

Progress Report PHARMOS NATUR

Report Period 2015/2016

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

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 utilization of genetic resources.

and commit themselves to:

1. Analyzing corporate activities with regard to their impacts on biological diversity;
2. Including the protection of biological diversity within their environmental management system;
3. Appointing a responsible individual within the company to steer all activities in the biodiversity sector and report to the Management Board;
4. Defining realistic, measurable objectives that are monitored and adjusted every two to three years;
5. Publishing activities and achievements in the biodiversity sector in the company’s annual, environmental, and/or corporate social responsibility report;
6. Informing suppliers about the company’s biodiversity objectives and integrating suppliers accordingly and step by step;
7. Exploring the potential for cooperation with scientific institutions, non-governmental organizations (NGOs) and/or governmental institutions with the aim of deepening dialogue and continuously improving the corporate management system vis-à-vis the biodiversity domain.

To demonstrate ongoing commitment, member companies will provide the Initiative with a progress report every two years.

1. Analysis of corporate activities with regard to their impacts on biological diversity

Biological diversity and corporate activity are an “inseparable” pair in their interaction. Since a long-term perspective for a life in harmony between man and nature can only exist if corporate content management goes hand in hand with the preservation of ecosystems.

As an organic growing company PHARMOS NATUR, just like nature, sees itself as a living system with a clear sense of purpose: everything for the benefit of nature and mankind! This holistic enterprising spirit is more important for PHARMOS NATUR than individual, isolated values. 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 it continues to develop organically. 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 to treat people and nature along the value chain with esteem and to respect and not exploit them. 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 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. Including the protection of biological diversity within the environmental management system

Using the Eco-Management and Audit Scheme, in short EMAS, PHARMOS NATUR is planning to establish a community system for environmental management and environmental audits in the company from autumn 2017 onwards. The relocation resulted in the postponement. 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.

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. It 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 Construction and Reactor Protection). For a considerable time PHARMOS NATUR has paid higher prices to producers for plants and raw materials than is usual on the world market. We work with small farmers in partnerships on equal terms.

3. Appointment of a responsible individual within the company to steer all activities in the biodiversity 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. The topic of biological diversity is not represented by one position – even at the company’s current size of 40 employees – but is a quality topic that is 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. However, with the introduction of EMAS and other certifications, Daniel Pavlovic is entrusted with and more aware of the particular need for biological diversity in environmental considerations. Gaby Schmidt-Tschida is responsible for implementing the content and the communication of the contents to the public.

4. Definition of realistic, measurable objectives that are monitored and adjusted every two to three years

The future integration of the EMAS environmental management system means that PHARMOS NATUR is subject to regular audits. The public-law EMAS system reliably covers all of the environmental aspects of environmental protection. “Biological diversity” has only been specifically addressed in E-MAS 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 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. The production process and all necessary materials are considered and handled in such a way as to save energy and resources, attention is paid to climate protection 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. PHARMOS NATUR works successfully to substitute plastic from primary and secondary packaging. More than 80% of the commercial goods are already bottled in glass or porcelain. 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.

Meanwhile, the project planning for the conversion of the electricity supply has been completed. The project to install a solar energy system on the roof of the company building will enable the company to achieve an autonomous energy supply of up to 100%. 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, calculated by square meter floor space. A rainwater recovery project (grey water system) is also in progress. All lamps are currently being replaced with LED.

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.

5. Publication of activities and achievements in the biodiversity sector in the company's annual, environmental, and/or corporate social responsibility 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. Informing suppliers about the company's biodiversity objectives and integrating suppliers accordingly and step by step

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.

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.

In Ecuador on the Pacific coast, our special aloe vera grows in a mixed cultivation and without chemicals. The prices PHARMOS NATUR pays for the plants enables approximately 250 children to attend school. From primary school to high school. In the mountain region, a special Babaco is cultivated at an altitude of 2,800 m. The resulting revenues are used to help the local elderly to be given a hot meal every day.

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.

We are currently establishing two new projects: aloe vera cultivation in Colombia and a PPP project in Ecuador together with the Babaco, supervised by Bastienne Paliz, our partner in Ecuador, and run through the University of Quito. This also includes the documentation of an exact analysis on site, quality control of the cultivation and a transfer of knowledge to the producer country, for example, the detection of the correct harvesting time by sensitive measurements to determine when most enzymes are present. PHARMOS NATUR and its products represent sustainable production of high-quality cosmetics, natural food supplements and treatments using fresh plants. As a result this also means that the company creates new sales markets for the high-quality products produced from these countries, and to promote the willingness of people to pay fair prices. Working towards this goal and following good practices itself, is where PHARMOS NATUR sees its duty and its responsibility.

7. Exploring the potential for cooperation with scientific institutions, non-governmental organizations (NGOs) and/or governmental institutions with the aim of deepening dialogue and continuously improving the corporate management system vis-à-vis the biodiversity domain.

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

- the association “die Umweltakademie München”
- B.A.U.M., der Bundesdeutsche Arbeitskreis für Umweltbewusstes Management e.V.
- the company network 'Biodiversity in Good Company' Initiative e. V.

- the association “Förderung des Nationalparks Bayerischer Wald”
- Icada, certification body, which also takes into account ethical and the ecological functioning of companies.
- BdW Beirat der Wirtschaft
- Education initiative “passgenau”

PHARMOS NATUR is an active member of ICADA. Axel Klafs, Managing Director, is on the board for natural cosmetics. ICADA is the European Service and Lobbying Association for SMEs (small and medium-sized enterprises), also in the field of natural cosmetics. This is so important because ICADA is the only umbrella association in this sector, and which has direct contact with the Commission, SCCS - the Scientific Committee on Consumer Safety, the EU Parliament and the EU Council in Brussels. The body also supports the specialist trade. PHARMOS NATUR also attaches great importance to the use of sustainable, global biological projects and the support of associated educational tasks. The company was one of the founders of the association Schülerhilfe für Nepal e.V. and is still very active in terms of work and financial commitment. As education makes people strong and independent and shows people why sustainable management is beneficial throughout the value chain.

PHARMOS NATUR also supports the campaign “Rettet Unsere Böden - Save Our Soils”, launched by Nature & More, a partner of the Food and Agriculture Organization of the United Nations (FAO). The aim is to educate consumers regarding the importance of soil for health, food safety and climate. The aim is not only to highlight the problem, the campaign also presents solutions. Above all this means getting the customers on board and winning them over to be “ambassadors of the soil” for a better future.

Customers travelling to our partner countries, such as to Nepal or Ecuador, raise awareness among all those who work with the “finished” products regarding the entire value chain. As natural raw materials are at the core of the work of PHARMOS NATUR, and the focus of attention is mankind. Knowledge from ancient cultures is linked to new scientific findings. This is why PHARMOS NATUR has been a solid foundation for global fair partnerships right from the start. It is about preserving nature and safeguarding the existence of many people and families. And to share success with all those who make it possible. Our customers see, experience and feel this during these trips.