

ONZ Global Compact

I am pleased to confirm that the Dr Irena Eris reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

In this our third annual Communication on Progress, we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations. We also commit to share this information with our stakeholders using our primary channels of communication.

Dr Irena Eris SA is a reliable, recognized and solid business partner. During the 35 years of its existence, the company has developed a reputation of not only a manufacturer of highest-quality cosmetics, but also a reliable and honest contractor. In its activities in this area, the company is primarily guided by the principles of honesty, fairness and partnership. Open communication with all business partners is an equally important element

Yours sincerely,

Paweł Orfinger

President of the Management Board of Dr Irena Eris SA

HUMAN RIGHTS

DESCRIPTION

When building the prestige and competences of its brands, Dr Irena Eris is guided by **respect for people**, focusing on their individualism and cooperation. Our concern for the well-being of others manifests itself in both high-quality of **our cosmetics and our exceptional human relationships** within and outside the company.

Our care for the **safety and health** of our employees obliges the company to protect the employees' lives and health by ensuring safe and sanitary working conditions for them, as well as by protecting them against industrial accidents, occupational diseases and other illnesses related to the conditions of their working environment.

Innovativeness has been part of the company's strategy ever since the outset of its activities. The Dr Irena Eris Cosmetic Laboratory directs the development of the industry, with particular focus on the field of care products, in which it is an expert. The entire team are constantly seeking new ideas, solutions and concepts.

We focus on the development of advanced scientific research, taking into account its significance in the development of the company's activities, so that we can offer an added value to our cooperators and associates.

STANDARDS OF DR IRENA ERIS

- organisation of work and workstations in a manner ensuring safe and sanitary working conditions;
- familiarisation of employees with OSH regulations and rules, and with the provisions on fire prevention and conduct of systematic employee training;
- first aid and fire prevention training, evacuation drills, periodic training in occupational safety and health;
- up-to-date medical checkups;
- ensuring of safe and sanitary conditions of workrooms and working technical equipment, as well as of the proper condition of the employees' collective and personal protective equipment and their appropriate use;
- issuance of workware and work boots and personal protective equipment to manufacturing workers;
- indication and ensuring of a properly secured space for storing workware and work boots, personal clothing and personal equipment, as well as the assigned tools to employees;
- research and measurement of harmful and noxious factors existing at the workplace.

Numerous patents and proprietary patent applications, which are the result of the work of scientists from **Dr Irena Eris Science and Research Center**.

Testing is conducted in two directions at the Dr Irena Eris Research and Development Centre and goes significantly beyond the obligatory scope. One type of research concerns determination of the behaviour of isolated skin cells under the effects of cosmetic raw materials.

Epidermis created in conditions in vitro maintains barrier functions, and its lipid profile is almost identical to that of full-thickness skin. The assessment of the safety of the cosmetic product is based on the examination of the vital properties of epidermal cells (MTT colorimetric test). Thanks to the use of methods in vitro already at the testing stage in the laboratory we receive an initial response about the cosmetic's effect on the skin. These innovative tests are performed at the In Vitro Research Laboratory of the Dr Irena Eris Center for Science and Research. During research ex vivo the assessment covers the safety and effectiveness of ingredients and finished cosmetics on 3D skin models in laboratory conditions. Research ex vivo this is proof that the active ingredients contained in the cosmetic product actually affect skin physiology. The ex vivo tests using full-thickness skin are also used when testing the penetration of cosmetic substances into the skin and to determine the structure of the surface of the hair and external skin cells. The final stage is research in vivo - they rely on an instrumental and subjective evaluation of the effects of a cosmetic product applied to the skin of volunteers. Instrumental assessment of skin condition takes place under controlled temperature and humidity conditions. To assess the skin parameters, the most modern biomedical equipment of world-class producers is used.

ACTIVITIES

The year 2020 brought completely unprecedented challenges in terms of ensuring the safety of employees as a result of the COVID-19 pandemic.

In addition to the existing internal standards and procedures, we have introduced a number of activities in the organization to improve the safety of employees; among others in order to improve epidemiological safety, specialized flow-through UV-C lamps have been installed over workstations. In 2020, additional specialized noise tests were carried out in order to improve the working comfort of cosmetic mass workers. All employees enjoy paid access to private specialist healthcare all across Poland (including at 7 facilities in close proximity of their workplace). As a result, we were able to organize free flu vaccinations for the willing employees on the premises of the company. Since the very beginning of the pandemic, we have implemented 7 Safety Instructions addressed to employees from specific areas of the company.

We have purchased hygienic masks, visors and gloves that retain the necessary standards. We have provided employees with disinfecting liquids, both those generally available in common areas or office rooms, also distributed to employees for private use outside the company. In the production area, we have divided the shifts among one another in order to limit the contact of employees between shifts and thus minimize the risk of spreading possible infection. For the safety of employees, we have introduced coaches to work for those people who do not have their own means of transport, but previously used public transport. All the offices in the company were measured and the space was reorganized in such a way that each employee was at least 1.5 metres away from the other person. Our employees do not have to wait for tests in state institutions, because we use a private analysis laboratory that performs tests for the detection of SARS-CoV-2 infection within 24 hours, and swabs are taken without the necessity of leaving home. Specialized flow-through UV-C lamps with virucidal properties have been purchased. They function as standard in the production area, and additional lamps have been installed in all meeting rooms and in rooms where employees eat meals. We have introduced a rotational work system in the office part - a week of work in the office, a week of work from home. Each of the employees working remotely was equipped with appropriate work tools. The scientific achievements by the end of 2020 of the Dr Irena Eris Cosmetic Laboratory are **16 patent applications, 7 of which have already received patent protection**. They have found application in product innovations. Thanks to scientific achievements, we produce cosmetics that are innovative, effective and safe. In 2020, several innovative solutions were implemented. In our brands, including the Dr Irena Eris brand, we have implemented products based on the synergy of two-way modeling of wrinkles. The unique Telomere-Lift complex guarantees the lipo-filling effect of wrinkles, improving the external architecture of the face and activates deep regenerative processes at the molecular level (stabilization of telomeres, extending the life cycle of cells *), reducing wrinkles and rejuvenating facial features.

Also a line based on a unique combination of signal Matrykin, low molecular weight peptides and the Pigment-Block complex reducing pigmentation spots and correcting wrinkles. In addition, we have introduced a group of Medical and Dermocosmetic Products that care for mature skin for Seniors. These products used, among others innovative vitamin B12 closed in innovative dermal transport systems, which soothes and alleviates irritations resulting from excessive drying and the action of irritants.

The Lirene Jestem Eco line is a complete packaging innovation. Taking care of the environment, the brand has introduced refills to the market for the first time.

In the year of the Covid pandemic, we entered a new product category: Biocides with antiviral activity based on 70% ethanol.

The difficult year of the pandemic caused many scientific conferences to be cancelled. Few have been transferred to the internet. Scientific staff of the Cosmetics Laboratory took part in the European Academy of Dermatology and Venereology (EADV) in Vienna, presenting their scientific achievements.

LABOUR

DESCRIPTION

The image of our company and brands is a priority to us. Our brands, offering the highest quality products, tailored to a given market segment, are our greatest value, just like the people we work with. We prefer people who are creative, efficient, guided by intuition, knowledge and experience alike in their work, and who identify with the company. The cooperation, is important to us because only our combined forces can achieve our goals. We also respect the tradition that gives a soul to our company. The **personnel policies** developed by us are based upon equal rights and equal obligations regardless of gender, age or professional experience. Our clearly established rules of conduct and their consistent application build a culture based upon sincerity, trust and fair treatment of all those employed at the company.

STANDARDS OF DR IRENA ERIS

The rules of work at the Dr Irena Eris Cosmetic Laboratory are regulated by the 'Work Regulations of the Dr Irena Eris Sp. z o.o. Cosmetic Laboratory'. They concern various issues, such as:

- Fundamental obligations of the employees and employer;
- Protection of property;
- Workplace secret;
- Competitive activities;
- Employee's financial liability;
- Order regulations;
- Date, place and time of salary payment;
- Penalties, rewards and distinctions;
- Working time, vacations and dismissals;
- Protection of work of female and young workers;
- Occupational safety and hygiene, and fire prevention.

The company respects all provisions of the Labour Code, which is evidenced by numerous inspections of the Chief Labour Inspectorate, Social Insurance Institution and Revenue Office. **Development of passions and the promotion of a healthy lifestyle.**

ACTIVITIES

Work Life Balance Policy - Good Practices for maintaining a balance between the work and the private and family life, especially in the times of the COVID-19 pandemic:

- Substitution agreements (we seek to retain substitute workers);
- Determination of working rules for young mothers: flexible working time / part-time job / semi-remote work from home;
- Maternity support / constant contact during maternity leave;
- Participation in recruitment projects and training during child care leaves;
- Maintenance of all social benefits during child care leaves;
- Individual approach to the problems of a young mother, a young father; boasting at company meetings about the number of births, the number of new pregnancies;
- Santa gifts for children up to 12 years old.

As a result of the Employee Confidence Survey, a Project Group was established in 2018 to improve the process of creating a new cosmetic.

The effects of these works have largely been implemented, including the MS Project, which allows for efficient and effective management of the NPD process. We care about **staff development** by centrally planning and managing training.

In 2020, due to the pandemic, external training was suspended, but we maintained the internal training project in which employees - internal trainers share their knowledge. We have already completed, e.g. the ABC of Recruitment for Managers, Effective Communication, Excel and Finance for Non-financials. We implement programmes based upon the principles of Continual Improvement, which allow our employees to shape their workplace, share ideas and develop their competences.

In 2020, we launched the Leader Program in the production area. Successful employees working on production lines in the Packaging Department can improve their competencies through training and thus assume leadership roles in employee teams. The success of this project allowed us to launch a similar program in the Cosmetic Masses Production Department.

We encourage our employees to improve their foreign language skills. Due to the pandemic, classroom classes have been suspended, but employees can still benefit from the course in the form of e-learning.

The following sports teams are active at the company:

- Lirene Bike Team / Dr Irena Eris Running Team / Dr Irena Eris Sailing Team
 - MultiSport – a programme for co-financing of participation in sports classes for interested employees
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ENVIROMENT

DESCRIPTION

Creation of a high-quality cosmetic is a challenging and complex process. We systematically modernise our machines, investing in new equipment, train our personnel with regard to both their vocational skills and their knowledge in OSH and work ergonomics, as well as modernise our production area in order to create optimal working conditions. The company has a **Quality and Environmental Policy of the Dr Irena Eris Cosmetic Laboratory**. In 1996 the Laboratory implemented the Quality Management System conforming to the requirements of the PN-EN ISO 9001 standard, and since 2001, an Environmental Management System has been operating in accordance with the PN-EN ISO 14001 standard. Good Management Practice has also been implemented; in accordance with the PN -EN ISO 22716 standard.

STANDARDS OF DR IRENA ERIS

The highest quality of our products is achieved with respect for the natural environment. We abide by the legal requirements and to the ISO 14001 standard requirements. Waste management rules have been detailed in workstation procedures and instructions.

ACTIVITIES

We minimise our impact on the environment through many activities:

- since 2019, we have been producing cosmetics using electricity from renewable sources (**green energy**), in 2019, 89% of the energy consumed in the enterprise came from renewable sources, thanks to which we reduced the carbon footprint of the organization by 67% in 2019 compared to 2018 (GHG Protocol, scope 1 and 2);
- we use modern machinery and technologies, prior to channelling our liquid industrial waste to the external drainage, we treat it at our own wastewater pre-treatment plant;
- we collect post-production electric and electronic waste, as well as enable employees to collect such waste from households;
- we limit the number of prints, we use recycled paper for prints;
- ograniczamy ilość wydruków, wykorzystujemy papier z recyklingu do wydruków
- in 2020, by the end of September, we handed over 63% of post-production waste for recovery and recycling.

We apply the principles of eco-design of packaging:

- we design packaging to minimize the weight of the packaging, ensuring effective protection for the product, in the first half of 2020 we reduced the weight of plastic packaging in the newly implemented products by 8.8 tons and the weight of paper packaging by 1.8 tons;
- 86% of our packaging is recyclable;
- we use cardboard boxes made of material from well-managed forests with **FSC certificate** and **recycled materials**. This means that the raw material for the production of paper was obtained in a sustainable way - new trees were planted in place of each tree cut;
- we introduce innovative packaging solutions - an example of such activities is the line „I am **Eco**” based on the concept of replaceable cream inserts;
- in the logistics process we recover and re-use the cardboard packaging and packaging films from the delivery of components.

We apply the principles of eco-design to our formulas:

- we are gradually minimizing the use of silicones in our recipes, in 2018 we reduced the amount of silicones used by 10%, and in 2019 by 17%;
 - we are gradually eliminating volatile silicones from our recipes, from 2017 to 2019 we reduced the amount of volatile silicones used by 29%;
 - in recent years, we have been gradually eliminating PE from cosmetic masses, in 2017 by 11%, in 2018 by 60%, in 2019 by 98.5%, until the total elimination of polyethylene in our masses in 2020;
 - we gradually eliminate microplastics from our recipes, in 2017 we reduced the amount of microplastics used by 5.5%, already in 2018 by 27%, in 2019 by 50%;
 - 98% of the raw materials that we use in our recipes are vegan;
 - in selected groups of raw materials (vitamins, UV filters, natural oils), those with palm oil derivatives come 100% from controlled crops.
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ANTI-CORUPTION

DESCRIPTION

Ethics are extremely important in business management. Our adoption of an ethical approach proves that we respect our customers and competition. Uncompromising maintenance of the highest standards should be obligatory for every company. We should all care for the natural and external environments from which we get so much. We must also not forget about people – both employees and business partners. In all of our activities, we must conduct ourselves responsibly –this includes business, as well.

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- Protection of property;
- Workplace secret;
- Competitive activities;
- Employee's financial liability;

ACTIVITIES

In contentious situations, we follow the Guidelines for dealing with difficult situations. In 2020, there was no case of unethical employee behaviour.
