 Energy indirect (Scope 2) GHG emissions

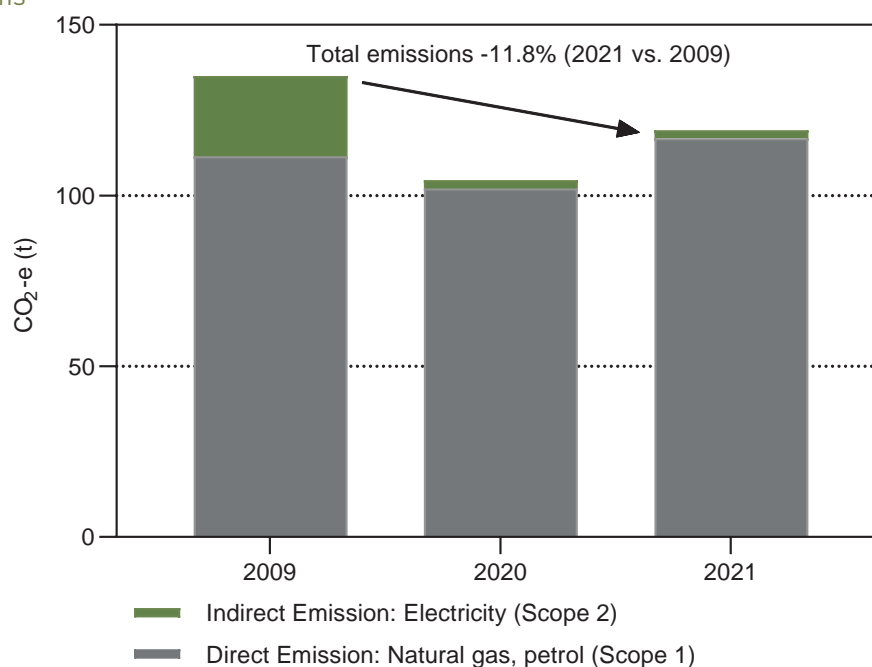
Our organization calculates the entire Scope 2 CO<sub>2</sub> emissions in cooperation with myclimate. The calculation is based on the ecoinvent, the world's leading supplier of consistent and transparent lifecycle inventory data.

Results of the input or calculated Scope 2 CO<sub>2</sub> emissions are shown here.

*Table 26: Methods of data collection of direct CO<sub>2</sub> emissions (Scope 2)*

Emission source	Method of data collection
Electricity	Direct measurement of energy source consumed and conversion to CO <sub>2</sub>

CO<sub>2</sub> Emissions



### 305-3 Other indirect (Scope 3) GHG emissions

Our organization does not calculate the Scope 3 CO<sub>2</sub> emissions.

### 305-4 GHG emissions intensity

CO<sub>2</sub> emission intensity is based on direct and indirect emissions caused by the total energy consumption of the production site Steinhausen divided by the average production volume (U) in the corresponding year.

Table 27: CO<sub>2</sub> emission intensities

Year	CO <sub>2</sub> -e emissions (in t)	Included types of GHG	Reference value	Unit of reference value	GHG intensity (in CO <sub>2</sub> -e (t) / reference size	Unit intensity
2009	135.00	Scope 1+2	244.00	U	0.6	CO <sub>2</sub> -e (t) / U
2020	104.50	Scope 1+2	270.00	U	0.4	CO <sub>2</sub> -e (t) / U
2021	119.10	Scope 1+2	259.0	U	0.5	CO <sub>2</sub> -e (t) / U

### 305-5 Reduction of GHG emissions

A key goal is to improve our CO<sub>2</sub> footprint and make our company CO<sub>2</sub>-neutral (Scope 1 and 2). By optimizing our processes and investing in efficient technologies, we maximize our energy efficiency while taking responsibility for minimizing our CO<sub>2</sub> footprint.

By the realization of our EnAW energy efficacy plan, we directly reduce our carbon footprint. We already implemented initiatives to reduce greenhouse gas emissions. Further information of the initiatives are listed in the next table:

Table 28: Initiatives to reduce GHG emissions

Initiative	Reduction (in t)	Affected GHG	Type of GHG	Base year / reference	Standards, methods, assumptions and/or calculation tools used
<b>Total EnAW measures implemented since 2010</b>	<b>17.90</b>	<b>CO<sub>2</sub></b>	<b>Scope 1+2</b>	<b>2021</b>	<b>Based on the energy models created by EnAW.</b>
Periodic check of the steam traps	2.3	CO <sub>2</sub>	Scope 1	2021	Based on the energy models created by EnAW.
Replacement of unregulated cooling water pump	0	CO <sub>2</sub>	Scope 2	2021	Based on the energy models created by EnAW.
Dismantling of unused steam lines	1.20	CO <sub>2</sub>	Scope 1	2017	Based on the energy models created by EnAW.
Insulation of the condensate lines	0.40	CO <sub>2</sub>	Scope 1	2017	Based on the energy models created by EnAW.
Replacement of desalination plant	2.20	CO <sub>2</sub>	Scope 1	2017	Based on the energy models created by EnAW.
Renewal of the existing vacuum distillation plant	4.40	CO <sub>2</sub>	Scope 1	2014	Based on the energy models created by EnAW.
Insulation of the condensate reservoir	4.40	CO <sub>2</sub>	Scope 1	2013	Based on the energy models created by EnAW.
Reduction of the water flow	0.40	CO <sub>2</sub>	Scope 1	2012	Based on the energy models created by EnAW.
Insulation of condensate container	2.20	CO <sub>2</sub>	Scope 1	2012	Based on the energy models created by EnAW.
All radiator-valves in the offices, production and storage areas have been limited	0.40	CO <sub>2</sub>	Scope 1	2011	Based on the energy models created by EnAW.



We have done offsets to reduce our GHG emissions.

We offset our total CO<sub>2</sub> emissions according to Scope 1 and 2 by supporting a gold standard carbon offset project 'Substitution of open fireplaces with energy efficient cooking stoves' from myclimate. With our support for this project, more efficient stoves instead of open fire places are installed which has positive effects on people's health and budget and further reduces deforestation in this area.

*Table 29: Offsets to reduce GHG emissions*

Initiative	Reduction (in t)	Affected GHG	Type of GHG	Base year / reference	Standards, methods, assumptions and/or calculation tools used
Carbon Offset Project: Substitution of open fireplaces with energy efficient cooking stoves	104.48	CO <sub>2</sub>	Scope 1+2	2020	myclimate gold standard
Carbon Offset Project: Substitution of open fireplaces with energy efficient cooking stoves	119.07	CO <sub>2</sub>	Scope 1+2	2021	myclimate gold standard

We are climate neutral according to Scope 1 and 2 by offsetting CO<sub>2</sub> emissions with myclimate gold standard. Our final overall emission after offsetting is 0 CO<sub>2</sub>-e (t).



## The Carbon Offset Project from myclimate

<b>Goal of the Carbon Offset project</b>	Substitution of open fireplaces with energy efficient cooking stoves
<b>Location</b>	Kenya, Nyanza Province, Siaya
<b>Emission reduction</b>	316,080 CO <sub>2</sub> -e (t) (over 7 years)
<b>Situation without project</b>	Use of non-renewable biomass fuels for cooking
<b>Standard</b>	Gold Standard
<b>Status</b>	Operation
<b>Start</b>	October 2010

### Project

Households in the project area use a traditional three-stone fireplace for cooking and thereby burn large amounts of fuel wood in a very inefficient way, which has a decisive impact on deforestation in the region. The efficient cooking stoves are constructed using local materials and reduce firewood consumption by approximately 40-50%, thus also reducing the burden of firewood.

The project is implemented by the Kenyan community-based organization Tembea Youth Centre for Sustainable Development. Over the period of 7 years up to 48.900 efficient stoves will be produced in the region of Siaya. Local artisans are trained in the production and installation of the efficient cooking stove.

Community saving and loaning groups help affording efficient stoves through soft loans and the people get trained in the usage and maintenance of their new stoves.

With our support for this project, more efficient stoves instead of open fireplaces are installed which has positive effects on people's health and budget and further reduced deforestation in this area.

**305-6 Emissions of ozone-depleting substances (ODS)**

We do not produce, export or import ozone-depleting substances in our organization.

**305-7 Nitrogen oxides (NO<sub>x</sub>), sulfur oxides (SO<sub>x</sub>) and other significant air emissions**

We are committed to avoiding the release of volatile organic compounds (VOCs) and other waste gases into the environment.

Besides greenhouse gases, VOC are also deemed to be air pollutants. They have harmful environmental effects, due to the indirect damage caused to the ozone layer. Ethanol, classified as VOC, is used in our production processes as solvent. Other environmentally damaging gases are not generated in our manufacturing process due to our environmentally friendly production without any involved combusting processes.

Gaseous ethanol is formed during the concentration of ethanolic extracts. Within our manufacturing process ethanol is recovered by distillation. The solvent is thereby recovered almost completely. After purification it is reutilized for further extractions. Ethanol no longer usable is collected separately and professionally disposed of in separate containers. We annually monitor ethanol consumption in order to identify untypical loss rates. With this approach, we have reduced the ethanol consumption to a minimum and avoid the release into the air.

Our gas-powered heating system is operated with natural gas. The heating system is regularly and properly maintained (e.g. replacement of air filters). Its waste gases are checked periodically by an external professionals commissioned by national authorities to ensure that the national limits for polluting gases are not exceeded.

## GRI 306: Waste

### 306-1 Waste generation and significant waste-related impacts

We are aware that the generation of waste is one of the major problems for the environment. This concerns the increasing quantities of waste in landfills and the associated wasting of biological resources. We are committed to a careful use of resources by reducing our waste material to a minimum and returning back into material circle.

We act according to the 3R principle: "Reduce, Reuse, recycle".

- Reduce waste to a minimum
- Reuse waste whenever possible
- Recycle waste by returning it back to the material cycle

And this is how we achieve it:

- We practice a strict waste separation.
- Every employee is aware of its responsibility to ensure correct waste separation.
- Waste is collected separately according to type of waste and disposed of properly.
- Our total waste is externally disposed by waste disposal contractors.
- We measure quantities of waste on a yearly basis by type and introduce corrective measures, where possible.
- And finally, we are constantly working to improve further in this area.

The assessment refers to the waste generated at our production site. Waste generated upstream or downstream is outside our scope.

### 306-2 Management of significant waste-related impacts

As a manufacturing company, the largest amount of our waste is generated during manufacturing, and significantly smaller quantities in the laboratory and the office area. Our production is mainly order-driven. As a result, almost no unnecessary quantities are produced, which have to be disposed of later. The shelf lives of our products have been optimized to provide our customers with the longest possible usability.

As primary packaging we use mainly canister or drum made of recyclable HE-PE material. The cardboard used is made from 100% recyclable material. Our transport packaging is also optimized to create as little waste as possible. For example, we use multiple pallets and avoid the use of unnecessary packaging and filling material, as well as outer packaging.

Our products are mainly used in cosmetic products. Due to leave-on/leave-off application by the end user, small amounts of our product may enter the water. Therefore, we already in pay attention to non-hazardous raw materials, good biodegradability and environmental compatibility during the selection of raw materials. The use of natural, renewable raw materials is of key importance to us.

Besides avoiding the release of environmentally harmful waste, our focus is on reducing waste material to a minimum and returning the greatest volume of valuable waste into the material cycle.

Current actions and projects:

- In 2017, we have launched an internal project to reduce the volume of printing paper.
- In 2019, we have introduced the internal project "GreenPack". Its objective is to reduce packaging material and use of environmental friendly, easily recyclable and reusable materials, wherever possible.



## Key Process Indicators

### Reducing the Use of Paper

2020



**+6%**

### Reducing the Use of Paper

2021



**-35%\***



### Reducing the Use of Paper

Target End of 2025



**2%**

*\* Due to the unforeseeable corona pandemic and the associated increase in work in the home office, paper consumption has been massively reduced. The project will be continued.*

There is a downward trend in paper consumption. We are still working hard to further reduce the paper consumption.



### 306-3 Waste generated

Our waste is disposed of as follows:

#### Non-Hazardous Waste

- Waste for composting/biogas:  
The largest part of waste arising in our production site is residual plant material, classified as botanical waste. This botanical waste is selected separately and composted by a biogas and composting plant.
- Waste for recycling:  
We collect and deliver paper, cardboard and glass from production to a recycling plant. Paper, cardboard and glass is used to manufacture new material. Metal drums are taken back from the supplier and are reused or recycled. Other waste such as mixed metals, electronic scrap, batteries and neon tubes are collected, separately stored and disposed of. In this case all valuable parts are also recycled. The recovered material is further used from various industrial sectors such as metal or construction industry.
- Waste for incineration:  
All other waste such as bulky items, household waste, wood, and plastic material are also collected, separately stored and disposed of. Most of this waste is non-recyclable and therefore incinerated for energy utilization.

#### Hazardous Waste

- Hazardous waste:  
Hazardous waste comprises residual plant oils, machine oils, solvents accrued in the production process, laboratory waste, product disposal and others. This waste is disposed of in accordance with the particular hazard by hazardous waste professionals.

*Table 30: Total waste by type*

Waste Type	Amount (t) 2010	Amount (t) 2020	Amount (t) 2021
Non-hazardous waste	107.2	81.9	76.4
Hazardous waste	16.8	6.7	1.9
<b>Total waste</b>	<b>123.9</b>	<b>88.6</b>	<b>78.3</b>

Since 2010, we have reduced our total waste by over 30% due to waste reduction actions, such as optimization of our product range, shelf-life extensions or optimization of production quantities.

### 306-4 Waste diverted from disposal

Lipoid cosmetics does normally not divert the waste from disposal.

### 306-5 Waste directed to disposal

Our total waste is externally disposed by waste disposal contractors. Over 90% of our waste is recovered or recycled and over 60% of our waste is bio-degradable.

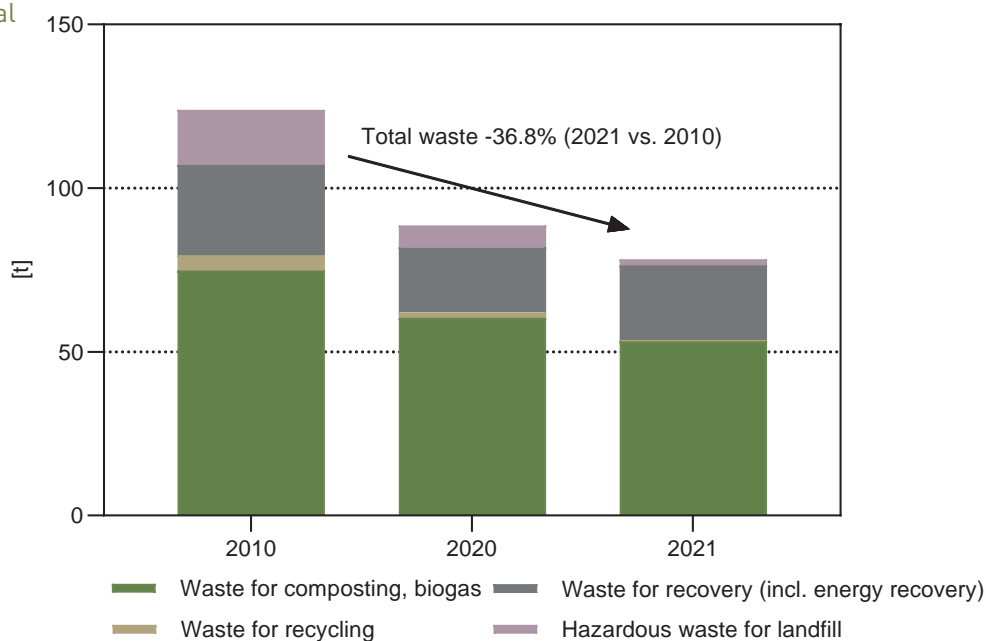
*Table 31: Non-hazardous waste by type and disposal method*

Waste type	Amount (t) 2010	Amount (t) 2020	Amount (t) 2021	Method of disposal	Information on method of disposal
Botanical waste	74.8	60.4	53.2	Composting, Biogas	Information provided by the waste disposal contractor
Paper, cardboard, glass, metal and others	4.7	1.7	0.4	Recycling	Information provided by the waste disposal contractor
Bulky items, household waste, wood, plastic material and others	27.6	19.8	22.8	Recovery (including energy recovery)	Information provided by the waste disposal contractor
<b>Total of non-hazardous waste</b>	<b>107.1</b>	<b>81.9</b>	<b>76.4</b>		

*Table 32: Hazardous waste by type and disposal method*

Waste type	Amount (t) 2010	Amount (t) 2020	Amount (t) 2021	Method of disposal	Information on method of disposal
Hazardous waste	16.8	6.7	1.9	Landfill	Information provided by the waste disposal contractor
<b>Total of hazardous waste</b>	<b>16.8</b>	<b>6.7</b>	<b>1.9</b>		

### Waste disposal





## Key Process Indicators

### 3R Principle for Waste

(reduce, reuse, recycle)

Waste vs. products produced [kg/kg]

2020



0.17

### 3R Principle for Waste

(reduce, reuse, recycle)

Waste vs. products produced [kg/kg]

2021



0.18



### 3R Principle for Waste

(reduce, reuse, recycle)

Waste vs. products produced [kg/kg]

Target each year



<0.2

The target was achieved in 2020 and 2021.

## GRI 307: Environmental Compliance

Our philosophy is to comply with the regulatory requirements at all times and act with foresight to current laws. We regularly monitor all applicable laws and if necessary implement measures. This includes, among others, compliance with national laws concerning environment and biodiversity. Therefore, we work together with national agencies and external environmental consultants. Moreover, we are committed ourselves to take voluntary actions in cooperation with several partners (e.g., ENAW) which going far beyond legal requirements.

We hold the integration of nature conservations issues and the precautionary approach (principle 15 of Rio Declaration of Environment and Development) in our entire business processes as fundamental. In accordance with the Swiss Federal Act on the Protection of the Environment (EPA, Art. 1) requiring the application of a precautionary approach, we have carried out a risk analysis determining potential negative effect for environment. All processes have been aligned in such a way that environmental risks are not caused by them. There is a risk and crisis management procedure in place to react on potential occurring of hazardous incidences.

Besides, our focus is particularly on quality and products safety. Our raw materials and products underlying the chemical regulation REACH are classified and labelled according to GHS/CLP regulation. Processes for the transportation of hazardous goods and the internal handling of such are set up by our hazardous materials safety manager and are controlled regularly. The compliance with applicable laws is monitored by national authority on a regular basis.

We ensure also that all products comply with the Swiss Ordinance on Cosmetic Products (VKos) and the European Cosmetics Regulations. Furthermore, we provide, for example, assistance regarding compliance with natural cosmetic standards or internal regulations on chemicals or cosmetics.

### 307-1 Non-compliance with environmental laws and regulations

No significant fines or non-monetary sanctions imposed on the organization for non-compliance with environmental laws and/or regulations.

## GRI 308: Supplier Environmental Assessment

### 308-1 New suppliers that were screened using environmental criteria

We qualify our suppliers on environmental issues by means of written contracts and raw material questionnaires. We expect our suppliers to be compliant with environmental laws and have an effective strategy concerning waste management, reduction of energy consumption and careful use of natural resources. As part of our strategy, each new supplier is assessed for environmental impacts.

Details of new suppliers that were validated on the basis of environmental criteria by our organization are listed in the following table:





*Table 33: Number and percentage of new suppliers that have been validated on the basis of environmental criteria*

Type of suppliers	Value
Total number of new suppliers in 2021	4
New suppliers - environmental criteria screened (in %)	4
New suppliers - environmental criteria screened (in %)	100





## Key Process Indicators

### Proportion of Qualified Suppliers in Terms of Sustainability

2020

D1

86%

D2

87%

### Proportion of Qualified Suppliers in Terms of Sustainability

2021

D1

85%

D2

86%



### Proportion of Qualified Suppliers in Terms of Sustainability

Target End of 2022

D1

≥85%

D2

≥85%

*D1: Environmental criteria*

*D2: Social criteria*

The targets were achieved in 2020 and 2021.

## 308-2 Negative environmental impacts in the supply chain and actions taken

Our organization has not yet assessed any supplier in relation to significant potential/actual negative effects on the environment. There is currently no assessment planned.



## GRI 400: SOCIAL

### 103-1/2/3 Management Approach for GRI 400: Social

The detailed description of the Management Approach is described in Chapter 103-1/2/3 Economic Aspects.

#### Our Sustainability Policy

As a leading manufacturer of high-quality botanical extracts and lecithins for the cosmetic and personal care industry we are aware of our environmental and social responsibility which is associated with our company activities as sourcing or production. Our understanding of sustainable corporate governance is in line with the definition of sustainable development of the United Nations: «Development which meets the needs of the present without compromising the ability of future generations to meet their own needs.»

We acknowledge the importance of sustainable corporate governance as important part of our business philosophy. In consequence, our business success is not only based on economic performance, we also feel and take responsibility for the environment and society. Important for us is that we don't just talk about it. Our sustainability policy is therefore an integral part of our certified ISO 9001:2015 system, with all relevant parts such as setting and assessment of objects, documentation and internal auditing. We continuously improve and enhance our activities for environmental protection and social fairness and examine annual the achievement of our sustainability objectives.

Our sustainability policy covers within the three main areas economic, environment and social aspects several important factors as summarized in the graphic below.

#### Social Aspects

As a socially responsible company, Lipoid Kosmetik AG is committed to fair dealing with our stakeholders as customers, suppliers and employees and to support human rights on various levels. Considering social aspect into our Company's business process, we cover the ethical behavior of our company toward our stakeholders and as well, we demand ethical behaviors of our partners. We consider the close involvement of our stakeholders as the basis therefore and focus on a strong company network, an open and honest communication and dealing with respect to one another. Besides, we also feel responsible for the society. We take our social responsibility seriously and therefore we support various non-profit institutions with longer-term perspective.

## GRI 401: Employment

### 401-1 New employee hires and employee turnover

Table 34: Employee fluctuations by gender and age group

Criterion	Number of staff by criterion	Number of joiners	Joining rate (in %)	Number of leavers	Turnover rate (in %)
Total staff	38	2	5.3	2	5.3
by gender					
female	20	1	5.0	1	5.0
male	18	1	5.6	1	5.6
Age group					
< 30 years	3	1	33	0	0
30 -50 years	15	1	7	0	0
> 50 years	20	0	0	2	10

### 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees

#### Employee Benefits

Company benefits for both part-time and full-time employees do not differ. Some of the company benefits enjoyed by our employees include 50% contribution to occupational pension and life insurance for surviving family, flexible working hours. The company also provides the opportunity to participate in a shares and benefits program.

#### Invalidity or Occupational Injury

All Swiss companies are obliged by law to ensure its personnel are covered against invalidity occupational injury or death as well as absences and loss of earnings related to military absences and motherhood. In Switzerland health insurance is obligatory and is paid by the employees themselves. KPIs on injury are recorded and investigated.

The Company is obliged by law to provide figures related to occupational injuries to the responsible insurance body SUVA (Swiss Accident and Insurance Association). There have been two work related issues in the last year. The absences due to illness are documented.

#### Pension

Prior to retirement we offer our employees information on all aspects concerning the pension and life after work. This information can be provided by an external company.

## GRI 402: Labor/Management Relations

### 402-1 Minimum notice periods regarding operational changes

Employees are typically given permanent positions after a trial period of three months. A period of three to six months' notice is provided should either party terminate employment, depending on the number of years in employment.

## GRI 403: Occupational Health and Safety

Safe jobs and the promotion of employees' good health are top priorities at any company. This work includes avoiding occupational accidents and providing preventive health measures. This means the company is not only legally compliant but can prevent longer staff absences and protect employees. To facilitate safety and good health as effectively as possible, these aspects must be well integrated into company structures.

Therefore we have defined a safety policy which covers both, occupational health and safety as well as IT security.

### 403-1 Occupational health and safety management system

Lipoid Kosmetik ensures a safe and healthy working environment. It makes sure that the legal principles and requirements of the accident insurance associations (employers' liability insurance associations) on occupational health and safety are complied with in line with the law. As part of this effort, accidents or near accidents are analysed and monitored for potential health and safety risks and steps are taken to reduce hazards.

### 403-2 Hazard identification, risk assessment and incident investigation

We seek to promote the health of our employees and maintain their ability to perform over the long term, for which a safe workplace is paramount. We regularly perform hazard identification and risk assessment before starting a project. If an incident happens, we do a proper analyses, draw conclusion and implement changes if necessary.



#### **403-3 Occupational health services**

All occupational health services complies with Swiss law. In Switzerland there are two main laws governing Occupational Health and Safety (OSH). The labor law covers work hours, health protection, workplace building standards and the protection of personal integrity. The accident insurance law covers the prevention of occupational accidents and diseases which are caused almost entirely by work. The cantonal labor inspectorates, SUVA (main accident insurance authority) and the State Secretariat of Economic Affairs (SECO) enforce these laws. OSH services must be consulted by companies with higher accident risks and more than 10 employees.

##### **Responsibility**

Health and safety always have top priority. Both supervisors and employees are always responsible for ensuring adherence to health and safety provisions. We take steps to ensure that no individual is at risk, whether employees, visitors, service providers, or suppliers.

##### **Proactive conduct**

We want to prevent accidents occurring. Therefore we take a proactive approach in continually enhancing health and safety conditions for all employees. We seek to identify and reduce risks as early as possible and take suitable action to eliminate these. Statutory and official requirements underpin our occupational safety and health protection system.

##### **Technical infrastructure and working conditions**

Our technical facilities such as laboratories and production areas are planned, constructed and operated based on the full breadth of health and safety provisions and using state of the art systems and safety technology. We undertake regular maintenance and establish on-site checks to identify vulnerabilities and reduce risks. Working conditions are created that ensure safe, ergonomic and hygienic operation and environments free of harmful physical, chemical and biological influences.

##### **Training**

Safety and health awareness is our central concern. Through regular information sharing, training and ongoing teaching, we promote our employees' skills and awareness.

#### **403-4 Worker participation, consultation and communication on occupational health and safety**

As a small company, participation, consultation and communication on occupational health and safety is ensured by regular meetings and information.

#### **403-5 Worker training on occupational health and safety**

All employees, both Lipoid Kosmetik's own employees and those of its contractors, undergo mandatory health and safety training based on their role, risk assessment and responsibilities. Regular information is provided in general meetings.

#### 403-8 Workers covered by an occupational health and safety management

According to Swiss law, all employees are covered by Lipoid Kosmetik's standard occupational health and safety management.

#### 403-9 Work related injuries

*Table 35: Accidents after more than 3 lost days per different categories*

Criterion	Number of female	Number of male	Total
Number of accidents	0	0	0
thereof number of accidents at work	0	0	0
thereof number of commuting accidents	0	0	0
thereof fatal accidents	0	0	0

*Table 36: Accidents up to 3 lost days per different categories*

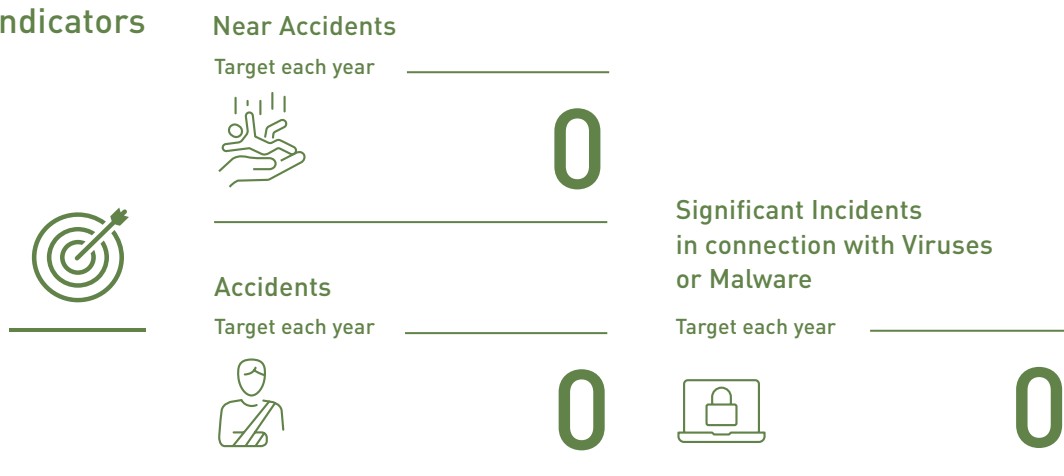
Criterion	Number of female	Number of male	Total
Number of accidents	0	0	0
thereof number of accidents at work	0	0	0
thereof number of commuting accidents	0	0	0

*Table 37: Accidents up to 3 lost days per different categories*

Ratio	Description	Women	Men	Total
Accidents > 1 lost day per 1,000 employees	Accidents > 1 lost day * 1,000/employees	0.0	0.0	0.0
Severity rate > 1 lost day	Lost time injuries in days/Accidents > 1 lost day	0.0	0.0	0.0



## Key Process Indicators



Near accidents or accidents: There were no incidents in 2020 and 2021. The targets were achieved.

Significant incidents in connection with viruses or malware: In 2020, we were the target of a heavy cyberattack and have decided to completely rebuild our system and restore from the security backups without any data loss. We have reported the offense to the police and relevant authorities and did not pay any extortion money. As a consequence, we have significantly upgraded our security system with regards to cyberthreats on a technical level as well as on process and human security, including a regular IT security newsletter highlighting current issues and challenges in this field.

There was no incident in 2021.

## 403-10 Work related ill health

Table 38: Ratios for absence or disease

Ratio	Description	Women	Men	Total
Lost days due to illness per employee	Lost days due to illness/employees	3.4	3.4	3.4

All absences from day 1 on have to be reported to the Head of Administration. For absences of more than 3 days, the employee has to bring a medical attestation. All absences are recorded in the ERP system. A yearly analysis is done based on these data and summarized in a separate HR report for the management.

This list does not include minor (first-aid level) injuries. For the calculation of 'days', we use 'scheduled work days', starting from the day after the accident. Lost time rate on injury or illness were not analyzed for female or male co-workers separately in 2020 and 2021.

## GRI 404: Training and Education

### 404-3 Percentage of employees receiving regular performance and career development reviews

*Table 39: Employees who received a regular performance and career development review by gender*

Category	Number of employees	Number of employees with performance review	Percentage of employees with performance review (in %)
Total staff	38	38	100
female	20	20	100
male	18	18	100

*Table 40: Employees who received a regular performance and career development review by level*

Level	Number of employees	Number of employees with performance review	Percentage of employees with performance review (in %)
All levels	38	38	100
Total	38	38	

*Table 41: Employees who received a regular performance and career development review by function*

Function	Number of employees per function	Number of employees with performance review	Percentage of employees with performance review (in %)
All functions	38	38	100
Total	38	38	

#### Training and Induction Program

Employees are provided upon employment with a contract and defined job description and a thorough induction program. Employees are typically made permanent after a trial period of three months. A period of three to six months' notice is provided should either party terminate employment depending on the number of years in employment.

The training requirements of each employee are determined on a yearly and ongoing basis. Internal, external and web-based training is provided depending on the resources and necessity.

## GRI 405: Diversity and Equal Opportunity

### 405-1 Diversity of governance bodies and employees

We specify the distribution of the staff and the members of the governance body by diversity category.

*Table 42: Composition of the staff divided by gender and age*

Diversity category	Number of employees	Percentage of employees (in %)
Total staff	38	100
by gender		
female	20	53
male	18	47
by age group		
< 30 Years	3	8
30 – 50 Years	15	40
> 50 Years	20	52

*Table 43: Composition of the members of the governance body divided by gender and age group*

Diversity category	Number of members of the governance body	Proportion of members of the governance body (in %)
Total staff	3	100
by gender		
female	0	0
male	3	100
by age group		
< 30 Years	0	0
30 – 50 Years	0	0
> 50 Years	3	100

While the company doesn't officially employ a policy related to the quota of females in managerial positions, the current percentile of women in management is 33%.

### 405-2 Ratio of basic salary and remuneration of women to men

There is no difference between the salaries and remuneration of men and women in our organization.





## GRI 406: Non-Discrimination

### 406-1 Incidents of discrimination and corrective actions taken

During the reporting period no incident of discrimination was reported.

## GRI 407: Freedom of Association and Collective Bargaining

### 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk

In our organization there are no business locations or suppliers where employees' right to freedom of association or collective bargaining is violated or could be seriously threatened.

Freedom of association and the right of form professional associations are fundamental element of the Swiss law «Federal Constitution of the Swiss Confederation», article 23 and 28, which we comply with. In concrete terms, this means every employee has the right to act accordingly.

## GRI 408: Child Labor

### 408-1 Operations and suppliers at significant risk for incidents of child labor

*Table 44: Risk operations and suppliers regarding child and youth labor*

Type of operation / supplier	Risk	Measures taken
Botanical Products Supplier	Risk of child and youth labor	Contracts, Code of Conduct, Questionnaire

*Table 45: Risk-countries regarding child and youth labor*

Country / Region	Risk	Measures taken
Botanical Products from latin america, asia or non-european countries	Risk of child and youth labor	Source within Europe
Botanical Products from latin america, asia or non-european countries	Risk of child and youth labor	Supplier assessment regarding Sustainability issues
Botanical Products from latin america, asia or non-european countries	Risk of child and youth labor	Compliance with ILO and UN Principles expected in written contracts or code of conduct
Botanical Products from latin america, asia or non-european countries	Risk of child and youth labor	Purchase from certified companies e.g., fair trade products

## GRI 409: Forced or Compulsory Labor

### 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor see 408-1

## GRI 412: Human Rights Assessment

### 412-1 Operations that have been subject to human rights reviews or impact assessments

Lipoid Kosmetik AG is located in Switzerland and has one production site there. The site has appropriate procedures and measures in place and is therefore fully compliant with human rights.

## GRI 414: Supplier Social Assessment

### 414-1 New suppliers that were screened using social criteria

The supply chain is an essential part of our value chain. Our sourcing policy integrates aspects of biodiversity and understanding the relevant stakeholders along the supply chain. We focus on long-term partnership, stable supply of high quality raw material and transparent sourcing and taking into account environmental and social impact. Raw materials must meet our high quality standards. We integrate aspects of sustainability into our sourcing policy in order to guarantee the sustainability of our products. We attach great importance to open communication and good relations with our suppliers. Furthermore, we inform our suppliers on the importance of sustainability by the means of delivery agreements, which will be updated regularly.

Our sourcing is subject to requirements such as product safety, availability, conformity to EU law concerning cosmetics and chemicals, countries of cultivation and sustainability issues (e.g., CITES, IUCN Red List, ABS). The raw material requirements are continually adapted to changing market needs and internal guidelines.

We qualify our suppliers on sustainability issues by means of written contracts and raw material questionnaires. As part of our strategy, each new supplier is assessed for social impacts.

Information of the new suppliers, screened by our organization in terms of social criteria, are listed in the following table:

*Table 46: Number and percentage of new suppliers that have been screened in regard to social criteria*

New suppliers	Value
Total number of new suppliers in 2021	4
New suppliers - screened with regard to social criteria	4
New suppliers - screened with regard to social criteria (in %)	100

Please see p. 60/61 for the corresponding KPIs.

## GRI 416: Customer Health and Safety

### 416-1 Assessment of the health and safety impacts of product and service categories

Health and safety of our employees and customers is our top priority. Our customers can rely on our best efforts that our products are safe in the recommended use and concentration.

#### Our Commitment

We are committed to provide products which are safe and will not have a negative impact on the health of users.



### Our Approach

- All raw materials and products run through a strict approval process including several checks and safety assessments. Compliance with all relevant safety and legal requirements, as well as internal standards is thereby ensured.
- If there is the slightest doubt about safety, further clarifications will be undertaken (e.g., analytical analysis, safety tests).
- Only products successfully undergone the approval process, will be launched into the market.
- Our portfolio is regularly monitored concerning safety issues.

The bases for the product safety assessment are the European Chemical Regulation REACH including GHS/CLP, the Swiss Ordinance on Cosmetic Products (VKos) and the European Cosmetics Regulation. In addition, information from our raw material suppliers, non-governance institutions (e.g., US CIR) and the latest scientific findings are taken into account. Only if an ingredient or product successfully undergone the approval process, it would be added to our portfolio or launched into the market, respectively.



The existing product range is monitored regularly concerning safety issues. Therefore, we observe the market activities closely and follow continually new scientific opinions on ingredients. For products with questionable ingredients, we develop solutions on early stage. Example of our efforts is the handling with the paraben-issue, microplastics, polyaminopropyl biguanide (PHMB) or BHT (butylhydroxytoluol) containing formulations.

Our product documentations inform our customers about the intended use of our product and the recommended level of use, ensuring customer health. Beyond legal requirements, we also provide our customers with material safety data sheets (MSDS) not only for classified products, but also for non-classified products. We continuously extended these documents with newly published toxicological data as additional information for our customers. Toxicological information for ingredients used is communicated by the mean of our toxicological summaries which we provide individually for each ingredient.

**416-2 Incidents of non-compliance concerning the health and safety impacts of products and services**

During the reporting period there were no violations of regulations or voluntary codes regarding the impact of products and services on health and safety.

## GRI 417: Marketing and Labeling

### 417-1 Requirements for product and service information and labeling

One of our focus lies in particular on quality and product safety. Our raw materials and products are subject to the chemical regulation REACH and are classified and labeled according to the GHS/CLP regulation. Processes for the transportation and internal handling of hazardous goods are set up by our hazardous materials safety manager and are controlled regularly. Compliance with applicable laws is monitored by national authority on a regular basis.

We also ensure that all products comply with the Swiss Ordinance on Cosmetic Products (VKos) and the European Cosmetics Regulations. Furthermore, we provide, for example, assistance regarding compliance with natural cosmetic standards or international regulations on chemicals or cosmetics.

#### GHS Labelling

GHS stands for Globally Harmonized System of Classification and Labelling of Chemicals. It defines a standardized global system for the classification and labelling of chemicals, including communications. The implementation in the EU is realized through the CLP (Classification, Labelling and Packaging of Chemicals) Regulation (EC) No 1272/2008. REACH, Regulation (EC) No 1907/2006 is an EU regulation concerning the registration, evaluation, authorization and restriction of chemicals. It came into force on 1<sup>st</sup> June 2007. With the introduction of GHS and REACH the product safety of chemical ingredients is much more in focus. All our products are labelled in line with the applicable legislation. A safety data sheet is issued for each product considering the latest amendements of these regulations. This assures that the information provided is adapted to the technical progress.

### 417-2 Incidents of non-compliance concerning product and service information and labeling

There were no incidents of non-compliance with regulations and/or voluntary codes concerning product and service information and labeling.

### 417-3 Incidents of non-compliance concerning marketing communications

During the reporting period our organization complied with all regulations or voluntary codes related to marketing communications, including advertising, promotion and sponsorship.

## GRI 419: Socioeconomic Compliance

### 419-1 Non-compliance with laws and regulations in the social and economic area

No significant fines or non-monetary sanctions imposed on the organization for non-compliance with laws and/or regulations in the social and economic area.



# Goals

Table 47: Goals

Hierarchy Level	Hierarchy Measure	Target Value	Due Date
GRI 301: Materials			
	More than 80% of print media shall be printed carbon-neutrally	>80%	2020
GRI 302: Energy			
	EnAW measures: Reduction of energy consumption	299 GJ	End of 2020
	EnAW measures: Reduction of energy consumption	65 GJ	End of 2030
GRI 304: Biodiversity			
	All palm-based ingredients shall be from certified sustainable sources (RSPO MB/SG/IP) or be substituted by an alternative source	100%	End of 2020
	Products with RSPO certified palm oil and its derivatives, minimum MB	100%	End of 2025
	Products with a naturalness content (Cno) of > 99% according to ISO 16128	≥60 % ≥80 %	End of 2025 End of 2030
	Products with a high sustainability score (SUS 3)	≥60 % ≥80 %	End of 2025 End of 2030
GRI 305: Emissions			
	EnAW-measures: Reduction of CO <sub>2</sub> emissions	14 CO <sub>2</sub> -e (t)	End of 2020
	EnAW-measures: Reduction of CO <sub>2</sub> emissions	3 CO <sub>2</sub> -e (t)	End of 2030
GRI 306: Waste			
	Reduction in paper consumption for copying and printing of up to 2%	-2%	2025
GRI 308: Supplier Environmental Assessment			
	Supplier assessment: At least 60% of our suppliers should be qualified regarding environmental issues	>60% ≥85%	End of 2020 End of 2022
GRI 414: Supplier Social Assessment			
	Proportions of qualified suppliers	≥95%	End of 2022
	Supplier assessment: At least 50% of our suppliers should be qualified regarding social issues	>50% ≥85%	End of 2020 End of 2022

Table 48: Goal achievements

Hierarchy Level	Goal / Measure	Year of Origin	Due Date	Target Value	Reached Value 2020	Reached Value 2021	Assessment
GRI 301: Materials							
	More than 80% of print media shall be printed carbon-neutrally	2018	2022	>80%	59%	100%	Ongoing project
GRI 302: Energy							
	EnAW measures: Reduction of energy consumption	2010	End of 2020	299 GJ	399 GJ	-	Reached
	EnAW measures: Reduction of energy consumption	2020	End of 2030	65 GJ	0 GJ	49.2 GJ	Ongoing project
GRI 304: Biodiversity							
	All palm-based ingredients shall be from certified sustainable sources (RSPO MB/SG/IP) or be substituted by an alternative source	2015	End of 2020	100%	88.6%	-	Not reached, follow-up project (see below)
	Products with RSPO certified palm oil and its derivatives, minimum MB	2019	End of 2025	100%	73%	92.9%	Ongoing project
	Products with a naturalness content (Cno) of > 99% according to ISO 16128	2019	End of 2025 End of 2030	≥60 % ≥80 %	53.3%	56.7%	Ongoing project
	Products with a high sustainability score (SUS 3)	2019	End of 2025 End of 2030	≥40 % ≥60 %	36.5%	39.7%	Ongoing project
GRI 305: Emissions							
	EnAW-measures: Reduction of CO <sub>2</sub> emissions	2010	End of 2020	14 CO <sub>2</sub> -e (t)	15.6 CO <sub>2</sub> -e (t)	-	Reached
	EnAW-measures: Reduction of CO <sub>2</sub> emissions	2020	End of 2030	3 CO <sub>2</sub> -e (t)	0 CO <sub>2</sub> -e (t)	1 CO <sub>2</sub> -e (t)	Ongoing project
GRI 306: Waste							
	Reduction in paper consumption for copying and printing of up to 2%	2017	2025	-2%	6%	-35%*	Ongoing project
GRI 308: Supplier Environmental Assessment							
	Supplier assessment: At least 60% of our suppliers should be qualified regarding environmental issues	2017	End of 2020	>60%	86%	85%	Reached
		2020	End of 2022	≥85%			
GRI 414: Supplier Social Assessment							
	Proportions of qualified suppliers	2020	End of 2022	≥95%	98%	98%	Reached
	Supplier assessment: At least 50% of our suppliers should be qualified regarding social issues	2017	End of 2020	>50%	87%	86%	Reached
		2020	End of 2022	≥85%			

\* Due to the unforeseeable corona pandemic and the associated increase in work in home office, paper consumption has been massively reduced. The project will be continued.

# GRI Content Index

*Table 49: GRI Content Index – general disclosures*

GRI Standard	Description	Page	Omissions
<b>Organizational profile</b>			
102-1	Name of the organization	5	–
<b>Strategy</b>			
102-2	Activities, brands, products and services	5	–
<b>Organizational profile</b>			
102-3	Location of headquarters	7	–
102-4	Location of operations	8	–
102-5	Ownership and legal form	8	–
102-6	Markets served	8	partial
102-7	Scale of the organization	8	partial
102-8	Information on employees and other workers	9	–
102-9	Supply chain	10	–
102-10	Significant changes to the organization and its supply chain	11	–
102-11	Precautionary principle or approach	11	–
102-12/13	External initiatives/ Membership of associations	12	partial
<b>Strategy</b>			
102-14	Statement from senior decision-maker	13	–
<b>Ethics and integrity</b>			
102-16	Values, principles, standards and norms of behavior	14	–
<b>Governance</b>			
102-18	Governance structure	16	–
<b>Stakeholder engagement</b>			
102-40	List of stakeholder groups	17	–
102-41	Collective bargaining agreements	18	–
102-42	Identifying and selecting stakeholders	18	–
102-43	Approach to stakeholder engagement	18	–
102-44	Key topics and concerns raised	20	–

GRI Standard	Description	Page	Omissions
<b>Reporting practice</b>			
102-45	Entities included in the consolidated financial statements	20	–
102-46	Defining report content and topic boundaries	20	–
102-47	List of material topics	21	–
102-48	Restatements of information	22	–
102-49	Changes in reporting	22	–
102-50	Reporting period	23	–
102-51	Date of most recent report	23	–
102-52	Reporting cycle	23	–
102-53	Contact point for questions regarding the report	23	–
102-54	Claims of reporting in accordance with the GRI Standards	23	–
102-55	GRI content index	23	–

*Table 50: GRI Content Index – material topics*

GRI Standard	Description	Page	Omissions
<b>GRI 200: Economic</b>			
	103-1/2/3 Management Approach for GRI 200: Economic	25-29	–
<b>GRI 201: Economic Performance</b>			
201-1	Direct economic value generated and distributed	30	partial
201-2	Financial implications and other risks and opportunities due to climate change	30	–
<b>GRI 202: Market Presence</b>			
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	31	–
<b>GRI 205: Anti-Corruption</b>			
205-1	Operations assessed for risks related to corruption	31	–
205-2	Communication and training about anti-corruption policies and procedures	32	–
205-3	Confirmed incidents of corruption and actions taken	33	–

GRI Standard	Description	Page	Omissions
<b>GRI 206: Anti-Competitive Behavior</b>			
206-1	Legal actions for anti-competitive behavior, anti-trust and monopoly practices	33	-
<b>GRI 207: Tax</b>			
207-1	Approach to tax	33	-
<b>GRI 300: Environmental</b>			
	103-1/2/3 Management Approach for GRI 300: Environmental	35	-
<b>GRI 301: Materials</b>			
301-1	Materials used by weight or volume	36	partial
<b>GRI 302: Energy</b>			
302-1	Energy consumption within the organization	36	-
302-2	Energy consumption outside of the organization	37	-
302-3	Energy intensity	37	-
302-4	Reduction of energy consumption	38	-
302-5	Reductions in energy requirements for products and services	40	-
<b>GRI 303: Water and Effluents</b>			
303-1	Interactions with water as a shared resource	40	-
303-2	Management of water discharge-related impacts	40	-
303-3	Water withdrawal	40	-
303-4	Water discharge	41	-
303-5	Water consumption	41	-
<b>GRI 304: Biodiversity</b>			
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	42	-
304-2	Significant impacts of activities, products, and services on biodiversity	42	-
304-3	Habitats protected or restored	46	-
304-4	IUCN Red List species and national conservation list species with Habitats in Areas affected by operations	47	-
<b>GRI 305: Emissions</b>			
305-1	Direct (Scope 1) GHG emissions	48	-
305-2	Energy indirect (Scope 2) GHG emissions	49	-
305-3	Other indirect (Scope 3) GHG emissions	49	-

GRI Standard	Description	Page	Omissions
305-4	GHG emissions intensity	49	–
305-5	Reduction of GHG emissions	50	–
305-6	Emissions of ozone-depleting substances (ODS)	53	–
305-7	Nitrogen oxides (NO <sub>x</sub> ), sulfur oxides (SO <sub>x</sub> ) and other significant air emissions	53	–
<b>GRI 306: Waste</b>			
306-1	Waste generation and significant waste-related impacts	54	–
306-2	Management of significant waste-related impacts	54	–
306-3	Waste generated	56	–
306-4	Waste diverted from disposal	56	–
306-5	Waste directed to disposal	57	–
<b>GRI 307: Environmental Compliance</b>			
307-1	Non-compliance with environmental laws and regulations	59	–
<b>GRI 308: Supplier Environmental Assessment</b>			
308-1	New suppliers that were screened using environmental criteria	59	–
308-2	Negative environmental impacts in the supply chain and actions taken	61	–
<b>GRI 400: Social</b>			
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