

ONZ Global Compact

I am pleased to confirm that 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 our seventh 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.

Yours sincerely,

Paweł Orfinger

President of the Board, Dr Irena Eris S.A.

HUMAN RIGHTS

DESCRIPTION

In building the prestige and competence of its brands, Dr Irena Eris S.A. is guided by **respect for people**, emphasising their individuality and cooperation. Concern for the wellbeing of others manifests itself both in high quality cosmetics and in the **outstanding interpersonal relationships** within the company and outside it. Care for the **safety and health of employees** obliges the company to protect the life and health of its staff by providing them with safe and healthy work conditions, protecting them from workplace accidents, occupational diseases and other illnesses connected with the workplace conditions. **Innovation** has been embedded in the company's strategy since its inception. Dr Irena Eris S.A. sets the directions of industry development with particular emphasis on the field of personal care, in which it is an expert. The entire team is constantly looking for new ideas, solutions and concepts. We are committed to the development of advanced research, bearing in mind its importance in developing the company's activities in such a way as to offer added value to the environment we cooperate with.

STANDARDS OF DR IRENA ERIS

- Organising work and the workplace in a manner ensuring safe and healthy working conditions;
- Acquainting employees with health and safety regulations, fire protection regulations and carrying out regular employee training;
- First aid training, fire safety training, evacuation drills, periodic training in occupational health and safety;
- Up to date medical examinations;
- Taking care of a safe and hygienic condition of the work premises and technical work equipment, efficiency of the collective and individual protective equipment of employees and its use as intended;
- Issuing work clothes, footwear and personal protective equipment to production workers before they start work;
- Identifying and providing employees with a suitably secure place to store work clothing and footwear, personal clothing and belongings, as well as work tools assigned to them;
- Carrying out tests and measurements of harmful or arduous factors present at the workplace.

The volume of research conducted is evidenced by the numerous patents and proprietary patent applications that result from the work of scientists at **Dr Irena Eris Science and Research Centre**. The tests performed at Dr Irena Eris Science and Research Centre go in several directions and considerably exceed the mandatory framework. The first type of research concerns determining the behaviour of isolated skin cells under the influence of complexes of cosmetic raw materials.

Epidermis created in vitro retains barrier function and its lipid profile is almost identical to that in full-thickness skin. Safety evaluation of a cosmetic product is based on examination of vital properties of epidermal cells (MTT colorimetric test). Thanks to utilisation of in vitro methods, a preliminary answer on the cosmetic's effect on the skin is already obtained at the laboratory testing stage. This innovative research is carried out at the In Vitro Research Laboratory of Dr Irena Eris Science and Research Centre. During ex vivo testing, the safety and efficacy of ingredients and finished cosmetics is evaluated on 3D skin models under laboratory conditions. Ex vivo tests provide evidence that active ingredients contained in a cosmetic product actually have an effect on the physiology of the skin. Ex vivo tests using full thickness skin are also applied to test the penetration of cosmetic substances into the skin and to determine the structure of the hair surface and outer skin cells. The final stage is in vivo testing – this involves 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 conditions of temperature and humidity. State of the art biomedical equipment from world class manufacturers is used to assess skin parameters.

ACTIONS

All employees have access to private, specialised medical care throughout the country (including 7 facilities in close proximity to their workplace).

For interested employees, we organise free flu vaccinations on company premises.

Due to the post pandemic situation and simultaneous war situation in Ukraine, all activities to support the mental and physical wellbeing of employees have been extremely important this year.

Webinars on stress management, mental health care, crisis management as well as workshops, consultations and webinars for all employees on physical health, healthy spine and work ergonomics have been conducted at the company. We have also provided employees with virtual first aid training.

In order to prevent accidents, we have launched a programme for reporting actual incidents and preventing near misses so as to improve working conditions in each area, the operation of which is linked to the management's objectives. It has been another year of operation of the **Idea Factory** programme, which allows employees to positively influence working conditions and quality by submitting ideas and innovations that are then put into practice.

We have implemented a programme to encourage and motivate employees to report potentially hazardous places and incidents in order to prevent accidents.

The year 2023 is a breakthrough year for Dr Irena Eris S.A. in terms of innovation. **We filed 1 patent application with the Polish Patent Office to protect our know-how. In 2023, we filed our first patent application in the USA. We already have 19 patent applications, of which 9 have already received patent protection – they have been applied in product innovations.** Thanks to scientific achievements, we produce cosmetics that are innovative, effective and safe.

In 2023, several innovative solutions were implemented in our brands, including the Dr Irena Eris Sensi Science line, which features our proprietary Magnolol-H* technology that effectively interrupts the cascade of interacting skin ageing and hypersensitivity processes.

Scientists at Dr Irena Eris Science and Research Centre are active members of leading international scientific societies: EADV (European Academy of Dermatology and Venerology), ESDR (European Society for Dermatological Research), Aegean Dermatology Days, where they publish the latest research results annually.

Nobel Prize winning achievements in medicine are our inspiration and often coincide with the direction of our research. The culmination of research work are proprietary patents and numerous patent applications.

In 2023, the Research and Innovation Division is continuing its efforts to implement the concept of circular economy. Through eco-design, we have significantly reduced the weight of plastic packaging and, in the new Lirene brand sunscreen products, we have used the Ocean Protect solution to protect the seas and oceans.

LABOUR

DESCRIPTION

The image of the company and its brands is of paramount importance to us. Our brands, which offer top quality products tailored to a particular market segment, are our greatest asset, as are the people we work with. Above all, we rely on creative people who work efficiently and are guided in their work by both intuition, knowledge and experience - people who identify with the company. Cooperation is important to us, because it is only through joint effort that our goals can be achieved.

We also respect the tradition that gives our company its soul.

The personnel policy we have developed is based on equal rights, equal responsibilities regardless of gender, age or work experience. Clearly defined rules of conduct and their consistent application build a culture based on honesty, trust and fair treatment of all people employed by the company.

STANDARDS OF DR IRENA ERIS

The principles of work for Dr Irena Eris S.A. are governed by the "Dr Irena Eris S.A. Work Regulations". They include such issues as:

- Basic obligations of the employee and the employer;
- Protection of property;
- Workplace secrecy;
- Competitive activity;
- Financial liability of the employee;
- Order regulations;
- Date, place and time of remuneration payment;
- Organisational penalties, awards and distinctions;
- Working time, annual leave and sick leaves;
- Protection of the work of women and young persons;
- Health and safety at work, fire protection.

The company respects all the provisions of the Labour Code, as confirmed through numerous inspections by the State Labour Inspectorate, the Social Security Institution and the Revenue Office.

Developing hobbies and promoting a healthy lifestyle.

ACTIONS

Work Life Balance Policy - Good Practice for maintaining balance between work and private and family life:

- Substitution contracts (at the same time, we seek possibilities to retain employees who come as "substitution" to the company);
- We enable flexible working arrangements for young mothers: flexible working hours / part-time work / work partly from home;
- We support maternity and paternity;
- We enable participation in recruitment projects and training during the parental leave;
- We maintain all social benefits during the parental leave;
- We take an individual approach to the problems of new mothers and new fathers; during company meetings, we boast about the number of births and new pregnancies.

We care for **employee development** by centrally planning and managing training courses.

We carry out in-house training as well as webinars for employees to upgrade their skills and support their professional development.

We have delivered training in both quality management and commercial law, we are training internal auditors and developing talents in the IT area. Employees regularly acquire new qualifications and update their knowledge of such areas as the law, e.g. the Omnibus Directive, SEP training and examinations, amendments to the REACH and CLP regulations. We ensure that the necessary qualifications are maintained, e.g. UDT (Office of Technical Inspection).

We support those wishing to continue their education in the form of postgraduate studies, by subsidising this type of learning.

We implement programmes based on the principles of Continuous Improvement, which enable employees to shape their workplace, share ideas and develop their competences.

We encourage employees to improve their language skills. Employees can still take part in e-learning courses.

The following sports teams operate at the company:

- Lirene Bike Team / Dr Irena Eris Running Team / Dr Irena Eris Sailing Team;
 - MultiSport – a programme subsidising participation of interested employees in sports activities.
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ENVIROMENT

DESCRIPTION

The production of a high quality cosmetic is a demanding and complex process, which is carried out with respect for the natural environment, ensuring the safety and effectiveness of use. We regularly upgrade our machine park, investing in new, more energy efficient machines and equipment, and train our staff, both professionally and in terms of occupational health and safety, work ergonomics and environmental protection.

STANDARDS OF DR IRENA ERIS

We comply with legal requirements and the requirements of ISO 14001.

In our Integrated Management System Policy, we declare the prevention of environmental hazards by minimising the negative impact of our company on the environment, looking for innovative and environmentally friendly solutions for raw materials and packaging, along with strict adherence to legal requirements applicable to our business, relating to products, the company's operations and its environmental aspects.

ACTIONS

We reduce our environmental impact by reducing utility consumption, managing waste appropriately, using energy from renewable sources and many other measures.

In 2022, we used a comparable amount of electricity at the production facility to the previous year with a 23% increase in production.

In 2022, we reduced the amount of energy used to produce 1 unit of product by 17% compared to 2021.

This result was achieved through the following measures:

- We carried out an upgrade of the heating system of the Finished Goods Warehouse by installing heat pump units;
- We carried out another phase of replacing the lighting at the production facility and offices with energy efficient fixtures;
- We optimised the consumption of process heat by replacing the CT collector;
- We optimised the operation of the most energy intensive machinery and equipment.

In 2022, we reduced gas consumption per unit of finished product by 27% compared to the previous year.

Between January and August 2023, we used 23% less gas to heat the Finished Goods Warehouse compared to the same period in the previous year.

Since 2019, we have been producing cosmetics using electricity from renewable sources (**green energy**). **In the past year, 100 % of our cosmetics were produced using energy from renewable sources.** Since 2017, we have been calculating the carbon footprint for the production facility according to the GHG protocol A standard in scopes I and II (direct and indirect emissions), controlling the level of CO₂ emissions and looking for solutions to reduce the carbon footprint. In 2022, the organisation's carbon footprint in scopes I and II, per unit of product manufactured, decreased by 8%.

We are continuously working to reduce water consumption:

- We have metered the most important consumption points for municipal water and process water;
- We fully control the water balance of the company;
- The cleaning process of machines and equipment is carried out in a closed cycle;
- We collect rainwater and use it for watering the greenery.

In 2022, we reduced the consumption of water used for washing machinery and equipment per finished product by 19% compared to the previous year.

We managed to achieve that by:

- replacing washing heads on selected mixers and the CIP station, resulting in efficient washing using less water in a single washing cycle;
- changing the method of cleaning both by hand and in washers, which results in less water being used in these processes.

In 2022, we conducted work aimed at **reducing the consumption of cleaning products** during production of cosmetic masses. In 2022, **we reduced the consumption of cleaning products by over 12% per 1 piece of finished goods.** The largest reduction in consumption is recorded in the case of antifoam preparations, which we reduced by 49.9% in 2022 compared to 2021. All post-production waste is transferred to specialised companies. With each passing year, we increase the share of waste that is recycled. **In 2016, it was 42%** of all waste, **while in 2022 – over 56%**. In 2020, we joined the RafCycle programme, through which we are part of circular economy, where waste is transformed into key resources for the economy. We transfer the laminated backing that constitutes label waste to Raflatac, where it is cleaned of silicone and used to produce new label materials or other paper products. In 2021, we transferred **5.6 tonnes** of label backing within the RafCycle programme. In 2022, we transferred over **8 tonnes**. The aforementioned activities confirm that we are moving away from a linear economy towards a circular economy for further post-production type of waste.

We are a conscious manufacturer taking responsibility for the packaging waste that is generated after the use of cosmetic products. Therefore, **since 2021, we have met in the Polish market the levels of recovery and recycling of packaging waste that the European Union plans to achieve only in 2030.**

ANTI-CORUPTION

DESCRIPTION

Ethics are extremely important in running a business. Taking an ethical approach demonstrates that we respect our customers and competitors. Uncompromisingly maintaining the highest standards should be the responsibility of every company. We should all care about the natural and external environment from which we draw so much. We must also not forget about people – both employees and business partners. We must behave responsibly in all our activities – also in business.

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- Workplace secrecy;
- Competitive activity;
- Financial liability of the employee.

ACTIONS

In non-obvious situations, we are guided by the „Signpost of Conduct” for difficult situations, developed last year.
