

Progress Report PHARMOS NATUR

Report Period 2017/18

On the Leadership Declaration of the 'Biodiversity in Good Company' Initiative

The Leadership Declaration:

All signatory companies acknowledge and support the three objectives of the international "Convention

on Biological Diversity":

- Conservation of biological diversity
- Sustainable use of its components
- Fair and equitable sharing of the benefits that arise out of the utilisation of genetic resources

and commit to:

1. analysing corporate activities with regard to their impacts on biological diversity,
2. the protection of biological diversity and sustainable use in the environmental management system,
3. appointing a responsible individual within the company to steer all activities in the biological diversity sector and report to the Management Board,
4. defining realistic, measurable objectives to improve the protection of biological diversity and its sustainable use, which are monitored and adjusted every two to three years,
5. publishing activities and achievements in the biological diversity sector in the company's annual, environmental or sustainability report,
6. informing suppliers about the company's biological diversity objectives and integrating suppliers step by step,
7. exploring the potential for cooperation with scientific institutions or government institutions with the aim of deepening dialogue and continuously improving the management system.

1. Analysis of the impact of corporate activities on biological diversity

Biological diversity and corporate action interact as an “inseparable” pair in their interaction. Corporate content management goes hand in hand with the preservation of ecosystems. Only then can man and nature live in harmony.

Like nature itself, PHARMOS NATUR Green Luxury sees itself as a living system with a clear sense of purpose. Everything that is created is designed to help preserve our planet. With respect and attentiveness. For man and nature in harmony.

PHARMOS NATUR pursues this holistic enterprising spirit. And it is more important than individual and isolated values. Individual values are automatically generated as guiding principles as soon as the sense of purpose is firmly anchored in the consciousness of all employees.

What nowadays is fashionable for many companies, has always been part of PHARMOS NATUR company philosophy, right back to the starting point at the founding of the company. The company has thrived and grown on this basis and in this consciousness. And it continues to develop organically in this manner. This means that aspects of biological diversity have been integrated into the company's activities from the outset, within the scope of the currently available possibilities. We consider all sections of the company – including the operational processes at our location, logistics, packaging and of course the raw materials.

The aim through these corporate activities is, on the one hand, to treat people and nature along the value chain with esteem and to respect and not exploit them and, on the other hand, taking into consideration that the first step towards change means rethinking or changing consciousness. It is essential to think and work in systems and networks. Only in this way will the complete energy of nature open up all its possibilities and resources. The diversity of nature is the foundation of PHARMOS NATUR. This is because healing and rejuvenation plants and SACRED PLANTS, grown in mixed cultivation and without chemicals, are the basis of all our products.

That is why the company places particular importance to the issue of sustainable organic agriculture. Thanks to the long-term commitment of Paul Greineder, Managing Partner at PHARMOS NATUR and his intense interest in nature, environment and ecology, sustainable farming practices are an integral part of company policy at all times.

Maintaining biological diversity is a prerequisite when considering the entire value chain, from cultivation, harvesting and production through to marketing. At the same time specific, internal activities are also required.

2. Protection of biological diversity and its sustainable use in the environmental management system

Due to the relocation of the growing company from Uffing am Staffelsee to Bernried am Starnberger See and the resulting restructuring of the workforce, the start date for EMAS certification has been postponed from autumn 2017 to the beginning of 2019 (has been in progress since March 2019).

Using the Eco-Management and Audit Scheme (EMAS), PHARMOS NATUR has established a community system for environmental management and environmental auditing within the company. The objective is to improve environmental performance and verify this using an independent confirmation. The protection of biological diversity and its sustainable use play an important and challenging role in this context. This voluntary environmental management tool created by the EU in 1995 covers the effective improvement and management of environmental impacts as well as providing reliable information on all environmental issues. Since 2010, EMAS has included “biological diversity” as a core indicator and companies are asked to analyse and report on this core indicator in addition to essential aspects. One key element is the involvement of all employees in the process of continually improving environmental performance – always with the aim of actually living the environmental protection interests of the company.

The company provides specific support to enable all employees to do this, for example it pays them supplementary insurance for curative practitioners so that they can also benefit from holistic treatments. There are also offers for the psychological well-being: free, regular coaching is open to everyone. As team or individually.

Since 2015 all PHARMOS NATUR products have been EcoControl certified (www.eco-control.com/grundsaeetze.php). EcoControl is an inspection and certification body for ecological products and quality assurance systems in the non-food sector. EcoControl is active worldwide and works with a large network of partners to achieve maximum competence and geographic availability.

PHARMOS NATUR has been working together with NCS – THE natural cosmetics standard for humans, animals and the environment – since 2017, as the criteria for this certification are significantly more stringent than the requirements of similarly oriented quality seals. The seal is awarded by GfaW – Gesellschaft für angewandte Wirtschaftsethik UG (Society for Applied Business Ethics). It is also co-developed by numerous independent testing bodies. Substances of concern, as well as animal testing and genetic engineering, are categorically excluded.

The leading plants of PHARMOS NATUR – the aloe vera plant and the black sesame seed – are tested every year by the German control organisation LACON and even meet the strict food legislation requirements.

PHARMOS NATUR also feels committed to the content of the Nagoya protocol. The Nagoya protocol is “a novel instrument for international nature conservation. It helps to better consider the value of biological diversity in the production of new products and sets economic incentives for the conservation and sustainable use of nature” (Federal Ministry for the Environment, Nature Conservation and Nuclear Safety). For a considerable time PHARMOS NATUR has always paid higher prices to producers for plants and raw materials than is usual on the world market. The company works with small farmers in partnerships on equal terms.

3. Appointment of a responsible individual within the company to steer all activities in the biological diversity sector and report to the Management Board

The conservation and sustainable use of biological diversity is a matter close to the heart of both the management and the workforce. Dorina Döring, Sustainability Management, has been entrusted with the introduction of EMAS and is conscious of the importance of taking biodiversity into account in environmental matters. Gaby Schmidt-Tschida, Communication, is responsible for content implementation and the communication of the content to the public (press). The topic of biodiversity is a quality topic that is firmly enshrined in the company, the purpose of the company itself. For biological diversity is not only an important basis for life from an ecological perspective. Biological diversity ensures that a family business can be passed on to future generations over the long term.

4. Definition of realistic and measurable objectives for improving the protection of biological diversity and sustainable use, which are monitored and adjusted every two to three years

PHARMOS NATUR is subject to regular audits as a result of the planned integration of the EMAS environmental management system – auditing completed by the end of 2019. The public-law EMAS system reliably covers all of the environmental aspects of environmental protection. “Biological diversity” has only been specifically addressed in EMAS for several years and the vast majority of companies and industries are still testing the possibilities of measurement and control. In the definition of future targets PHARMOS NATUR will orient itself both to its raw materials and the implementation of further direct internal company measures.

The work performed in the “microcosm company” already shows the immediate effects of direct business activity regarding biological diversity. For example, an emissions reduction was aimed at the value chain of the entire on-site fleet, all disposal and all shipping activities. The green space refurbishment of the company premises will start in 2019.

The conversion to electric cars – Tesla S, Tesla 3, BMW I 3 – is a noticeable reduction in emissions. The CO₂ limit of 100 g/km has been achieved by careful selection when purchasing new vehicles. An electric vehicle is available to the employees for local transport tasks. Unfortunately, the car manufacturing industry is at a standstill in the production of suitable vehicles for the field service, who often have to cover long distances.

Photovoltaic is used throughout the company in combination with electromobility and alternative power supplies. The charging of our e-fleet is particularly sustainable because we supply it with our own solar power from our own photovoltaic system – on the grid since 1 May 2019. The e-cars can be charged with solar power during working hours and are ready to return employees home after work. Photovoltaic and electric mobility complement each other perfectly in order to optimise mobility costs and reduce emissions. E-cars do not produce any exhaust fumes on the road – neither carbon dioxide nor toxic nitrogen oxides. That in itself is a huge benefit.

Company boss Paul Greineder is recognised as a pioneer for environmentally-conscious travel and for most trips he uses the train. The transition from conventional vehicles to electric vehicles is also progressing. This has continually reduced the operating and environmental costs of the company fleet.

When the company moved in 2016, the entire air-conditioning technology was replaced and modernised in-house, with the result that the energy balance was extremely positive compared to the previous building, at half the energy consumption per square metre. Our commitment to climate protection makes a positive contribution to biodiversity.

Resource and energy saving considerations are taken into account during production and for all necessary materials, climate protection is respected and waste is avoided. All sales packs display a green dot. Wherever it is possible, only natural raw materials are used in the production of the final products and by-products and waste products that are harmful to health and the environment are avoided.

PHARMOS NATUR largely refrains from using plastic for packaging materials such as cosmetic containers. PHAMROS NATUR works successfully to substitute plastic from primary and secondary packaging. More than 80% of the commercial goods are already bottled in glass. The same applies to the packaging materials. For example, the company uses biodegradable maize foam or maize starch.

Shipping is exclusively via go green. All the regulations for proper waste separation are also complied with and only ecological office materials are used.

The move from Uffing on the Staffelsee to Bernried on the Starnberger See has also achieved a reduction in electricity consumption of more than half.

5. Publication of all activities and achievements in the biological diversity sector in the annual, environmental or sustainability report

An environmental report will also be drawn up as soon as the certification is completed as part of the EMAS activities. The report will then be produced in a two-year cycle.

6. Involving suppliers and informing them about biological diversity targets

Promoting small farmers means sustainable prosperity and peace for many people all over the world. Increased soil fertilization results in less land clearance. This also contributes to the improvement of the microclimate. A variety of different cultures in small-scale cultivations provide a better habitat for humans, animals and plants. Small farmers stabilise the region and ensure biological diversity. There is close cooperation and a regular exchange of information with suppliers.

Simon Krischer, Head of Supply Chain Management & Logistics, regularly oversees the partnerships in the countries of origin. In direct cooperation with Margot Esser-Greineder, company founder, Managing Director and shareholder and Paul Greineder, Managing Director and shareholder of PHARMOS NATUR. This includes the Aloe Vera plantations in Ecuador, the cultivation of black sesame seeds in India and Bolivia, various wild harvests in Nepal and many more.

In cooperation with the association Ecuador-Hilfe, under the direction of Bishop Bertram, PHARMOS NATUR's key plant, the Aloe Vera, is cultivated in organic mixed cultivation on the company's own PHARMOS NATUR plots in Colonche. The proceeds from PHARMOS NATUR are used in many areas in a joint, partnership arrangement. This includes the creation of jobs, the construction of schools, educational initiatives to enable children to go to school, medical care, kindergartens and much more. Acting sustainably, holistically and together, understanding natural cycles, protecting and supporting lives. Show attitude. These are our guiding principles.

The quality of a product starts with the cultivation of the plants in the field. This is why PHARMOS NATUR works with about 200 small farmers. The world-wide cultivation of energy-rich power places provides for magnificent medicinal and rejuvenating plants. Small farmers nurture and maintain the plants with great skill, attention and love. In return, they are paid good prices. In concrete terms, this means that farmers can feed their families and send their children to school with the payment they receive from PHARMOS NATUR.

PHARMOS NATUR products are manufactured from these special raw materials in Germany under controlled conditions and according to the latest standards.

These small-scale partnerships are not isolated then closed down projects. All partners work for the long-term along the entire value chain. They know the company's goals; plants are grown exclusively in mixed cultivation, which is a very important point for biological diversity.

7. Exploring the potential for cooperation with scientific institutions or government institutions with the aim of deepening dialogue and continuously improving the management system

The owners and employees of the company are involved in numerous initiatives and associations. These include

- Schülerhilfe Nepal e.V. Founding member and active member of the board
- B.A.U.M., Bundesdeutscher Arbeitskreis für Umweltbewusstes Management e.V.
- Company network 'Biodiversity in Good Company' Initiative e. V.
- The association "Förderung des Nationalparks Bayerischer Wald"
- BdW Beirat der Wirtschaft
- VDU Verband deutscher Unternehmerinnen (Association of German Businesswomen)
- Supporting member of ICADA
- Supporting member of the Umwelt-Akademie (Environmental Academy), Munich

In addition, Paul Greineder, PHARMOS NATUR shareholder, serves on the board of the Margarete Ammon Foundation and supports ecological projects in agriculture, developments in the gender medicine sector and future-oriented training courses for SMEs.