



proDERM Institute for Applied Dermatological Research GmbH

Progress Report 2018/2019

Reporting period 01 JUL 2018 - 30 JUN 2019

Statement by the managing director (CEO):

The proDERM Institute for Applied Dermatological Research GmbH remains committed to its continued support and implementation of the 10 principles of the UN Global Compact.

In the past business year we were to further expand the area of sustainability and in this way make the employees of proDERM more familiar with the principles of Global Compact and also the importance of social, ecological, and economical sustainability. Several projects were continued and further were initiated. We like to introduce some of them in this progress report.

Our fifth progress report documents our activities during 2018/2019 in the areas of human rights, labor standards, environmental protection and corruption, but also those relating to topics such as social sustainability in- and outside of proDERM.



Prof. Dr. Klaus-Peter Wilhelm

CEO and Medical Director

Human rights

Principle 1: Companies should support and respect the protection of international human rights within their sphere of influence and

Principle 2: ensure that they are not guilty of contributing to human right violations.

proDERM continues ensuring the fundamental labor rights and fair employment conditions, as already reported in all previous progress reports. The international code of human rights, including the Declaration of Helsinki, is observed in the interaction with employees and when working with its subjects.

The main points, which were already communicated in previous progress reports, continue to be the main points that proDERM follows to develop and pursue its employment conditions.

Implemented measures

proDERM fosters open interactions with its employees. All employees are treated the same regardless of their gender, age, nationality, religion, or sexual orientation, and they receive fair wages according to their performance. The wages are regularly reviewed and accordingly adjusted, if appropriate.

The proportion of women in the entire workforce (113 employees) was 78 % in the reporting period 2018/2019. Currently, 10 of the total of 17 leadership positions are held by a woman.

The proportion of employees 50 years of age and older was 28 % during the business year 2018/2019, and the proportion of employees with a migrant background was 13 during the same period.

Once again, no legal cases, judgements, fines or other significant events associated with violating human rights occurred in the reporting period.

Labor standards

Principle 3: Companies should observe freedom of association and effective recognition of the right to collective negotiations and further support

Principle 4: abolishing all forms of forced labor,

Principle 5: abolishing child labor and

Principle 6: abolishing discrimination during hiring and employment.

The large number of measures that were implemented and reported on in the last progress reports had a very positive effect on the staff, and we were able to further expand the measures during the last year.

Implemented measures

As a responsible employer, one of our declared goals is to continue promoting and maintaining the health and well-being of our employees, and to actively apply ourselves to creating a healthy working environment.

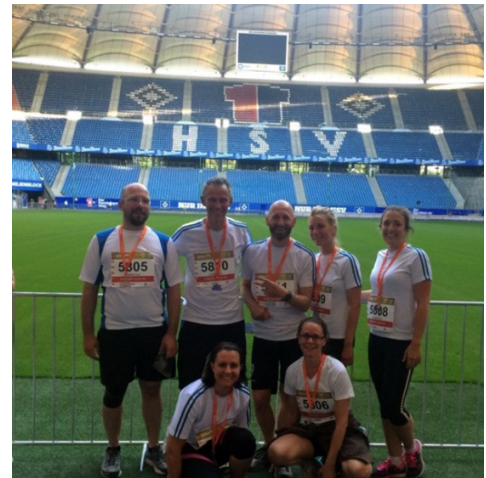
In order to further promote the area of employee health, the offered "moving lunch break" was continued with different new topics such as "Brain fit", postural coaching, goodbye neck tensions, and fascia training. Additional shake meditation training has been offered by a proDERM team member, muscle relaxation technique by Jacobson is provided and breathing exercises.



Furthermore, a skin cancer screening is offered by a dermatologist for all employees once a year. Most employees take advantage of this offer.

At our "Fruit Day", seasonal and regional fruits are still offered for free to all employees every 2 weeks.

The working group "Sustainability, Safety, and Health Processes" collects further proposals, evaluates and continues initiating joint activities. Also to improve the work-life-balance, shared sport events were organized.

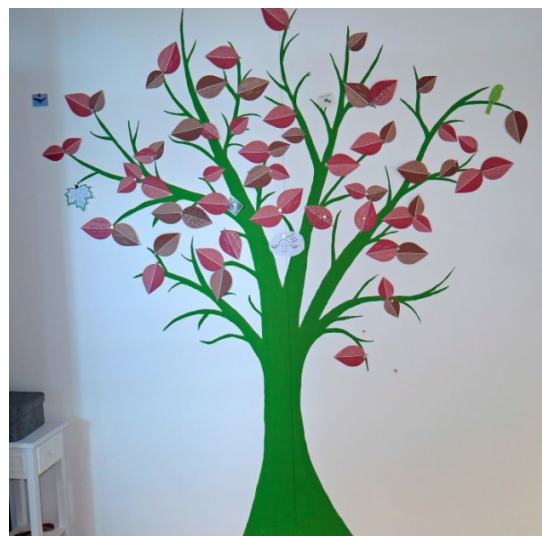


The health rate indicates the percentage of planned working hours for which our employees were actually present during the 2018/2019 reporting period; it is an indicator of the health policy of our company, of employee satisfaction, and of the working environment. The proDERM health rate was 96.7% and the sickness rate accordingly 3.3%. The figures show a reduction of the sickness rate by 1.7% compared to the previous reporting period and thus a success of the implemented measures.

Since June a group lunch is offered every 14 days, for which one can announce oneself and which is to serve for Networking. The costs of EUR 1.50 per soup are charged directly to the payroll, the difference to the actual price is paid by proDERM.

In order to increase the esteem among the employees and their self-esteem, a working group has thought about how this can be implemented even more strongly within the corporate culture. It is a matter of expressing praise more often, saying more thanks and treating each other respectfully. In order to make this visible and tangible in practice, the 'tree of thanks' was created. Employees can attach leaves to this tree, on which they can praise or thank a colleague.

This tree has already been well used and bears many leaves.



Another implemented measure is the "proDERM Ohr". The proDERM ear is a complementary way to communicate personal concerns anonymously. The request can be formulated on a form and thrown into the "proDERM Ohr" (a box of sorrows). The condition is that the facts are described in an appropriate manner and in a target- or solution-oriented manner.

There were two reportable accidents during the reporting period which happened at the institute. One technical assistant once injured his elbow and another time something fell on his head. In both accidents he was only slightly injured.

Furthermore, two car accidents happened on the journey to or from work, with only car body damages and which were not self-inflicted.

proDERM further promotes continuing education for its employees. English and French courses are offered weekly as well as external trainings.

In order to also make the stay at the institute more pleasant for our subjects, floor mats with the words "Discretion Distance" were purchased, a book rule with books have been set up, water is provided for all volunteers for free, fruits were offered on one day and small baskets with sweets were set up at the reception counters at Christmas time.

In the case of studies with longer periods of stay, magazines are provided for the test persons.

Monetary support has been provided for the following organizations:

Kinderbauernhof Krichdorf e.V.

Mitternachtbus Hamburg (Diakonie)

Paten für StrassenKids in HH

H.I.T (Help in Time) hospital in Mombassa

Schenefelder Tafel

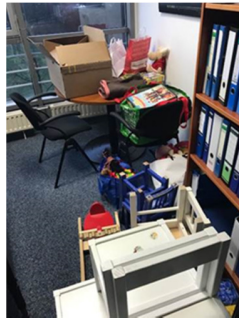
Förderbeitrag für die Gesellschaft für Dermopharmazie

Wikimedia Deutschland e.V.

ToyCompany Elmshorn

Plan International

Apart from monetary donations, toys were collected and brought to the ToyCompany Elmshorn.



proDERM continues assessing and monitoring its suppliers based on the EcoVadis solution and has already reached the "Gold standard".

Planned measures

Starting in September, an autogenous training is offered every 2 weeks after work. This offer consists of 7 hours. One employee has been intensively involved with autogenous training, has done further training on this and will lead the training.

In fall proDERM will provide Yoga classes (two levels, beginners and advanced) in the mornings for all employees who are interested.

Furthermore, in the near future there will be the possibility to lease a bicycle of choice from proDERM for a subsidized price.

A nutrition workshop for the employees is already planned, too. proDERM is still actively emphasizing sustainability aspects that are of particular importance, which include our local anchoring with companies and local people, and of course our employees.

Environmental protection

Principle 7: Companies should support a precautionary approach in dealing with environmental problems,

Principle 8: take initiatives to create a higher sense of responsibility for the environment, and

Principle 9: promote the development and use of environmentally friendly technologies.

proDERM has actively examined the effects the company's business activities have on the environment and always strives to improve the environmental balance.

Implemented measures

In proDERM's new premises "Solaris" an energy-efficient air conditioning system and LEDs connected to presence detectors have been installed, thus significantly reducing energy consumption.

Also with the goal of energy saving, proDERM replaced further ceiling lights in further rooms (Luna area), which were rebuilt. All existing illuminants are replaced by LEDs with



presence detectors, a new ventilation and air-conditioning technology were installed in line with environmental aspects. To further decrease the energy consumption, a completely new sauna was built in the new premises. Furthermore, new hand dryers are installed, to save paper and energy. Hand dryer consume at 100 employees only about 40 € of electricity costs per year

(paper costs were about 1400 € and more waste was produced).

As soon as 2 offers were available for the renewal of the air conditioning systems in the management area, proDERM assigned here at short notice an air conditioning company.

All outdated systems in the management area were replaced with new energy-efficient ones.

All building measures are carried out by regional craftsmen.

Last year, electricity consumption was 311,347 kWh and paper consumption around 372,000 sheets. Figures on waste volume and water consumption are not yet available.

In order to facilitate the proper disposal of electrical waste, the working group 4 has set up a waste bin for collection.

One Working Group, which is responsible for the further development of the proDERM mission statement ('Leitbild'), has started to write regular emails ('Leitbild-Post') in order to familiarize all employees with the proDERM



mission statement and to explain practical examples. The first issue dealt with the guiding principle 'We actively contribute to the preservation of our environment'.

The measures that contribute to this were clearly illustrated (see illustration above).

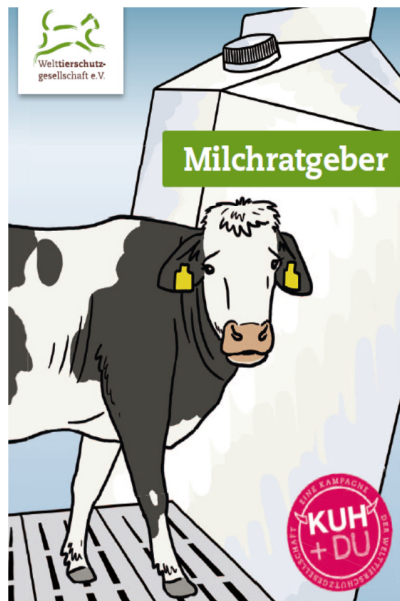


The Urban Gardening Project on the terrace is entering its fourth year and still growing. A lot of employees actively support this project.

Hydroponic plants have survived the Christmas holidays and New Year's Eve well and have grown splendidly. Since spring many different types of lettuce, other plants and herbs could be harvested by all employees e.g. parsley, basil (green and red), red mustard, pointed cabbage, picking salad, red sliced Asian salad, red Romana

lettuce, dill, chard and chives.

proDERM also took excess clementines from a farmer from crowd farming before they had to be thrown away and offered them to employees free of charge.



In 2018 proDERM switched to organic milk in a first test phase. It has been shown, that the main part of the employees is willing to pay for this change to organic milk and they compensate this cost difference. Therefore, proDERM will continue buying organic milk, which declared to be of cows living in freestalls and in summer on the meadow. Cows obtain a high amount of roughage, farmers receive a fair price and only with a certificate of exemption it is allowed to dehorn a cow under numbness.

proDERM consumes more than 140 liters milk a month and all employees who use milk, spend a little amount for happy cows.

One of the working groups has set itself the goal that proDERM should also make its contribution to this, that a little less plastic is used. All employees were invited to check, where plastic can be left away or saved and to write ideas into a list.

Additionally, proDERM takes part in climate-neutral shipping.

Planned measures

As further air conditioning systems at proDERM are outdated, this is still a big topic.

This year the air-conditioning system of the cosmetic area will be temporarily repaired, at the same time a new concept for the air-conditioning system will be developed so that a new system can be installed here in January 2020.

In November proDERM will plant hundreds of trees in a forest near Hamburg to help to restore the natural environment and to improve the quality of the ground and drinking water levels.

Prevention of corruption

Principle 10: Companies should take action against any kind of corruption, including blackmail and bribery.

In the area of corruption prevention, we are adhering to the main points defined in the progress report 2014/2015. We will refrain from listing them again.

Implemented measures

As in the past, the supervisor will provide new employees with detailed information on proDERM's guidelines e.g. "Ethic Policy" and "Leitbild" and they are obligated to inform themselves on the topics on corruption and undue advantage, and will support company management in recognizing attempts at corruption.

Five working groups, with different topics, have been formed to work further on the development of the proDERM concept, which is also described in the "Leitbild". These working groups have been reconstructed and constantly new assignments from the employees are being edited and discussed. With this each employee has the possibility to address topics concerning ethics and corruption.

The tasks, duties, and processes within proDERM are clearly and comprehensively defined in Working Orders and SOPs (standard operating procedures), which are updated on a regular basis. Reviews, improvements, and assessments are achieved by regular customer audits and internal audits. In this way, it can be ensured that regulations, guidelines, as well as laws are known and implemented within the company.

There were no cases of corruption in 2018/2019, as in the years before.

Planned measures

proDERM is still planning to implement a corporate sustainability reporting according to GRI G4. A student will support proDERM's effort in this field by writing his master thesis in the sustainability part of this report.

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