

2018

# SUSTAINABILITY REPORT

***“BECAUSE WE CARE  
WE TRANSFORM”***



**Genomma Lab.®**  
Internacional

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We should feel happy because we are contributing to the quality of life of many others and that is more important than ourselves”

**Rodrigo Herrera Aspra**  
CHAIRMAN OF THE BOARD



# ABOUT US



# OUR FOOTPRINT

## INTERNATIONAL PRESENCE



## OUR OPERATIONAL STRUCTURE

47.0%  
of sales in  
LatAm

41.4%  
of sales in  
Mexico

11.6%  
of sales in  
the US

+970  
employees

Portfolio with  
**+40**  
brands

Operation in  
**19**  
countries

## OUR 2018 NUMBERS

2018 Sales  
**\$11,794.4**  
billion MXN

2018 EBITDA  
**\$2,382.3**  
billion MXN

**+60,000**  
products purchased  
by consumers every  
hour

**49.6%**  
Personal Care  
sales

**+ 290,000**  
points of sale

**50.4%**  
OTC sales

## OUR SUSTAINABILITY

**43.0%**  
of our employees  
are women

**7th year**  
in the Sustainable  
IPC of the BMV

**1,100**  
trees planted in  
reforestation  
campaign

**3rd year**  
with the Family  
Responsible  
Company  
Distinction

**13th year**  
as a Socially  
Responsible  
Company (ESR)

# COMPANY PROFILE

Genomma Lab Internacional, S.A.B. de C.V. is one of the leading pharmaceutical and personal care products companies in Mexico with an increasing international presence. Genomma Lab develops, sells and markets

OTC and personal care products, and oriented to the health and well-being of our consumers, exceeding their expectations and integrating social responsibility and sustainability into their operations.



## MISSION

To improve and preserve the health and well-being of people through innovative, safe and effective products, providing development opportunities to our collaborators, profitability to our shareholders and positively impacting our community and environment.



## VISION

To be the leading Company in the pharmaceutical and personal care products markets in which we are active; and to be recognized for our positive impact on the health and welfare of people, communities and the environment.



# VALUES

## **WE ARE RELIABLE**

We always do the right thing, with honesty, respect and responsibility.

## **WE ARE TRANSPARENT**

We always tell the truth openly and honestly.

## **WE ARE INCLUSIVE**

We value diversity and accept our differences, as they make us stronger.

## **WE BELIEVE IN MERITOCRACY**

We recognize people based on their proven abilities.

## **WE CARE**

We need you, we listen to you, you belong here, what you do is important.

## **WE ARE TRANSFORMATIONAL LEADERS**

who develop and inspire by example; we help our team succeed.

## **WE ARE HUMBLE**

We recognize our vulnerabilities.

## **WE LEARN FROM OUR MISTAKES**

We are not afraid to seek support from others.

## **WE HAVE FUN**

We work in a cheerful environment, in which the most important thing is our supreme well-being and good cheer.



# OUR PURPOSE

*During 2018, the purpose of the Company was finalized and announced, which is the guiding principle of our day-to-day activities; **“Empower people to have excellent health and well-being”***

*We help people take control to lead a full life for longer. We provide the best quality because they deserve the best.*



# GENOMMA LAB IN NUMBERS



# OUR RESULTS

<b>RESULTS</b>	<b>ANNUAL VARIATION</b>	<b>2018<sup>1</sup></b>	<b>%SALES</b>	<b>2017<sup>1</sup></b>	<b>%</b>
Net sales	(2.4%)	11,794.4	100.0%	12,078.4	100.0%
Gross profit	(4.4%)	7,764.7	65.8%	8,121.3	67.2%
Operating Income	(9.1%)	2,301.1	19.5%	2,531.4	21.0%
EBITDA <sup>2</sup>	(8.4%)	2,382.3	20.2%	2,601.2	21.5%
Net Income	(21.1%)	1,109.5	9.4%	1,406.5	11.6%

<b>BALANCE</b>	<b>ANNUAL VARIATION</b>	<b>2018<sup>1</sup></b>	<b>2017<sup>1</sup></b>
Total assets	13.8%	18,077.3	15,885.7
Cash and equivalents	29.5%	1,414.6	1,092.7
Total Gross Debt	25.3%	5,894.4	4,706.1
Shareholders Equity	5.4%	7,427.8	7,048.7
Cash conversion cycle (days)	(15.5%)	82	97

<b>STOCK MARKET DATA</b>	<b>ANNUAL VARIATION</b>	<b>2018<sup>1</sup></b>	<b>2017<sup>1</sup></b>
Price (at the close of each year)	(43.1%)	11.67	20.52
Earnings per share	(19.4%)	1.08	1.34
Book value per share	5.5%	7.09	6.72
Shares Outstanding <sup>3</sup>	(0.1)%	1,048.0	1,048.7

<b>OPERATIONS</b>	<b>ANNUAL VARIATION</b>	<b>2018<sup>1</sup></b>	<b>2017<sup>1</sup></b>
Employees	25.7%	982	781
Countries	NA	19	19

1. Figures in millions of nominal Mexican Pesos and under IFRS Standards, except for cash conversion cycle, shares, number of units and employees.

2. EBITDA - operating income before depreciation and amortization.

3. Million shares considering the cancellation of 733,370 shares during 2018.



**MESSAGE FROM**  
RODRIGO HERRERA  
CHAIRMAN OF THE BOARD



Dear all,

*During 2018, Genomma Lab International decided to transform and strengthen the DNA that defines us, strengthen the business strategy; to move forward with the sole objective of being an organization with a purpose that goes beyond generating profits; “Empowering people to have excellent health and well-being” allows us to make progress as a Company that has the creation of shared value as a guiding principle, and is committed to constant innovation, which translates into contributing to improve the quality of life of many people.*

2018 was a year in which we broke great paradigms and reached new challenges, demonstrated our ability to be resilient, and adapt to changes as demanded by our environment. Permanently highlighted is the disruptive essence that has characterized Genomma Lab in recent years. Through this report we want to share with you the new stage we are living, which is materialized in our commitment to place in the market products with an equation of exceptional value.

In September last year, the Board of Directors appointed Jorge Brake as as Chief Executive Officer of Genomma Lab International. During his first months in office, Jorge has managed to reinforce the structure of the company with significant changes, defining a clear business strategy that aims to double the size of the Company, through a team motivated by a winning organizational culture and clear, achievable objectives.

*During 2019, we will continue to strengthen and improve our Corporate Governance practices, adhering to the Code of Principles and Best Corporate Practices of the Business Coordinating Council, our Code of Ethics and the different internal regulations and policies that govern us, in order to be a Company that operates with the highest ethical sense, increasingly transparent and reliable. Being transparent is one of our*

*institutional values, which we pursue day by day, and which is directly related to our priorities. Through this, we seek to generate long-term relationships with all our stakeholders.*

Our priorities integrate our most important stakeholders, such as our consumers, around whom all the activities revolve; our collaborators and their families, to whom we provide integral development opportunities and who are an indispensable part to achieving success in our operation; natural resources and the communities close to our operation, always looking for a positive impact; to our business partners, with whom we develop a win-win relationship and of course to you, our investors, with whom we seek a solid relationship, as well as to always generate the greatest return on your investment.

We understand that in these times a fundamental element to ensure sustainability is creativity and innovation. For this reason, Genomma Lab has developed a process that ensures this, “Centers of Innovation”, a project that is integrated into our entire operation. I thank all our stakeholders for the trust they place in us day by day, allowing us to live our purpose.



Rodrigo Alonso Herrera Aspra  
**CHAIRMAN OF THE BOARD**

April, 2019

**LETTER FROM**  
JORGE BRAKE  
**GENOMMA LAB CEO**





Dear all,

7 months ago, I started one of the most important challenges of my professional career, leading one of the most successful companies in Mexico and Latin America, with presence in 19 countries and more than 23 years of history.

*During my first months in Genomma Lab, I have been able to confirm that there is a great opportunity for growth, this being the engine of our business strategy, at the same time I found myself with a highly committed team that pursues an inspiring purpose to which I join; “Empower people to have excellent health and well-being”, which is aligned with both the business model and the sustainability strategy of the Company, which are a reference for all actions carried out on the day-to-day.*

2018 was a disruptive, challenging and transformational year for our Company. I am convinced that we have the right platform to achieve the desired growth, taking the Company to the next level. In this sense, we will focus our strategy on the following key pillars:

***Innovation***

***A perfect Go to Market***

***Unbeatable marketing***

***World-class supply chain***

***Winning team and culture***

The purpose of this report is to share with our different stakeholders the results of our management during 2018, as well as to reflect the passion of the entire Genomma Lab team

to accompany people to take control of their health in order to lead a longer full life, providing the best quality in everything we do.

## Our Results “Business model in constant transformation”

Our results reached Ps. \$11.8 billion in Net sales, Ps. \$2.4 billion in EBITDA and a net profit of Ps. \$1.1 billion. These results are a reflection of the initiatives and projects carried out during the year, which were impacted by the application of different accounting standards derived from the hyper-inflationary environment in our Argentinean operations, as well as the negative impact of the conversion of foreign currencies to Mexican pesos, as part of our consolidation process.

***During the year we refinanced part of our financial debt, our balance sheet closed 2018 with 88.5% of long-term debt, which will give us enough strength to focus our assets on growth strategies and profitability. We achieved this debt structure with the return of Genomma Lab to the debt capital markets, where in March 2018 we issued a 3-year “LAB-18” local bond for Ps. \$2.45 billion and we obtained two long-term loans for 8 years with two years of grace period for up to Ps. \$900.0 million and up to \$50.0 million US Dollars from the Inter-American Development Bank (IDB) and the World Bank (IFC) respectively.*** These two financing processes reaffirm the confidence of the market and institutions towards the strategies and business model of this Company.



Additionally, I would like to share with you the improvement of 15 days in our cash conversion cycle, which I consider an important management metric that translates the efficiency in the operation and use of our resources.

*Likewise, last March our LAB B share re-entered the sample of the main Mexican Equity Index (S&P / BMV IPC) from the Mexican*

*Stock Exchange, and we remained within the sample of the Morgan Stanley Composite Index (MSCI), specifically the MSCI EM LATAM Mid Cap and the MSCI Mexico Standard Index. As part of the commitment to our history and growth strategy, during the year we repurchased 8.2 million shares through the Company's Shares Buyback Program, for an estimated amount of \$134 million pesos.*



## Our investments - “A long-term bet”

I would like to emphasize that, within the previously mentioned key pillars, materializing a world-class supply chain is included. Facing this challenge, *in November 2016 the Company's most ambitious project was announced; the construction of a world-class Manufacturing Complex* which would allow us to concentrate a large part of the production of our products in one site. *On October 30th, 2017, the construction of this great dream began.*

Today, with an *investment of just over 70%*, this project is entering a consolidation phase. The entire industrial project includes the construction of more than 67 thousand square meters, which includes a manufacturing plant for OTC medicines and another plant for personal care products, as well as a distribution warehouse with capacity to store more than 78,000 positions [SIC]. The project will be equipped with first generation technology, positioning itself as one of the largest and most advanced manufacturing facility in Latin America, strategically located in Toluca, State of Mexico, close to our most important market and with the capacity to export to the other 18 countries where we operate. This project will allow continuous improvement in the quality of our products, while reducing manufacturing costs. Genomma Lab's commitment with the integral development of the region, through the generation of direct jobs and the economic benefits generated by our operation, is highlighted at all times.

We expect to be operating the complex at optimum levels by 2020, which will allow us to capture and materialize the different savings and profitability opportunities that this project presents us with.

## Our Team - “Integrating a winning team”

At the beginning of this letter I mentioned the good impression that the team that makes up this organization has made on me, I am more than convinced that to reach the desired results and give life to the growth plan, it is necessary to empower and encourage all our collaborators. *During the last quarter of the year we defined, renewed and strengthened the organizational culture that we have reflected in our GenBook that represents our organization culture. At the same time, the organizational development project that will allow all employees to have an integral growth, prioritizing the well-being of the team and their families at all times, has begun.*

## Commitment to our environment

As a key part of our management, we have integrated the acknowledgement of the value of natural resources, the need to protect them and prevent their contamination, as well as the importance of contributing to integral development through promoting access to health and well-being in the communities, with a special focus on the places where we operate.

*For this reason, we developed a sustainability strategy that considers the scope and impact of our operations in the immediate environment, as well as the priority issues for our stakeholders, where we can highlight our environmental performance, ethical management, respect for human rights, social connection, among others.*

*I would like to share with you that the relaunching of our corporate volunteering took place during 2018. It is focused on the development and well-being of the communities close to our operation centers. I also want to mention that through our Genomma Lab Foundation we cooperate with various public health institutions promoting their initiatives through donations in kind, in addition to the donation of a percentage of our sales to social causes in Latin America.*

*Our short, medium and long term commitment with a more sustainable operation is reflected in our permanence in the Sustainable CPI of the Mexican Stock Exchange for the sixth consecutive year; in our participation in the Global Compact initiative since 2007, aligning our activities with their Ten Principles and the United Nations Sustainable Development Goals; and being granted the Socially Responsible Company Distinction (ESR) for the twelfth year by the Mexican Center for Philanthropy (CEMEFI).*

Throughout the year we reaffirmed our resilience, continuing with the firm conviction of generating added value for our employees, partners, shareholders, consumers, customers, multilateral organizations and all our stakeholders. For this reason, I appreciate the trust, loyalty and dedication that you place in Genomma Lab. I am really proud to lead and be part of this great team.

To have more detail of our achievements and where we are going, you can consult the following video.

[Click here](#)



Jorge Luis Brake Valderrama  
**CEO OF GENOMMA LAB  
INTERNACIONAL, S.A.B. OF C.V**

April, 2019



# OUR STRATEGY





# GROWTH - OUR DREAM; INNOVATION - THE WAY

During 2018, Genomma Lab was transformed, with the aim of reaching the next level. Our CEO, Jorge Brake, in conjunction with the Executive Committee, established the objective of doubling the size of the Company, establishing innovation as a key strategy for growth.

We are aware of the important role that innovation plays in our sector, with a market in constant change, as well as the emergence of new technology. We have the opportunity to be part of this dynamic, creating solutions, developing new ideas and consolidating strategies that lead us to meet our objectives



# THE PLAN BEHIND OUR DREAMS

*The Company seeks to grow in a consistent and sustained path, and we will achieve this through a strategic plan, which will be focused in the following five key pillars:*

- 1 Innovation and Optimization of Product Portfolio.** Innovation has become an essential part of our day to day. Therefore, we are focused on the satisfaction of our consumers and customers, creating the best products that amaze, focused on optimizing our product portfolio.
- 2 Go- To- Market.** We will continue working to maintain a perfect store execution, improving the consumer experience with Genomma brands, where the product is always available so that the consumer who was impacted by the advertising has access to our products.
- 3 Unbeatable marketing.** We understand our consumer and create valuable brands for their daily lives.
- 4 World-class supply chain.** We build a global strategy and a process for sales and operating planning, to ensure that the product are in the right place, in the right amount, meeting the expectations of our customers and clients.
- 5 Winning team and culture.** Maintain the best team with a common culture, restructure the purpose of the Company, to become people with purpose. We restructure and reinforce our principles and values, we want to be the best place to work, with an optimal organizational design.





# A NEW CULTURE

Since the arrival of Jorge Brake in September 2018, the management team has worked to strengthen the Company's foundations, through the creation of a common organizational culture, which defines the essence of what Genomma Lab is, like our values, principles and behaviors. No plan or strategy can be carried out without the

support of a committed, energized and motivated team. Together with the Genomma Experience area (Human Capital), all the members of the organization were introduced to these elements through an initiative called GenBook, a guide that integrates the bases to form a true winning team.

*Having a motivated and committed organization is key to increasing the potential of the business strategy.*





# NEW MANUFACTURE PLANT (San Cayetano, Estado de México)

*The Genomma Lab plant will be operating in 14 out of the 32 acquired hectares acquired, where the production of over-the-counter medicines (OTC) and personal care products (PC) will be concentrated. At the end of this year there will be 67,000 square meters built, equivalent to 14 football fields.*

## OTC plant

- In the **first quarter of 2019** the OTC plant presented a 100% advance in its construction and implementation of critical services.
- During **the first semester of 2019**, the first production line of direct-compression oral solids and semi-solids, such as Next, Unesia, Silka Medic, Ultrabenge and Lomecan, will be installed and ready for operation.
- The nominal capacity of the conditioning processes during this first phase in oral solids it is estimated in **48,000 blister / hour and semi-solid up to 6,000 units / hour.**







## Personal Care plant

- The Personal Care plant presents an approximated progress of **60%** in the construction phase, the acquisition of equipment is made in about **90%** and is expected to come into operation in the **second half of 2019**.

## Distribution center

- The warehouse will have in its first phase a storage capacity up to **44,000 pallets** and processing capacities equivalent to **170,000 boxes / day for dispatch** and **200,000 boxes / day for receipt, approximately**.
- The project contemplates an **expanded storage capacity up to 78,000 pallets** and processing of **250,000 boxes / day for dispatch** and of **300,000 for receipt, approximately**. In addition, the CEDIS (Distribution Center) will be equipped with state-of-the-art technology to perform **complete box picking up to 70% of the dispatched product**.



## The building process

- In the total industrial project, more than **600,000** man-hours have been invested, of which **10% represent engineering and development work**, the rest is construction and operational work.
- No complaints have been received from neighboring communities regarding the operation of the plant.
- There have been **zero** serious accidents in construction; that is, without fatalities or accidents with serious injuries, considering contractors and internal personnel. Specifically, Genomma collaborators have **442 days without recordable accidents**, from the date that the earthmoving began.
- During 2018 there was only 1 **first-aid accident of low severity**, corresponding to an internal collaborator, however, it did not generate inability to work.
- The main challenge we faced during 2018 was to manage the commercial, technical and human requirements to ensure the construction of an industrial project of this magnitude. It is of the utmost importance for the Company to guarantee the correct operation of the plant and to give back the maximum return on investment to our investors.

**The construction of the plant will allow us to improve quality, reduce costs, and develop innovative products in a faster way, to surprise and satisfy our consumers.**





## What do we expect in the first quarters of 2019?

Satisfactorily conclude and obtain all the permits of the health and sanitary authority to start manufacturing products. To do this, our plant, in the first stage will have all critical systems, process equipment and specialized personnel available to operate by the end of the first half of the year.

On the other hand, the civil work of the Personal Care plant and the Distribution Center will conclude during the second semester of 2019.



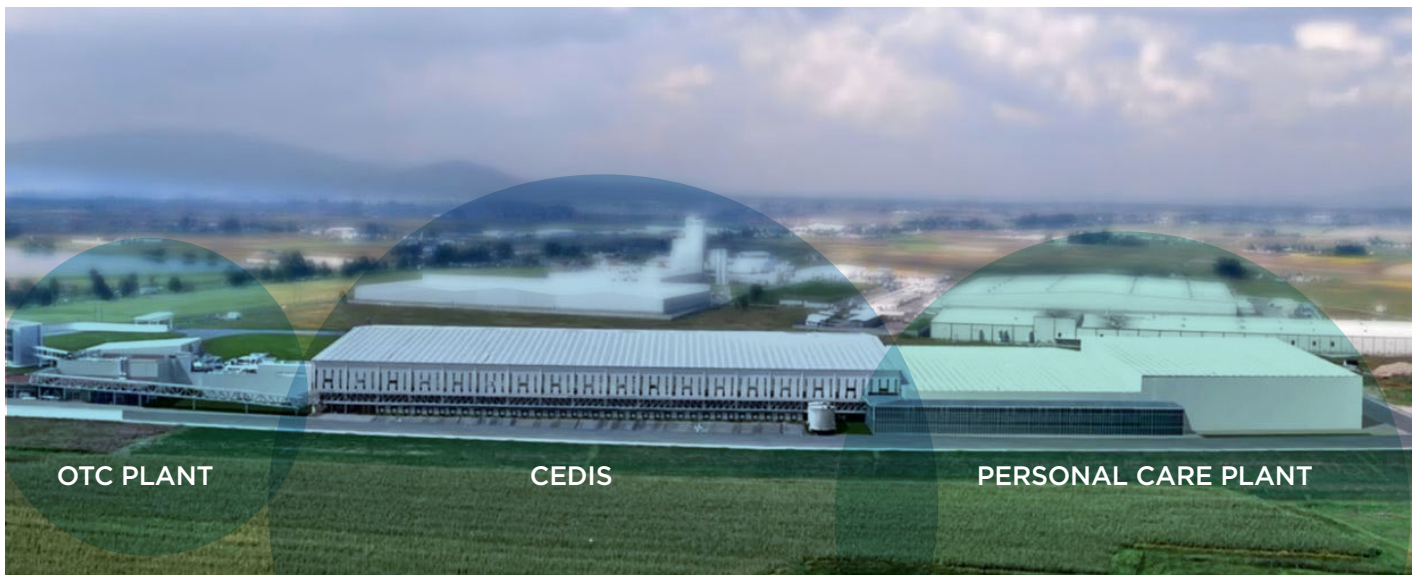
## Financing of multilateral organizations (IFC and BID Invest)

The International Finance Corporation (IFC), a member of the World Bank Group, IDB Invest and the Inter-American Development Bank (IDB) member of the IDB group, signed a joint financing package of around \$100 million US Dollars to support the manufacturing project.

During 2018, both institutions granted the Company with competitive long-term financing, as well as strategic advice in various fields given its extensive experience in the pharmaceutical industry sector.



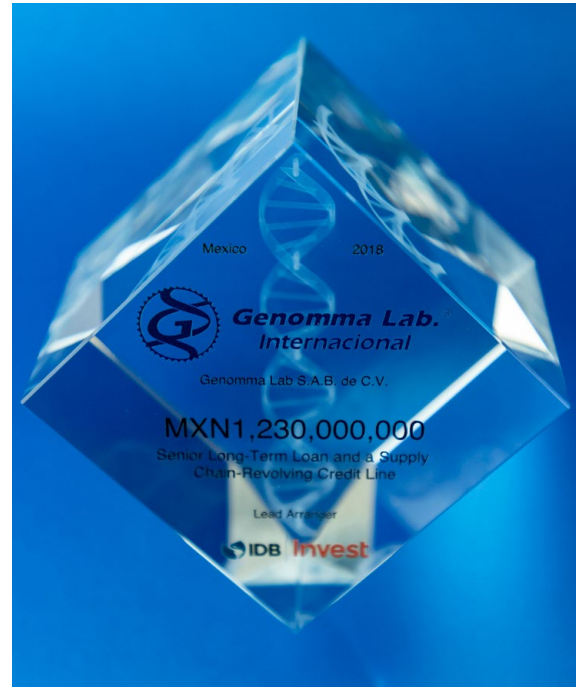
*Creating Markets, Creating Opportunities*



# DEBT RESTRUCTURING

On April 9, 2018, the Company announced that it prepaid the total amortization for the local bond “LAB 13”, adding interest accrued to the principal. Genomma Lab allocated part of the profits obtained from the issuance of the CEBUR (Local Bond) “LAB 18”, for the total prepayment of the local bond “LAB 13”. With this operation we continue to strengthen our operational and financial fundamentals.

In March 2018, Genomma Lab returned to the debt market through the placement of the “LAB 18” stock certificate for a total amount of 2,450 million pesos with a maturity of 3 years. The issuance of searchable certificates received a rating of “AA (mex)” for debt in local currency by Fitch Ratings and “HR AA” by HR Ratings.



# ACQUISITIONS

Genomma Lab USA Inc., our subsidiary in the United States, acquired the BUFFERIN® brand from Dr Reddy's Laboratories Ltd.; and in a separate transaction, the Company acquired the Cheracol D® and Rose Milk® brands from Sheffield Pharmaceuticals, LLC, with a total investment of \$3.02 million US Dollars, settled with own resources.

The acquisition of these brands will strengthen our OTC drug business in the United States. We plan to relaunch and revitalize these brands by 2021.





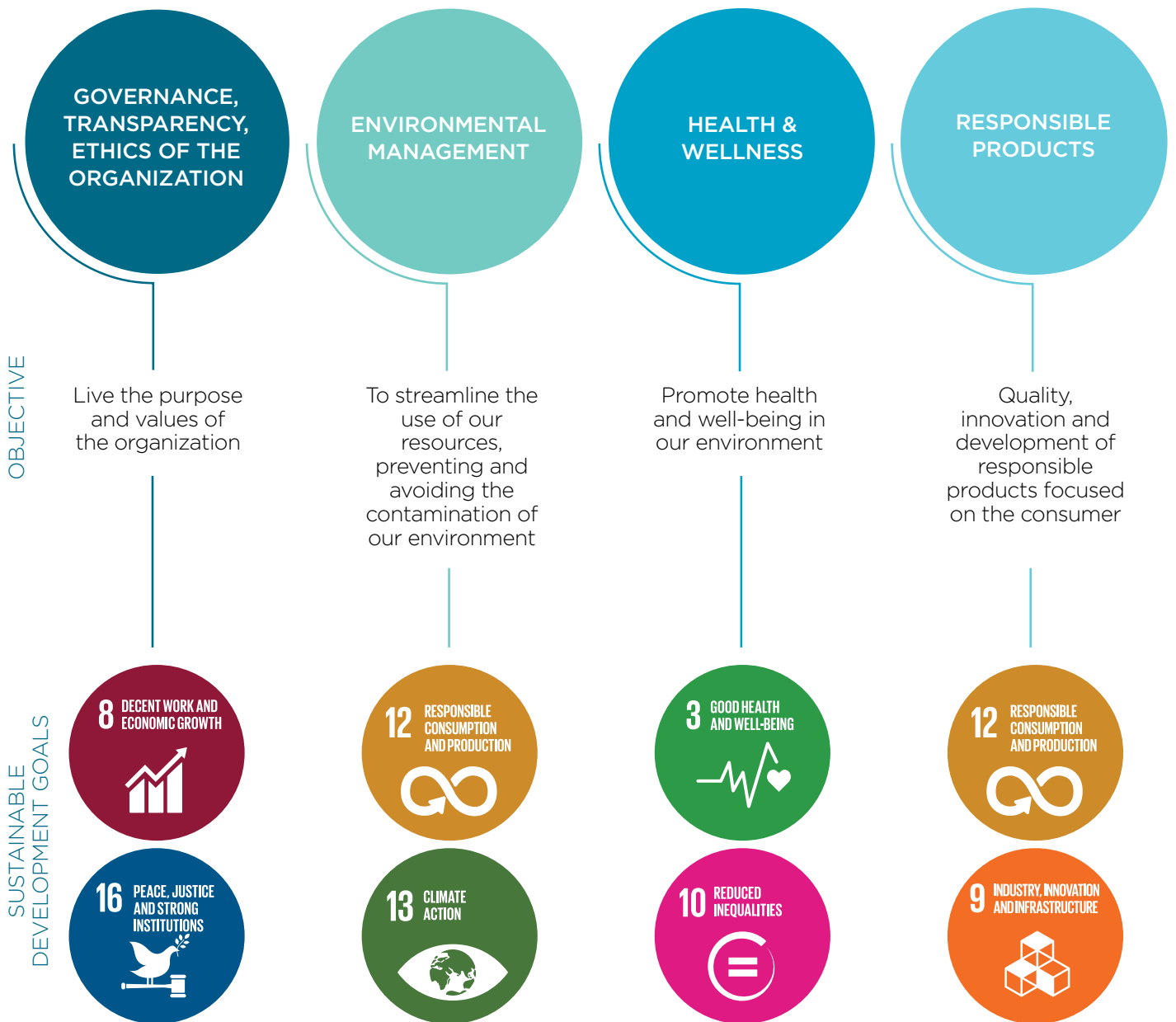
A photograph of children participating in a tree-planting activity. In the foreground, two children are crouching and carefully placing a small sapling into a hole in the soil. They are wearing light-colored shirts and caps. In the background, another child is visible, also engaged in the activity. The scene is set in a grassy field under a clear sky. A semi-transparent teal circle is overlaid on the right side of the image.

# SUSTAINABILITY AND SOCIAL RESPONSIBILITY STRATEGY



# OUR SUSTAINABILITY MODEL

*The Company has developed a sustainability model that is aligned to the new business strategy, this allows prioritizing the key lines to evolve to a more sustainable management in harmony and cooperation with our different stakeholders.*



















# MATERIALITY

*The study of our materiality helps us identify opportunities, mitigate risks and influence the areas that have the greatest impact.*

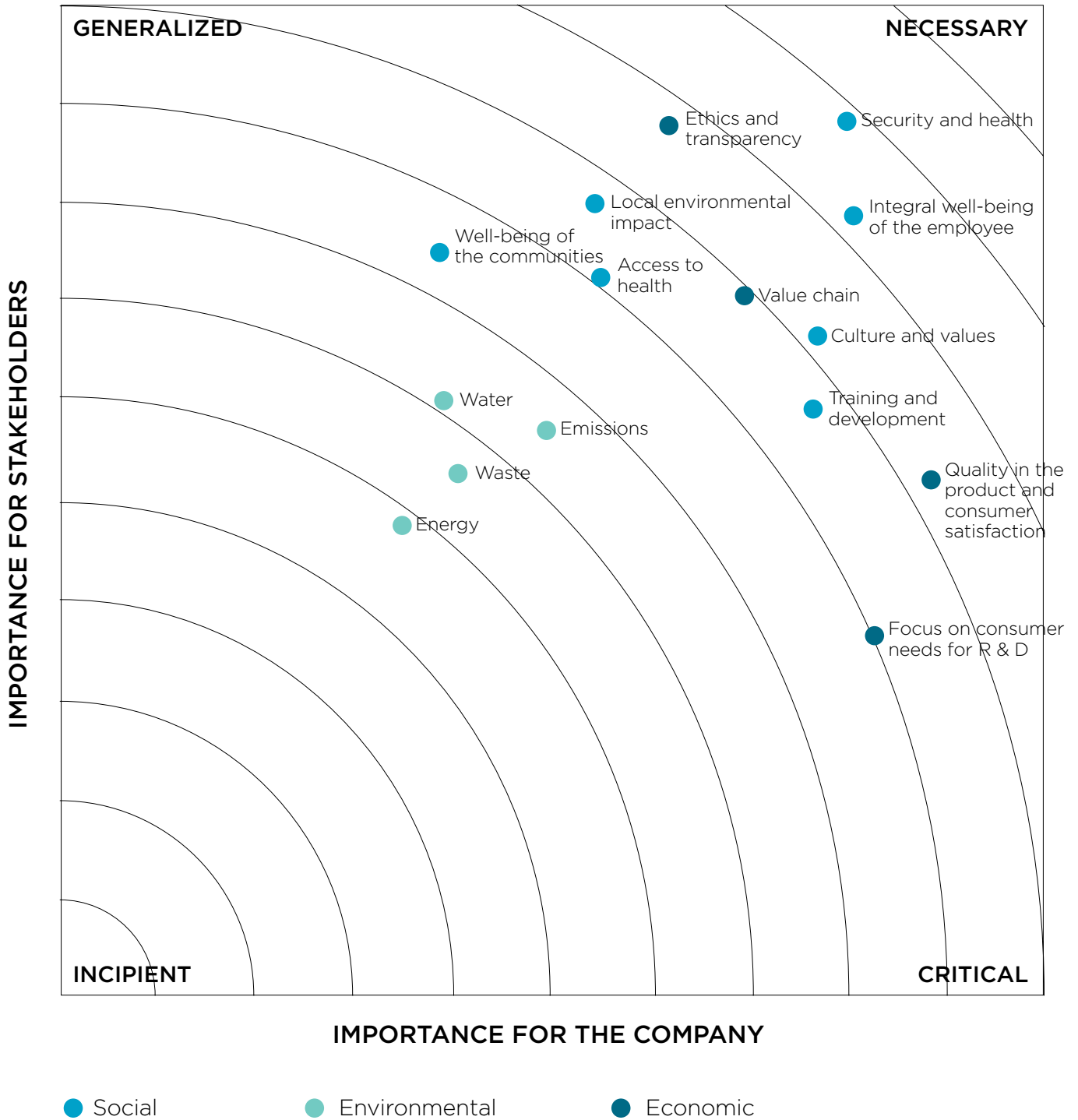
The materiality analysis prepared by GLI contemplates the priority aspects for the Company and its stakeholders. The materiality was the result of continuous dialogue with the various groups, as well as an analysis of the content of the material aspects of the companies identified as leaders in the sector, Report of findings and action alternatives, Deloitte Sustainability S.C.

On this occasion, we present the materiality divided into pillars, areas of action, focus themes and alignment with the Sustainable Development Goals. The identification of the material issues has allowed us to align the sustainability strategy with the business strategy and operations.

PILLARS	AREAS OF ACTION	FOCUS TOPICS	SDG´s
Economic 	Business ethics	Transparency and ethics	
	Innovation	Focus on the needs of the consumer for R & D	
	Responsible production	Quality in the product and post-consumer satisfaction Value chain	 
Environmental 	Waste	Waste management	  
	Energy	Electric / fuel consumption	
	Water	Water management	
	Emissions	Transport and production	
Social 	Genomma Lab Team (Internal environment)	Culture and values Security and health Training and development Integral well-being of the collaborator	   
	Social welfare (External environment)	Access to health Social welfare in communities Local environmental impact	 



# MATERIALITY GRAPHIC



# STAKEHOLDERS

*We maintain relationships with different stakeholders that are important for Genomma Lab in relation to their level of influence and interaction. We seek to maintain a relationship of harmony, cooperation and transparency, as well as a constant dialogue to meet their expectations and adequately communicate the topics of interest what we share with them.*

## STAKEHOLDER OUTREACH POLICY

We seek to establish harmonious, valuable, trustworthy and long-term relationships, where communication is the bi-directional axis for Genomma Lab's stakeholders, allowing their collaboration, participation and coexistence in the actions that are part









of our Sustainability Model, as well as in the Environmental and Social Management System (ESMS), since we consider that relations with our stakeholders are an integral and natural part of our operations.

[Click here](#)



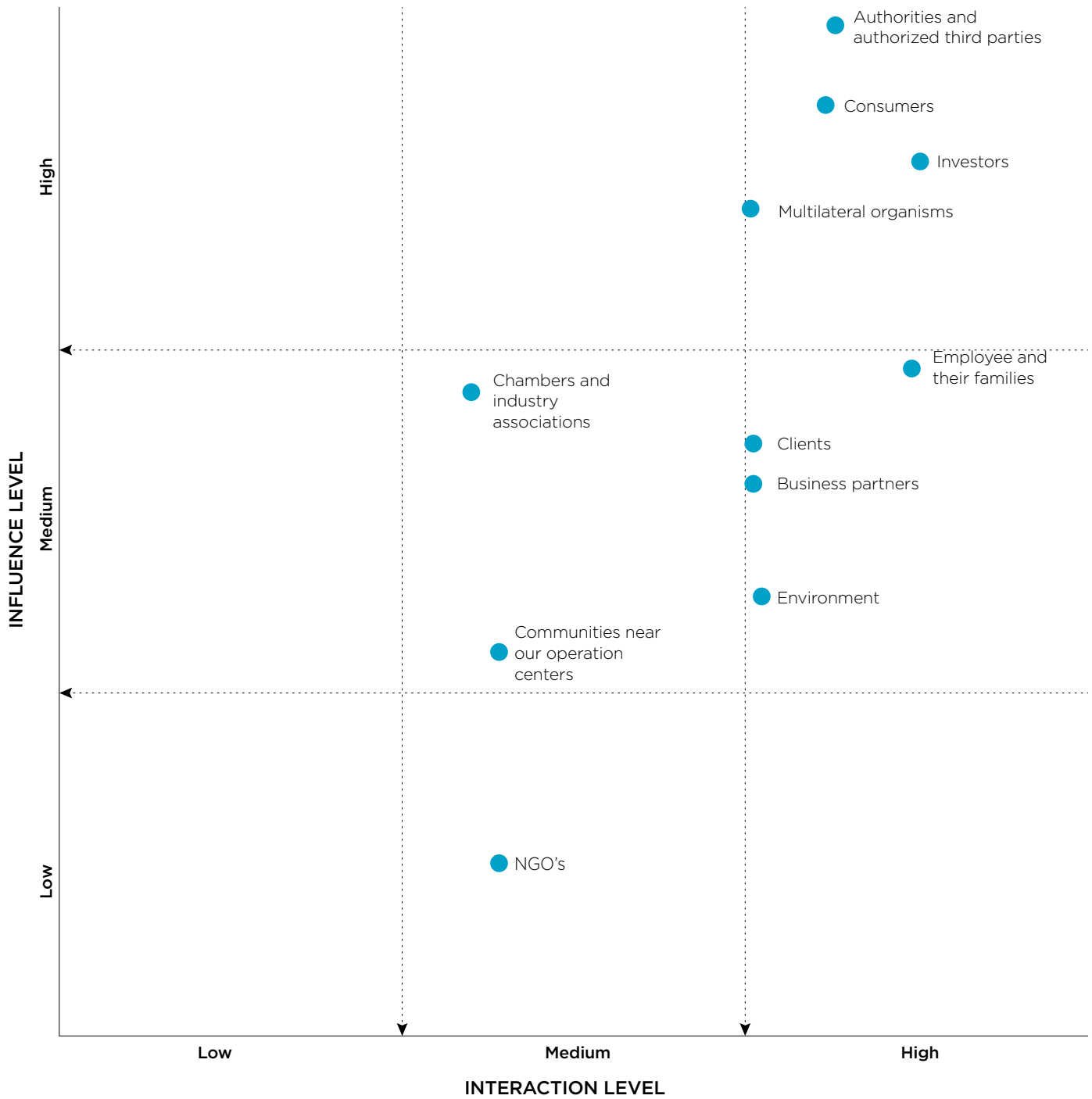
*Managing common issues with our stakeholders is of vital importance for the sustainability of the Company.*

## MECHANISMS OF COMMUNICATION WITH STAKEHOLDERS

STAKEHOLDERS	WHAT DO WE SEEK TO COMMUNICATE?	WHAT DO WE SEEK TO ACHIEVE?	HOW DO WE COMMUNICATE WITH THEM?
Clients and consumers 	Assortment, Prices, Quality of our products and services, Responsibility towards the environment	Satisfying and exceeding the expectations of customers and consumers Increase loyalty to the Company's brands	-Web page -Social media -Customer and consumer service line
Employee 	Organizational announcements Corporate culture, Training Programs and benefits for employees and their families, Wellness for the employee, Care of the environment	Improve the work environment Strengthen the organizational culture Greater loyalty and pride for the Company Promote the values of the Company, highlighting the ethical conduct and transparency in all operations	-Monthly newsletters -Internal communication -Work environment surveys -Complaint line -Off-site strategic communication sessions -Town hall meeting
Communities near the operation centers 	Open dialogue with the community near our operations, Responsibility and commitment of the Company with the environment	Trusting relationships with the community Social license to operate Mitigate social and environmental risks	-Corporate website -Community care line
Environment 	Care and respect for the environment	Reinforce our commitment to the conservation and protection of the environment Promote the efficient and adequate use of natural resources in our collaborators	-Web page -Responsible -Communication -Community care line
Suppliers 	Ensure an efficient and sustainable supply chain Build long-term relationships Alignment with the values and policies of the Company	Increase efficiency, reliability and transparency in the supply chain	-Web portal with suppliers -Service to suppliers
Authorities 	Cordial dialogue seeking for legal compliance at all times	Increase the trust and reputation of the Company Decrease legal risks	-Corporate website -Regulatory Area -Legal area
Investors 	Financial performance of the Company Share behavior	Transparency and reliability among investors Attracting investors	-Website for Investor -Relations -Monthly talks -Quarterly reports -Annual reports
Civil Society Organizations or Non-governmental Organizations 	Company performance on sustainability Building alliances to promote the development of our environment	Improve dialogue with the community Contribute to the development of the environment	-Web page -Responsible -Communication -Sustainability Report



# STAKEHOLDER GRAPHIC





# WE CARE ABOUT TRANSPARENCY *OUR CORPORATE GOVERNANCE*



# ORGANIZATIONAL STRUCTURE

*Our Corporate Governance is guided by the best practices and by those suggested by institutions such as the Mexican Stock Exchange.*

The board of directors is elected by the **Ordinary Annual General Shareholders' Meeting**; the bylaws dictate that it can be made up of a maximum of 21 members, where at least 25% must be independent, according to the Mexican Securities Market Law.

**The Board of Directors is made up of 11 members, of which eight are independent.**

Shareholders (investing public) decide each year based on the annual performance (board reports, report of the CEO, report of the Audit and Corporate Practices Committee) and if the members of the Board ratify their positions or change.

The compensation system for the members of the Board is fixed and is calculated based on their attendance to the meetings of the Board and the committees to which they belong, along with their participation in deliberations and efficiency of the decisions made.

Except for those directors who have waived their remuneration, each member of the Board of Directors receives \$ 127,500 Mexican pesos per session, while each member of the Audit and Corporate Practices Committee receives a remuneration of \$ 85,000 Mexican pesos per session. The Chairman of the Audit and Corporate Practices Committee receives \$ 340,000 Mexican pesos.

The Securities Market Law maintains stipulations regarding the handling of conflicts of interest, to which we strictly adhere. By virtue of the foregoing, people who are in any such situation refrain from knowing and voting on the matter in question

In addition to the foregoing, there are mechanisms for the prevention of conflicts of interest that are established by the Ethics Committee and in case of any possible conflict, the administrative bodies of the Company analyze said issues and take the corresponding actions.



# BOARD OF DIRECTORS

	POSITION	ALTERNATE
<b>Rodrigo Alonso Herrera Aspra*</b>	President	Renata Virginia Herrera Aspra*
<b>Javier Vale Castilla</b>	Independent member	Not designated
<b>Juan Carlos Gavito Aspe</b>	Independent member	Not designated
<b>Héctor Carrillo González</b>	Independent member	Not designated
<b>Juan Alonso</b>	Independent member	Not designated
<b>Jorge Ricardo Gutiérrez Muñoz</b>	Independent member	Not designated
<b>Scott R. Emerson</b>	Independent member	Not designated
<b>Carlos Javier Vara Alonso</b>	Independent member	Not designated
<b>Ignacio González Rodríguez</b>	Independent member	Not designated
<b>Burkhard Wittek</b>	Patrimonial member	Not designated
<b>Sabrina Lucila Herrera Aspra*</b>	Patrimonial member	Renata Virginia Herrera Aspra*

\* Mr. Rodrigo Alonso Herrera Aspra, and the ladies Sabrina Lucila Herrera Aspra and Renata Virginia Herrera Aspra are siblings.

## Main functions and responsibilities

- Establish overall strategies for driving the Company's business and legal entities it controls.
- Monitor the management and conduct of the company and of legal entities it controls, considering the relevance of the latter in the financial, administrative and legal situation of the Company, as well as the performance of the relevant directors.
- Approve, with the prior opinion of the competent committee:
  - Policies and guidelines for the use or enjoyment of property that integrate the assets of the company and the entities it controls, by related persons.
- Operations, each one individually, with related persons, which the company or the legal entities it controls intends to hold.
- Establish guidelines on internal control and internal audit of the company and the legal entities it controls.
- Establish accounting policies of the company, in accordance with accounting principles applicable to publicly traded companies in Mexico.

# COMMITTEES

## Audit and Corporate Practices Committee

	POSITION
<b>Jorge Ricardo Gutiérrez Muñoz</b>	President
<b>Juan Carlos Gavito Aspe</b>	Member
<b>Héctor Carrillo González</b>	Member
<b>Juan Alonso</b>	Member

## Main functions and responsibilities

- Seek the opinion of independent experts in the cases it deems appropriate, for the proper performance of their duties or in accordance with the Securities Market Law or general provisions required.
- Support the board of directors in the preparation of the reports referred to in article 28, section IV, paragraphs d) and e) of the Securities Market Law.
- Give an opinion to the board of directors on the matters that require such an opinion in accordance with Securities Market Law.
- Evaluate the performance of the entity providing external audit services, and analyze opinions or reports prepared and signed by the external auditor. To this end, the committee may request the presence of the aforementioned auditor in its meetings when it deems it appropriate, without prejudice to the fact that it must meet with the latter at least once a year.
- Discuss financial statements of the company with the persons responsible for their preparation and review, and based on this, recommend or not the approval of the board of directors.
- Inform the board of directors of the situation of the internal controls and internal audit system of the company or of the legal entities that it controls, including any irregularity it detects.
- Investigate matters of which it has knowledge, regarding violations in the Company's operations, guidelines and policies of operation, internal control system and internal audit and accounting record, either of the company itself or of the legal entities that it controls, for which it must conduct an examination of the documentation, records and other evidence, to the extent necessary to carry out said surveillance.



# BIOGRAPHICAL INFORMATION OF THE BOARD AND COMMITTEE MEMBERS



Rodrigo Alonso  
Herrera Aspra

Mr. Herrera is the founding partner of Genomma Lab Internacional. He has more than 20 years of experience in Marketing and Strategies in brand positioning. He has a degree in Engineering and Administration from Anahuac University, and a master's degree in Senior Management from the Graduate School of Senior Management.

Sabrina has worked in Public Relations, Administration and Finance in several companies during the last 15 years including Posadas de México and Genomma Lab Internacional until 2015. Ms. Herrera has a degree in Information Technology from Anahuac University and a master's degree in Senior Management of the Graduate School in Senior Management.



Sabrina Lucila  
Herrera Aspra



Jorge Ricardo  
Gutiérrez Muñoz

Mr. Gutiérrez has a degree in Public Accounting from the National Polytechnic Institute (IPN) and a master's degree in Finance from La Salle University. He has been a member of the Board of Directors of Mexichem S.A.B. de C.V.; Grupo Aeroportuario del Centro Norte, S.A.B. de C.V.; Grupo Pochteca, S.A.B. of C.V. and Bolsa Mexicana de Valores, S.A.B. of C.V. He has also served as General Director of Mexichem.

Mr. Emerson is the Founder and President of The Emerson Group and its subsidiaries, Healthcare and Emerson Marketing. He has more than 30 years of experience in management positions in the areas of brand management, new business development and sales in Fortune 500 companies including Johnson & Johnson, Unilever and Novartis Consumer Health. In addition, he has positions on the board of directors of the National Association of Chain Drug Stores and Consumer Healthcare Products Association.



Scott R. Emerson

Mr. Carrillo has 49 years of work experience in the commercial area, both in national and international markets, in companies in the pharmaceutical industry such as Schering Plow, ICN, Merrel, Smith Kline & French, Searle, Wyeth and Lakeside. From 1996-2014 he held the position of Managing Director of Apotex Mexico and Latin America, which, under his charge, became the pioneer of generic drugs and the leader of the Mexican market. Mr. Carrillo founded Sypharmex, a company to offer consulting and sales services in the pharmaceutical industry in Mexico, Latin America, the United States and Canada. He has a degree in Economics from Saint Ambrose University in Iowa and Rutgers University in New Jersey, United States.



Héctor Carrillo  
González



Juan Alonso

Mr. Alonso has been the CEO of ZAO Future. In 2007, Mr. Alonso entered into an association contract with BSG Investments of Israel to develop nearly one million square meters of commercial and residential real estate in Russia. Also, he is a majority shareholder of ZAO SILVER Nizhny Novgorod, Nestle's national water bottling company in Russia. He was previously president of Domino's Pizza Jalisco, S.A. de C.V. and master franchisee of Domino's Pizza in central Mexico, as well as the majority shareholder of Baskin Robbins D.F.

President of Grupo Vale Euro RSCG, which is one of the four leading agencies in its field in Mexico and 18 countries in Latin America. He has extensive experience on television, including Televisa. He has a degree in Engineering in Communications and Electronics from the ESIME of the National Polytechnic Institute. Due to his merits and achievements in the field of communication and advertising, the Communication University Center awarded him with the Doctor honoris causa recognition.



Javier Vale  
Castilla



Ignacio González  
Rodríguez

Mr. Gonzalez is the CEO of FAGO and board member of Pavisá, a 60-year-old company specialized in the manufacture and marketing of specialty glass and glass packaging for a wide variety of industries including cosmetics and pharmaceuticals, as well as ultra-premium liquors and quality food and drinks. He has a degree in Marketing from Technological Institute and for Superior Studies of Monterrey (ITESM) and a diploma from IPADE Business School.



Mr. Gavito founded Airos Capital, an investment fund specialized in both public and private investments. He has more than 10 years of experience in investment banking and private equity. Previously, he was a director at Nexxus Capital, where he participated in the IPOs of Genomma Lab and Grupo Hotelero Santa Fe, as well as private Mergers and Acquisitions transactions (for example, Harmon Hall, Nasoft, Crédito Real and Mármoles Arca) and has also served in the Boards of several companies including Taco Holdings and Recubre. He has a degree in Industrial Engineering from Universidad Iberoamericana and a master's degree in Business Administration from IPADE.



Juan Carlos  
Gavito



Carlos Javier  
Vara Alonso

Founder of Vace Partners. Prior to joining Vace Partners, Carlos worked for 9 years at Citigroup as Director of the Investment Banking team of Mexico and Latin America. Carlos is currently a member of the Board of Directors and Finance Committee of Grupo Gigante, member of the Board of Directors and Chairman of the Hoteles Presidente Development Committee, shareholder and member of the Fhipo Board of Directors. He was also a member of the Board of Directors and Committee of Finance of Aeromexico. His experience includes projects in companies in various industries such as financial institutions, consumer goods, retail, industrial conglomerates, education, transportation, and metals and mining mainly. Carlos holds a degree in Economics from the Autonomous Technological Institute of Mexico (ITAM), and has an MBA from Yale School of Management.

Founding member and General Director of Forum Family Office Services GmbH ("FFO"), a company located in Munich, Germany, with assets exceeding € 100 million. Mr. Wittek has more than 35 years of experience in asset management, was a globally responsible partner for the consumer goods / retail and healthcare sectors for Boston Consulting Group and advisor to the private equity fund MTH München-Trust Holding GmbH. Mr. Wittek holds a PhD in administration and finance from the University of Innsbruck and an MBA from the Harvard Graduate School of Business Administration. Currently, Mr. Wittek participates as non-executive chairman of the Board of Directors of Immunodiagnostics Systems Holdings PLC, Cobos Fluid Systems GmbH, RDL Group GmbH and Suxceed Sales For Your Suxceed GmbH.



Burkhard Wittek

# MANAGEMENT TEAM

Our executive committee is made up of highly qualified professionals in their area of expertise, with excellent track record and great sense of leadership. The team

is committed to achieving the Company's growth objectives, working together in each part of the process.

<b>Jorge Luis Brake Valderrama</b>	CEO
<b>Antonio Zamora Galland</b>	Vice President of Administration and CFO
<b>Juan Marco Sparvieri</b>	Vice President and COO
<b>Santiago Alejandro Vélez Peláez</b>	Vice President of Industrial and Research and Development
<b>Alejandro Bastón Patiño</b>	Vice President of Institutional Relations
<b>César Alejandro Jaramillo López</b>	Vice President of Global Marketing
<b>Leticia Campos Herrera</b>	Global Director of Human Resources (Genomma Experience)



# OUR INTEGRAL MANAGEMENT POLICY

We recognize the value of our human capital and we commit ourselves from the highest level of the organization with quality, the physical and mental well-being of our

employees, environmental performance, social involvement, ethics, transparency and profitability in all our management.

[Click here](#)

# OUR CODE OF CONDUCT AND ETHICS

*It establishes a regulatory framework that serves as a reference to always act with integrity in accordance with the highest standards of business ethics, considering at all times compliance with laws and applicable regulations in the countries in which we operate.*

The main topics covered are culture of legality, corruption, conflict of interest, relations with authorities, use of assets and information management.

We communicate our values inside and outside the company.

- The Code of Conduct has been widely disseminated among, and socialized with, our collaborators.
- It is available on the company's website available to all audiences.
- It is available in the portal for suppliers.

[Click here](#)



## ATTENTION TO BREACHES OF INTEGRITY POLICIES

Since 2016, the Company has hired the *Resguarda line*, an external company expert in prevention, control and detection of fraud, handling complaints made by collaborators or suppliers for any breach of the integrity policies that govern us. This service has been enabled in various channels to provide total privacy and anonymity to those who use it and is available in all countries where we operate.

National telephone

Website: [www.resguarda.com](http://www.resguarda.com)

Email: [reportes@resguarda.com](mailto:reportes@resguarda.com)

At Genomma Lab we have preventive actions, such as training our collaborators in our integrity policies, as well as the appropriate behaviors and values that make up the organizational base. Dissemination of the tools available to report breaches of the code of conduct and ethics is made. Likewise, the Ethics Committee provides a due follow-up and resolution of complaints with the advice of Resguarda.

*During 2018, we received only one case in the Resguarda line from a collaborator due to abuse of authority. The protocol and investigation procedure were followed by Resguarda and the Ethics Committee; however, it resulted in an irrelevant report.*

# OUR ANTI-CORRUPTION POLICY



We establish guidelines to prevent and / or avoid the practice of corruption and influence peddling by collaborators and / or third parties related to Genomma Lab, in order to comply with the anti-corruption laws applicable in the countries where we operate.

To know our integrity policies, we invite you to consult the following link.

[Click here](#)



# OUR LEADERSHIP IN THE COSMETIC AND PHARMACEUTICAL SECTOR



**Luciana Santi**  
DIRECTORA GLOBAL DE  
ASUNTOS REGULATORIOS

# LINK WITH EDUCATIONAL INSTITUTIONS

*One of the main objectives for Genomma Lab is to promote links with various Latin American universities. We want to share experiences with educational institutions to promote education and research in the cosmetic and pharmaceutical sector.*



## ***Instituto Tecnológico de Buenos Aires (ITBA)***

Engineer Luciana Santi, Global Director of Regulatory Affairs of Personal Care, is a member of the Chemical Engineering Advisory Board. In 2018 she participated in a paper focused on the application of chemical engineering in the cosmetics industry.



## ***Universidad Autónoma de México***

Jennifer Pérez, Global Manager of Regulatory Affairs of Personal Care; Francisco Jordana, Global Specialist of Regulatory Affairs of Personal Care and Luz Antonia Borja, Formulation Manager, gave a class on “Regulatory trends in cosmetics.”

## ***XXVI National Congress of Cosmetic Chemistry of the Society of Chemists Cosmetologists of Mexico***

Carlos Elías Caro, Global Manager of Cosmetic Regulatory Affairs, gave the keynote speech

“International Regulatory Management in Cosmetics, emphasis in Latin America”.



## ***Universidad el Bosque***

We presented the paper “Cosmetics in Colombia and the challenges for industry professionals” at the VIII Conference of Chemistry, taught by Carlos Elías Caro, Global Manager of Regulatory Affairs.

## ***National College of Pharmaceutical Chemists***

Carlos Elías Caro, Global Manager of Regulatory Affairs, gave a conference where various topics of the pharmaceutical sector were discussed.



# SECTORAL CHAMBERS AND OTHER REGULATORY FORUMS

We are part of 14 regulatory and scientific-technical forums in the field of Personal Care, and within them we are part of six directive commissions. We participate in the Council of the Cosmetics Industry, Personal Hygiene and Home Care of Latin America (CASIC in Spanish), as vice-chairmen of the Board

of Directors (period 2017 to 2019) and as chairmen of the Regulatory Affairs Committee (period 2018 to 2020). In addition, we chair the Natural and Dietary Products Sector of the COMSALUD of the Chamber of Commerce of Lima.



# PARTICIPATION IN CHAMBERS AND SECTOR ASSOCIATIONS

*During 2018, Genomma Lab strengthened its presence in different chambers and industry associations, actively participating in various forums, being pioneers in the cosmetic and pharmaceutical sector.*

- We are members of eight cosmetic and eight pharmaceutical chambers throughout the American continent
- We participate in two standardization entities, of local ISO: the Instituto Colombiano de Normas Técnicas y Certificación, ICONTEC, and the Instituto Argentino de Normalización y Certificación, IRAM, in Argentina.

We connect with various cosmetic entities in North America and Latin America; these entities have the mission to promote the quality of cosmetic products in favor of consumers, to promote growth and to promote the competitiveness of the industry. Some of these are:

- Council of the Cosmetics, Personal Hygiene and Home Care Industry of Latin America (CASIC, spanish acronym)
- Argentine Chamber of Cosmetics and Perfumery (CAPA, spanish acronym)
- Personal Care Product Council (PCPC) of the United States of America
- Chamber of the Cosmetic and Toiletry Industry of the National Association of Entrepreneurs of Colombia (ANDI, spanish acronym)

- Chamber of the Cosmetic Industry of Chile
- Brazilian Association of the Industry of Personal Hygiene Product, Perfumery and Cosmetics (ABIHPEC, spanish acronym)
- Procosmetics of Ecuador
- Bolivian Association of Cosmetics and Hygiene and Cleanliness (AB-COH, spanish acronym)

In the pharmaceutical sector we are linked to associations focused on the ethical development of OTC medicines. These are:

- Brazilian Association of the Industry of Prescription-Free Medicines (ABIMIP, spanish acronym)
- Association of Costa Rica Registrars
- Argentine Chamber of Producers of OTC Medicinal Specialty Products (CAPEMVeL, spanish acronym)
- Pharmaceutical Chamber of the National Association of Entrepreneurs of Colombia
- National Chamber of Commerce of Bolivia
- Chamber of Commerce of Costa Rica
- National Chamber of the Pharmaceutical Industry of Mexico (CANIFARMA, spanish acronym)
- Union of the Pharmaceutical Products Industry (SINDUSFARMA, spanish acronym) of Brazil

**WE CARE ABOUT  
OUR CONSUMERS  
AND THE QUALITY OF  
OUR PRODUCTS;  
OUR ECONOMIC VALUE**

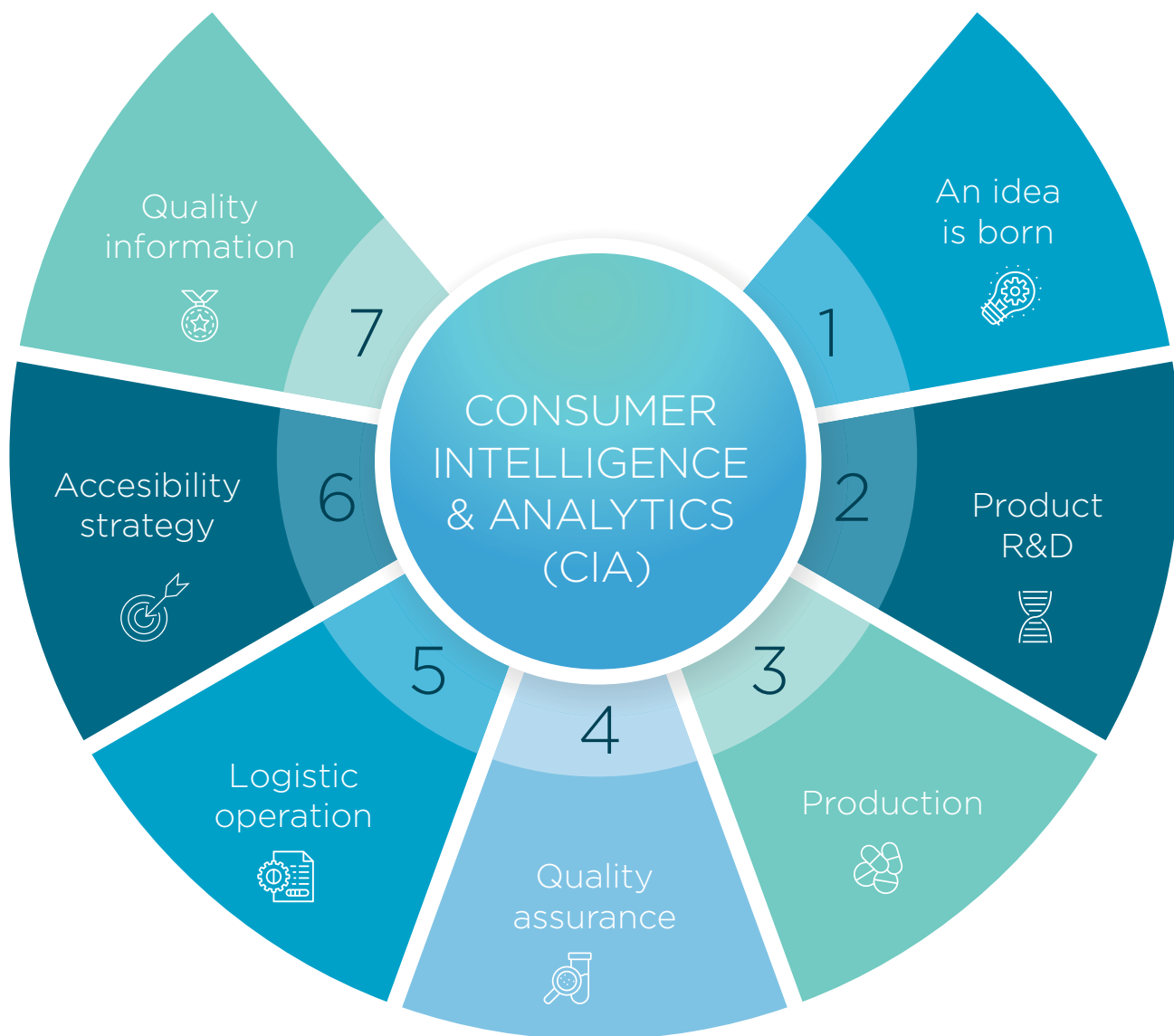




# How do we generate value for our consumers?

*Throughout 2018, Genomma Lab has been reinvented to create the best products that meet the needs and exceed the current expectations of the consumer, and with this objective we are strengthening several strategic areas of the Company.*

*This transformational process of generating greater value through our products is focused on the deep and agile understanding of the consumer, as the axis of all our initiatives.*



# UNDERSTANDING OUR CONSUMERS

## CONSUMER INTELLIGENCE & ANALYTICS (CIA)



Genomma Lab is reinventing itself to deliver the best value proposition in the market for our consumers”.

**Luis Ladd**  
DIRECTOR OF CIA

One of the most important achievements during 2018 for the Company was the consolidation of the **Consumer Intelligence & Analytics (CIA)** area, which seeks to achieve a deep and agile understanding of the consumer. Currently, the area is made up of six people, divided into the segments of Personal Care and Over the Counter (OTC) products (free sale medicine).

***The main function of this area is to seek and ensure that consumer interest is reflected in all the actions of the company*** from the

birth of an idea for the generation of a new product and its development process, to communicating this to the consumer. Each new product must focus on a real and current need of our consumers so that the final result of the equation is the best. The main challenge of the CIA has been to promote and strengthen the focus on the consumer throughout the organization.

The area seeks to be a spearhead in the deep and agile understanding of the consumer, with the best methodologies in the industry.

## Our achievements in 2018

The new **communication of Tukul®** aligned with the model of approach to the **Mexican consumer** has generated an **increase of sales of 45%** compared to the same period of the previous year, from being aired.



*Get to know our 2018 success story*

Tukul® Ad:  
Expel the cough

[Click here](#)





# 1. AN IDEA IS BORN



**Daniel Toledo**  
MARKETING DIRECTOR



Genomma Lab is undergoing an accelerated and surprising transformation towards being a company that wants to have the consumer in the center. That is why we innovate through iteration and communication”.

Our products are born with the objective of satisfying in the best possible way the particular needs detected in the consumers of each region where we have presence, in this way we focus on generating ideas to develop exceptional products that meet all the corresponding quality standards.

We want to deliver the best products to our consumers, giving them the maximum value at an affordable price.

***We are the most accessible cough syrup in the market; we want to help Mexican families to have a quality product at a competitive price***



# 2. INNOVATION AND DEVELOPMENT OF RESPONSIBLE PRODUCTS

One of the pillars of the new growth strategy launched in 2018 is innovation; that is why we have worked hard in the OTC and Personal Care

segments, to offer a research methodology that leads us to a better product development to satisfy our consumers.

## INNOVATION IN OTC



**Mario Haro**  
OTC R&D DIRECTOR



We are committed to search for our developments and innovations suppliers of pharmaceutical ingredients, raw materials and services that are environmentally friendly”.

From the OTC innovation area, we work to develop innovative, profitable medicines, using efficient processes and with a slender structure, that contribute to improving the health and well-being of the population.

In 2018, the main challenge of the area was to adjust to meet the needs of the company, to quickly adapt to the constant changes in

the strategy. We managed to make deliveries of our products in time and form as well as enabling new maquilas with zero rejections.

The development team was strengthened, forming a solid structure with high experience and best practices in the pharmaceutical field.

## Our achievements in 2018

We made  
**2 launches**  
in the OTC segment

We achieved **1 new sanitary registry**  
and **7 new developments**  
were initiated

We developed  
**2 strategic reformulations**  
in key products.

**7 new maquilas**  
were fitted

We changed the image  
of the Clubs plan -  
**21 Packs** for our  
Sam's® and  
Costco® clients

We started  
**8 new registrations**  
for International launches  
in LATAM and the USA

**5 FAT tests**  
were carried out  
internationally (Fette, Glatt,  
Ekato and Norden  
machines) necessary for  
the start-up of the  
manufacturing plant in  
San Cayetano

We work in the support  
for the bases of the design  
and start of activities in the  
**manufacturing plant  
in San Cayetano**

We  
provided  
support for the  
maintenance of our  
records, successfully  
achieving: **5 analytical  
validations, 3  
dissolution profiles, 6  
analytical transfers  
and 2  
bioequivalences**

## Vision for 2022

We want to achieve the implementation of the OTC innovation model with successful brands in large markets. We will contribute to achieving the estimated growth of the company with a focus on continuous improvement.



# INNOVATION IN PERSONAL CARE



**Carlos Zúñiga**  
PERSONAL CARE R&D DIRECTOR

During 2018, the Personal Care innovative area was formally instituted in the company. It is currently comprised of 18 people and has developed 3 innovation centers, located in Mexico, Brazil and Argentina.

Our philosophy of innovation is based on:



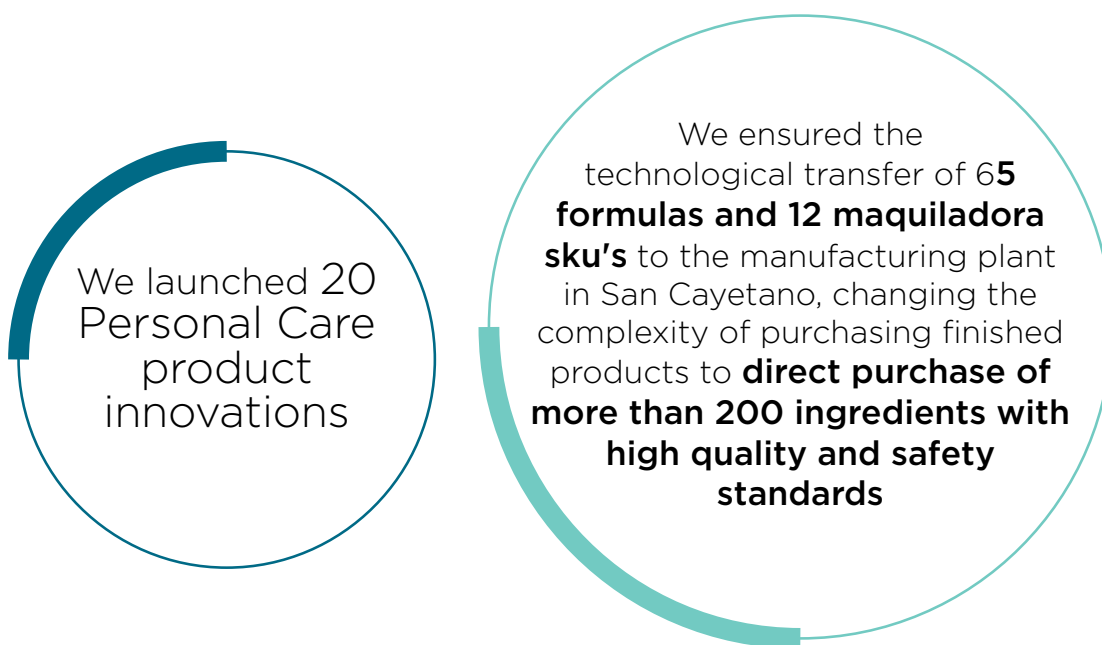
From the area of innovation and development we are strengthening Genomma Lab with the development of Personal Care products that surprise the consumer with the highest standards of quality and compliance, which ensure the buyback and strengthen the confidence of all our stakeholders”.

- Deeply knowing the local consumer, shopper, market and their trends
- Detecting new and different opportunities
- Be agile in making decisions, based on information and analysis
- Promote chaos and divergent thinking to encourage creativity

## Innovating in a responsible and sustainable way

- 1 We are migrating to ingredients with the highest levels of quality and reliability, ensuring strategic alliances with large multinationals in the **Be to Be** sector.
- 2 We consistently and continuously reduce the consumption of materials that may affect the environment. We are working to reduce the consumption of plastic making our packaging lighter.
- 3 We make sure that the products are preferred by the consumer, in full compliance with regulations throughout the region.
- 4 We develop processes with biodegradable cleaning agents, with lower energy and water consumption

## Our achievements in 2018



## Vision for 2022

We want to be a fundamental pillar for the transformative innovation of the company, generating preferred products by the local consumer, outperforming the competitors, developing new operating models that allow us to maintain the agility that has characterized us over the years.

# 3. PRODUCTION



## MEXICO CITY PLANT

In order to accelerate the production learning curve prior to the development of the new manufacturing plant in San Cayetano in the State of Mexico, at the end of 2017 we began the manufacture of 3.24% of our OTC products in the pilot plant located in Mexico City.

At the Mexico City Plant:

- *We produce three key brands for the company: Genoprazol<sup>®</sup>, X Ray<sup>®</sup> and QG5<sup>®</sup>*
- 62 Kg of OTC products are manufactured per day
- We have a production line
- We have two work shifts
- *We have a Certificate of Good Manufacturing Practices issued by COFEPRIS*

## Our achievements of 2018

Increased production from **4 to 12 million** monthly capsules. Production increase of **300%** compared to 2017

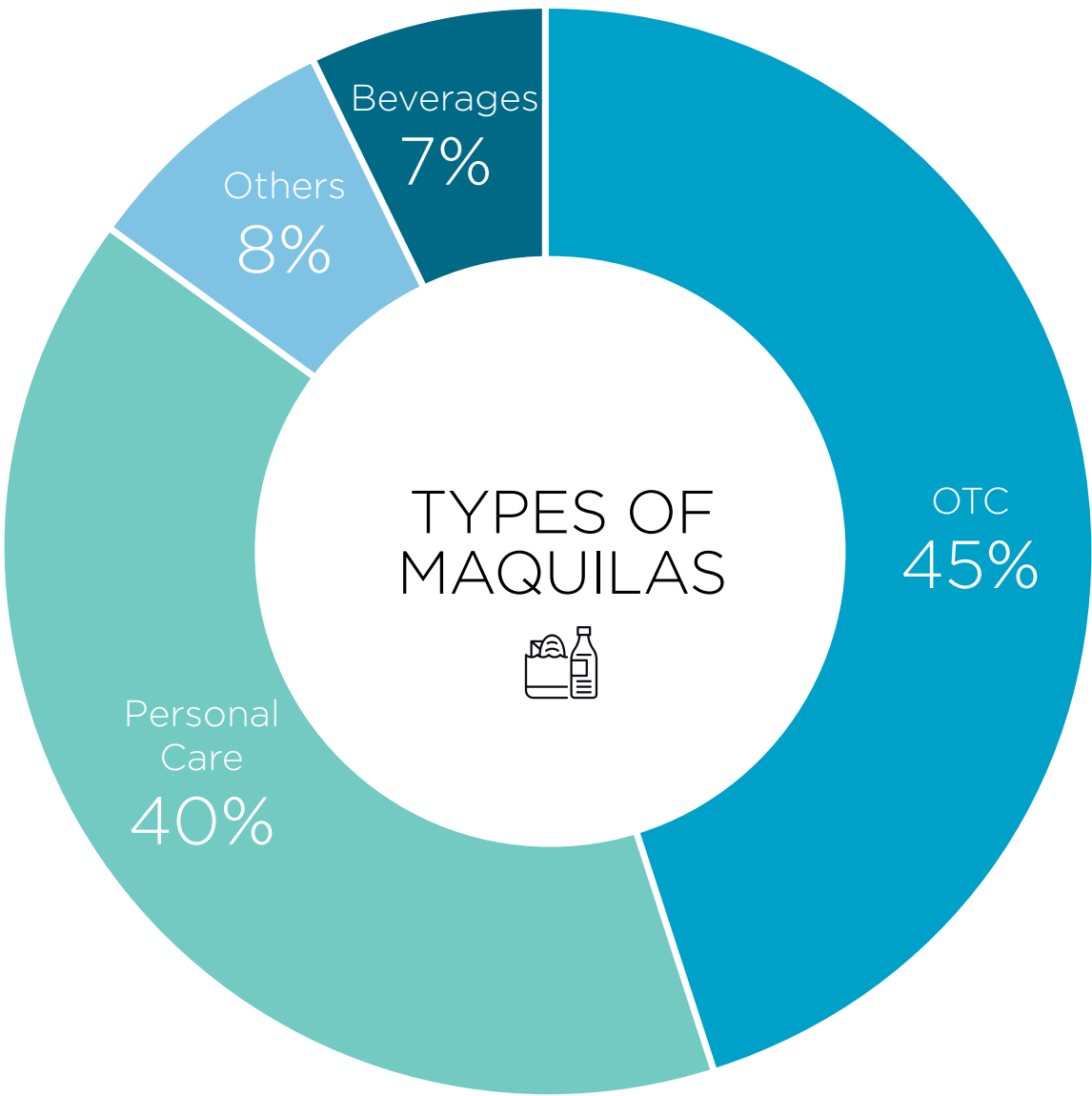




# MAQUILA

Through our outsourced manufacturers we produce 96.76% of our OTC products and 100% of our Personal Care portfolio.

We have a total of 58 maquilas for our categories of Personal Care, OTC, beverages and others.



# SUPPLIERS

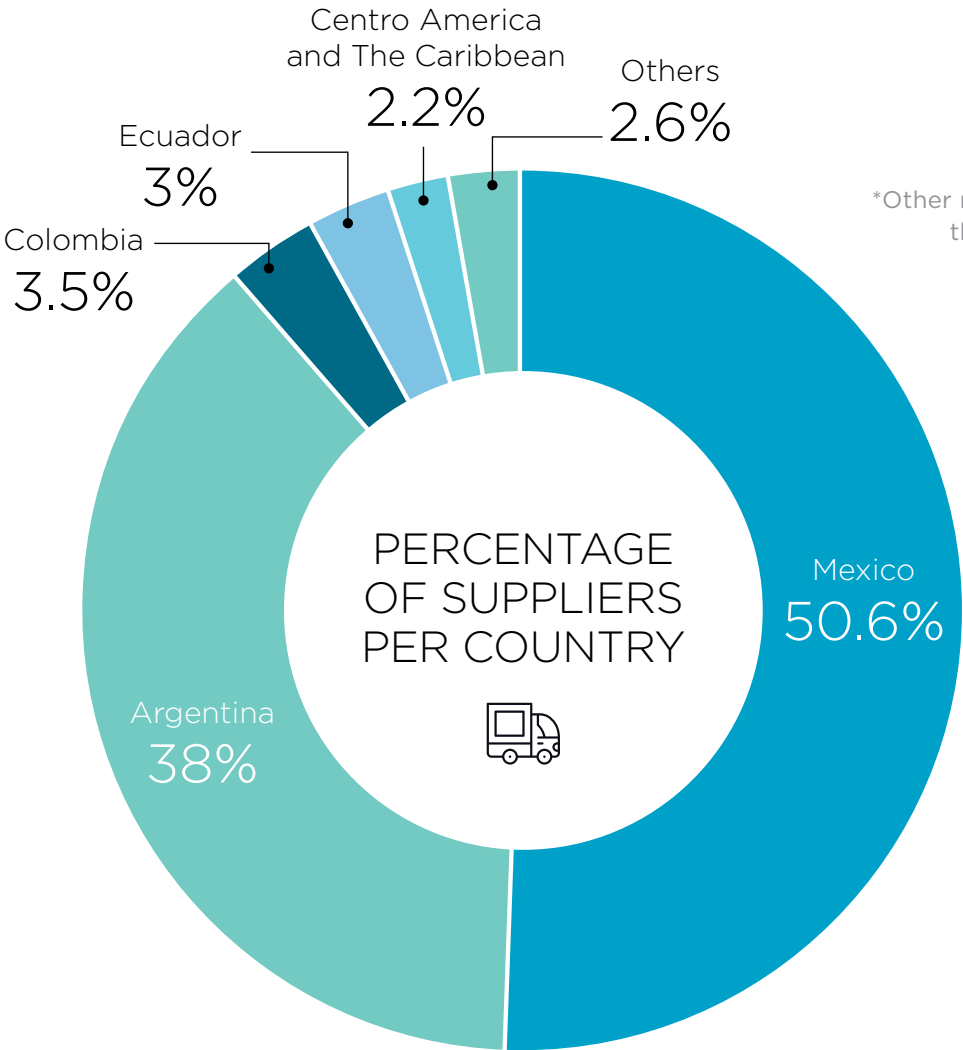
Our suppliers are a fundamental part of the business. We seek to establish long-term business relationships based on transparency, respect and communication, so that in each interaction we have, we achieve the creation, distribution and strategic positioning of our products.

In Mexico we have around 1,997 suppliers, which represents an increase of 2% compared to 2017, of which 90% are local and 10% are foreign.

As an essential part of our value chain, we communicate our Code of Ethics and Conduct to all our suppliers through the digital portal developed exclusively for the attention of our business partners, in the same way they are informed about our Anticorruption Policy.

### International suppliers

We have international suppliers in 9 different countries, distributed in percentage terms as follows:





### *Agreements with suppliers*

For several years now, Genomma Lab has had agreements and technical contracts with maquiladoras. Starting in 2018, the process began at the level of suppliers of raw materials, packaging materials and services, clearly defining the role of each of the parties regarding good manufacturing practices, thereby ensuring the quality, safety and efficiency of our supplies or services.

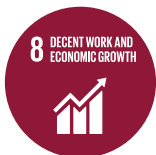
### *Supplier audits*

Our value chain is a cornerstone of Genomma Lab, since it is thanks to our suppliers that we are able to provide the quality we look for in our products. During the last year, largely due to the start-up of the manufacturing plant in San Cayetano, more than **100 quality audits were carried out, an outstanding and one-of-a-kind result with a growth of 90% compared to the exercise carried out in 2017.**





# GUAVA LEAF

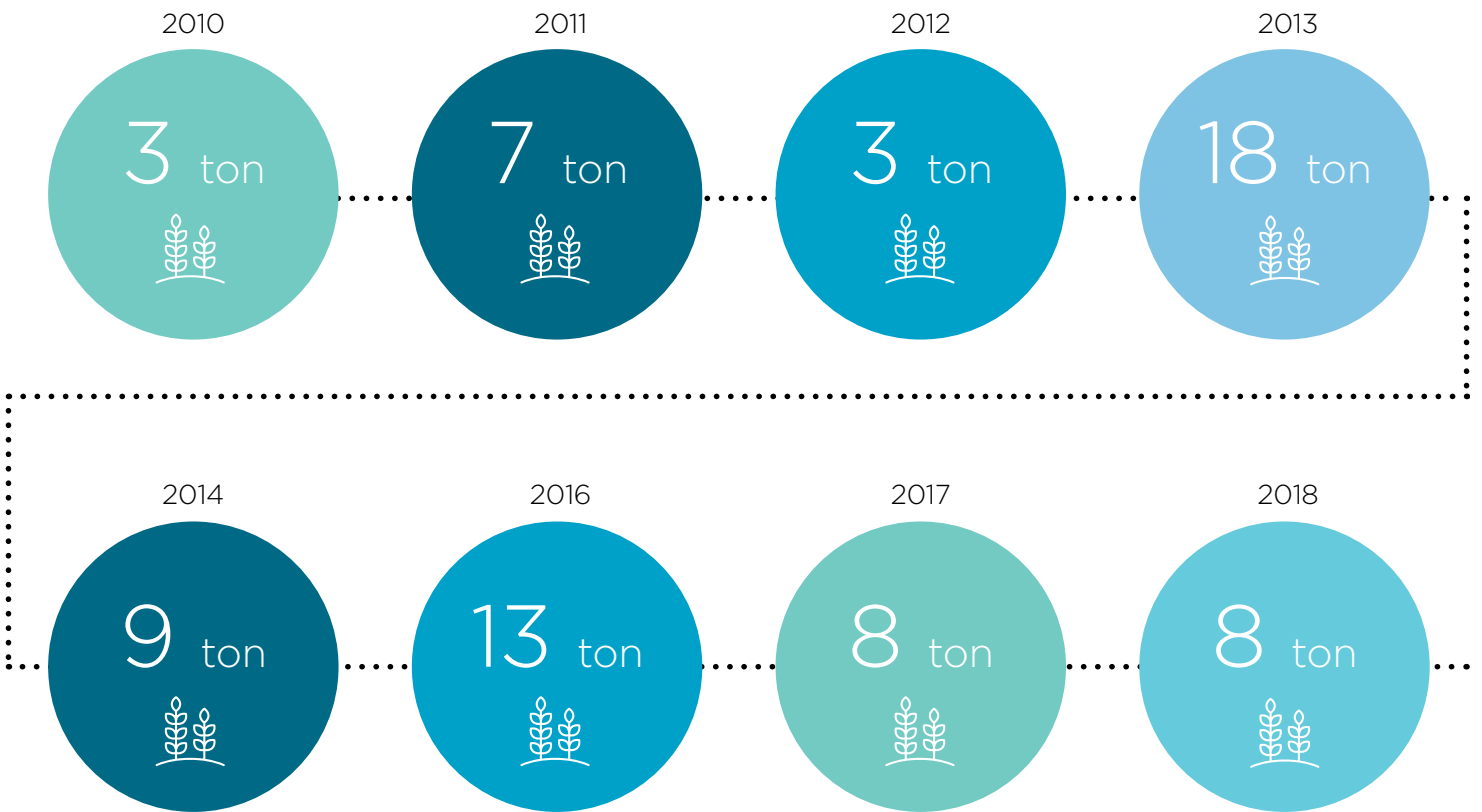


In our value chain, we keep the **community supplier** DYCTRO Diversificadora Agroindustrial y Comercializadora del Trópico S.A. de CV as an outstanding strategic ally. Part of its model of productive diversification consists in harvesting and commercializing the guava leaf (*Psidium guajava*) in the Totonac agricultural communities of Veracruz. *Psidium guajava* is the raw material from which we obtain quercetin, active ingredient of our medicine QG5®, used for the treatment of colitis.

## The history

This alliance began 11 years ago with the project of productive diversification that the Universidad Veracruzana was developing with the local communities. Genomma Lab considered it a far-reaching, more sustainable and aligned solution to our values, as well as a commitment to social and environmental responsibility, achieving something very uncommon in the industry: incorporating a group of farmers, mostly Totonacs, as suppliers of the raw material of one of the most important products of our portfolio, thus achieving positive economic, social and environmental impacts in the rural community.





*During 2018 we acquired eight tons of guava leaf, this strategic alliance benefits more than 200 families from five Totonac communities: Anayal I, Anayal II, Tecuantepec, El Colón and San Salvador in the municipality of Zozocolco de Hidalgo, Veracruz, with an economic income in the region of approximately \$840 thousand Mexican pesos.*

Buying the guava leaf from these communities also encourages the conservation of biodiversity; Since their economic activity is based on the harvest of the guava tree, farmers work to protect it. In this way aquifers in the region are protected and the temperature in the area is regulated.

# 4. QUALITY ASSURANCE



We work to meet the highest national and international quality standards to deliver an amazing experience for each Genomma product for our customers”.

## QUALITY TEAM





# PRODUCT REGULATION

## **RESPONSIBLE PRODUCTION, REGULATORY SUPPORT OF PERSONAL CARE**



Genomma Lab has evolved. A world of changes and innovation requires the evolution of those who are part of it. In Genomma we have evolved into a multinational company with a clear purpose of empowerment for excellent health and wellness. We are committed to our consumers, customers, authorities, collaborators and other stakeholders; we offer innovative, environmentally friendly, quality, safe and effective products, and we work with ethics, responsibility and respect for those who choose us on a daily basis”.

**PERSONAL CARE REGULATORY TEAM**

Since 2016, we began implementing a new regulatory process that supports product initiatives in the Personal Care segment. The involvement of the regulatory area is our priority to ensure regulatory compliance and safe design of all cosmetic products marketed by the Company.

We work on the constant verification of the effectiveness of our products, based on ingredients information, recognized bibliography and, when necessary, on confirmatory studies, performed in strict compliance with international guidelines and documents.

*An example of this is that at the end of 2017 Genomma Lab and the Instituto Colombiano de Normas Técnicas y Certificación (ICONTEC), signed an agreement in Colombia to conduct tests of cosmetic efficacy studies of the product Cicatricure® Anti-wrinkle cream. The ICONTEC has satisfactorily verified the methodologies and results of efficacy studies and analytical evaluation of the aforementioned product.*

## We comply with 100% of the national and international regulatory framework.

In Genomma Lab we comply with regulations in all countries where we operate. Our collaborators and operations must comply with legal and regulatory obligations applicable locally in all our markets. All the studies we carry out are based on guidelines and recommendations from regulatory reference regions, also known as “international references”. Therefore, constant training to obtain the proper knowledge of current

legislation is our priority. Hence, during 2018 we developed a global tool for management of training in regulatory issues of Personal Care.

*There have been 41 specific training sessions on regulatory issues during 2018, inside and outside the company, which amounts to a total of 51 hours, reaching more than 500 attendees, who have rated the courses with an appreciation of “very satisfactory”, demonstrating through tests a significant increase in their level of knowledge.*

Internal guidelines applicable to our Personal Care products are developed. In 2018 there were nine guides on different topics related to cosmetic ingredients, criteria for claim use, product safety and products for vulnerable populations (children and pregnant women), among others.

In this regard, we have taken the cosmetics safety area to another level. During 2018, the area of regulatory toxicology, created in 2017, evolved and today we have 3 externally certified safety assessors (one in the United States and two in Latin America). The area known as **Safety Assessor’s Team (SAT)** is part of the Global Personal Care Regulatory Affairs team.

Every cosmetic product development begins with a thorough and detailed evaluation of all aspects related to a safe design, from the selection of raw materials, considering the characteristics of the desired product, the target population and application area, among other aspects, when the final check corresponds. Our SAT team is in charge of ensuring the safety of all cosmetic products in the market.

# RESPONSIBLE PRODUCTION, OTC REGULATORY SUPPORT



The products of Genomma Lab and its continuous innovation have as a fundamental pillar the scientific support from clinical studies and cosmetic efficacy, made with a global vision and in accordance with current international regulations, helping to strengthen the information presented to the health authorities in obtaining records”.

## CLINICAL RESEARCH & COSMETIC EFFICACY TEAM



### *OTC product safety*

We monitor the behavior in the period of commercialization of our products through pharmacovigilance and technosurveillance processes; while these processes allow us to

know the effects our products could cause in users of medicines and / or medical devices, in order to continuously evaluate both their safety and their effectiveness.



During 2018, changes were made to processes, systems and internal tools that allow us to identify and provide us with the security data (reports, effects and incidents) to the new ITEMS derived from the updates of current regulations.

In this sense, we comply with the regulations in force for our pharmacovigilance and technosurveillance processes; aligning our operation to the following standards:

**1. NOM-220-SSA1-2016, Installation and operation of pharmacovigilance. (Medicines)**

**2. NOM-240-SSA1-2012, Installation and operation of the technosurveillance. (Medical devices)**

In addition, we provide our customers and consumers with a website to inform them about our pharmacovigilance processes.

***Visit our site***

Genomma Lab Pharmacovigilance

[Click here](#)



## Vision for 2022

1. We want to be the Company with the most agile and efficient regulatory processes in the market, in all the countries where we operate.
2. We will continue to build the path of external trust. We have shown in the last three years our commitment with our external stakeholders; we are present in the main chambers of the sector.
3. We will continue reinforcing and taking to a new level the area of Safety Assessment, the safety of our products is our cornerstone.

# CLINICAL RESEARCH & COSMETIC EFFICACY



Genomma Lab cuenta con 2 alianzas clave para la evaluación de la eficacia de los productos de cuidado personal, Kosmoscience en Brasil y el Instituto Médico de Enseñanza en Investigación en Salud Sociedad Mexicana de Enfermedades Neurológicas S.A. de C.V. (IMEIS) en México.

Los estudios clínicos que se realizan están basados en metodologías internacionales como The European Cosmetic and Perfumery Association (COLIPA) y la Agencia Nacional de Vigilancia Sanitaria (ANVISA) en especial para Brasil.



## Success story

Cicatricure® Crema Rosita (Little Pink Cream).

*For the first time, Genomma Lab was present at an international scientific congress, strengthening the Cicatricure® brand.*

**Cosmetic efficacy clinical study presented at the International Federation of Societies of Cosmetic Chemists (IFSCC) 2018, based in Munich, Germany.**

The study “Preclinical and clinical evaluation of the anti-aging properties of a dermocosmetic formulation” for Cicatricure® Crema Rosita, and was led by Dr. Alberto De Lago, Global Director of Regulatory Affairs OTC, Dr. Eduardo Hernández, Global Manager of Clinical Research & Cosmetic Efficacy and the Industrial Pharmaceutical Chemist Tania Reyes, Chemist Researcher and Clinical Monitor.

The study considered the effects of the Cicatricure® cream where the effects of a dermocosmetic formulation were evaluated in the increase of firmness, elasticity and hydration of the skin by means of instruments and perceived efficacy. Preclinical studies were also conducted to ensure the production of collagen and hyaluronic acid using an in vitro model of human fibroblasts.

**It was concluded that Cicatricure® Crema Rosita, has the ability to stimulate the synthesis of total collagen and hyaluronic acid compared to the untreated group, improving the density of aging skin, favoring tissue repair and regeneration.**

**In addition, the stimulation in the extracellular matrix production contributes to the reduction of the formation of fine lines and wrinkles.**



## Success story

QG5®

*Clinical research*

**In 2018, a clinical study was conducted to evaluate the efficacy and safety of QG5® in the treatment of patients diagnosed with Irritable Bowel Syndrome.**

Study in collaboration with the Instituto Médico de Enseñanza en Investigación en Salud Sociedad Mexicana de Enfermedades Neurológicas S.A. de C.V. (IMEIS) and the Arete Research and Ethics Committee.

The study included 109 patients from external consultation diagnosed with Irritable Bowel Syndrome, where the primary symptom to be evaluated was recurrent abdominal pain at least one day per week on average, in the last three months, this study was conducted by a group of doctors specializing in gastroenterology.

The results were the following in patients with QG5® treatment:

**100% efficacy against abdominal pain at the end of the study.**

**100% efficacy against abdominal distension at the end of the study.**

**The study concluded that QG5®, helps in the treatment of Irritable Bowel Syndrome, relieving abdominal pain, improving intestinal habit, helping to avoid interference with the general life of patients.**



## Our achievements in 2018

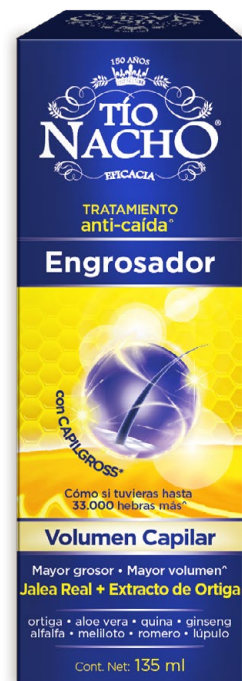
Have put Genomma Lab high and at the forefront in the field of dermocosmetics, **participating in the international scientific congress (IFSC) 2018 in Munich, Germany**, where we competed with more than **200 innovations developed** worldwide in the Personal Care products area.

We conducted more than **250 studies between efficacy and safety** for the portfolio of Personal Care and OTC products, in compliance with local and international regulations, **adhering to international standards and good clinical practices.**

## LABELS ON PERSONAL CARE PRODUCTS

The labels of our products provide the consumer with relevant information for safe use, as well as to obtain the best results, in addition to being aligned with the applicable regulations of all the countries where we operate. Our packaging is constantly renewed, in order to provide the consumer with relevant, clear and truthful information.

The fact that our Personal Care category product portfolio is totally globalized, has allowed it to be commercialized in any of the countries where we operate, considering the standardization of a single package for all countries with the same language. With this we have managed to reduce the complexity of the export processes, improve the availability of products in all countries, ensure regulatory compliance in all regions and, above all, inform our consumers about the benefits and correct use of the products.



### Each of the labels includes:

- 1 A single list of ingredients aligned with the International Nomenclature of Cosmetic Ingredients (INCI)
- 2 Instructions for proper use of the product
- 3 Legal information of all countries where the product is commercialized
- 4 Telephone numbers of Customer Care for each country



## OTC PRODUCT LABELING

All medications and devices registered as products of Genomma Lab Mexico, comply with the Official Mexican Standard NOM-072-SSA1-2012, regarding the labeling of medicines and herbal remedies.

We continue to comply with the use of authorized legends, which are used in the labeling of medicines, communicating in a responsible and safe way to our consumers.



# QUALITY IN THE PRODUCT

The quality area is responsible for ensuring that our products and processes meet all the requirements of customers and consumers. We conduct evaluations throughout our entire value chain.

Our quality team is formed as follows:

- Mexico: 61\*
- Argentina: 33
- Brazil: 7
- Peru/Bolivia: 4
- Colombia: 2
- USA: 1
- Central America: 1

\* Increase due to the new manufacturing plant in San Cayetano

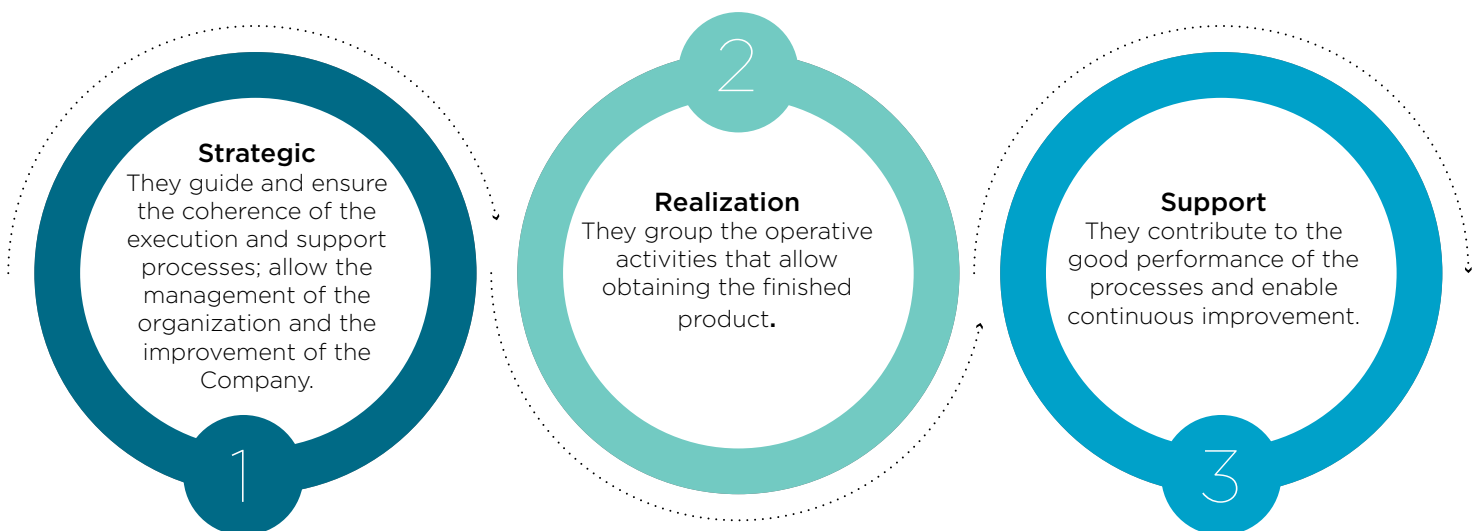
## Quality management system

Our Quality Management System is a priority that permeates from our top management, being the main responsible for maintaining it, determining and providing the appropriate resources to improve its effectiveness continuously.

We currently carry out a series of internal inspections that allow verifying the compliance and effectiveness of the Quality Management System, with the main objective of satisfying the requirements of customers and consumers.

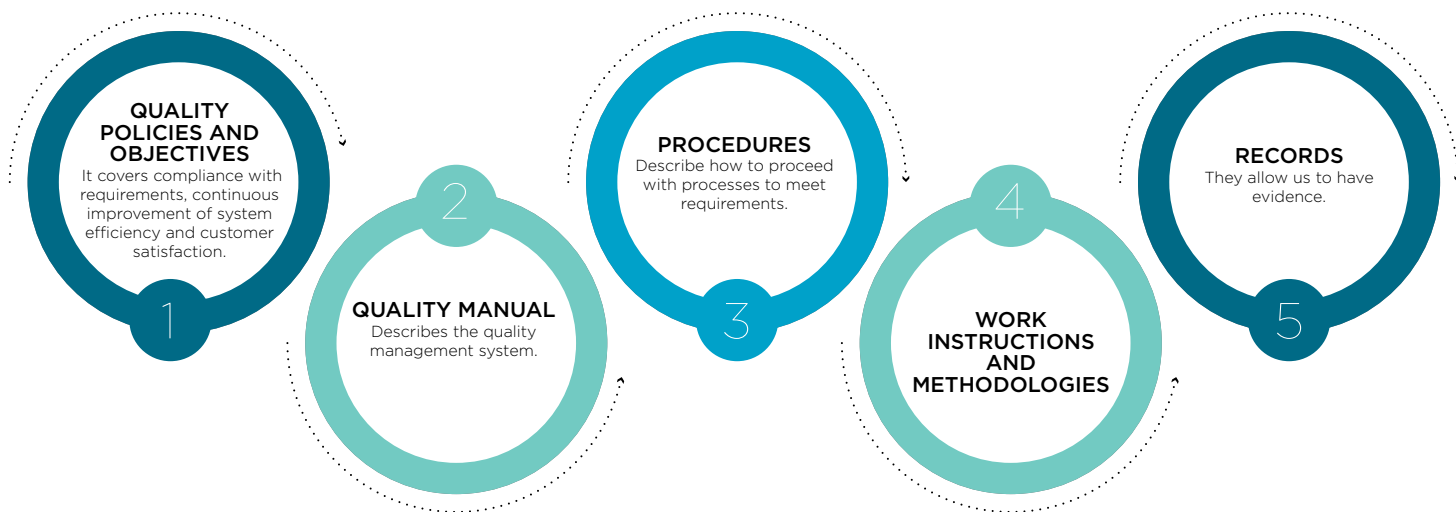
## Stages of the quality process

Our quality process is made up of three main macroprocesses:





Quality processes are supported by documentary systems and procedures divided into five levels.



### *Decrease in product defects*

From January to July 2018, 5.6% of “Non-conformities” were detected with respect to 1,441 analyzed products. This is below the established goal (10%), hence being a satisfactory result.

### *Quality assessment in products*

At least 50% of the categories of significant products and services in health and safety have been evaluated, identifying areas of opportunity to promote improvements in the processes of our manufacturers.

### *Standardization of formulas*

The quality area focused on the standardization of formulas, to deliver a quality product at all times. In the process of formula standardization 3 areas were involved under the following scheme:

**Development:** Sends the formulas globalization proposal.

**Quality:** Provides technical and legal support for submission to the health authorities through the Regulatory Affairs area.

**Regulatory Affairs:** Submits documentation, technical and legal support to the health authorities.

Once approved, we proceed with the corresponding commercialization.

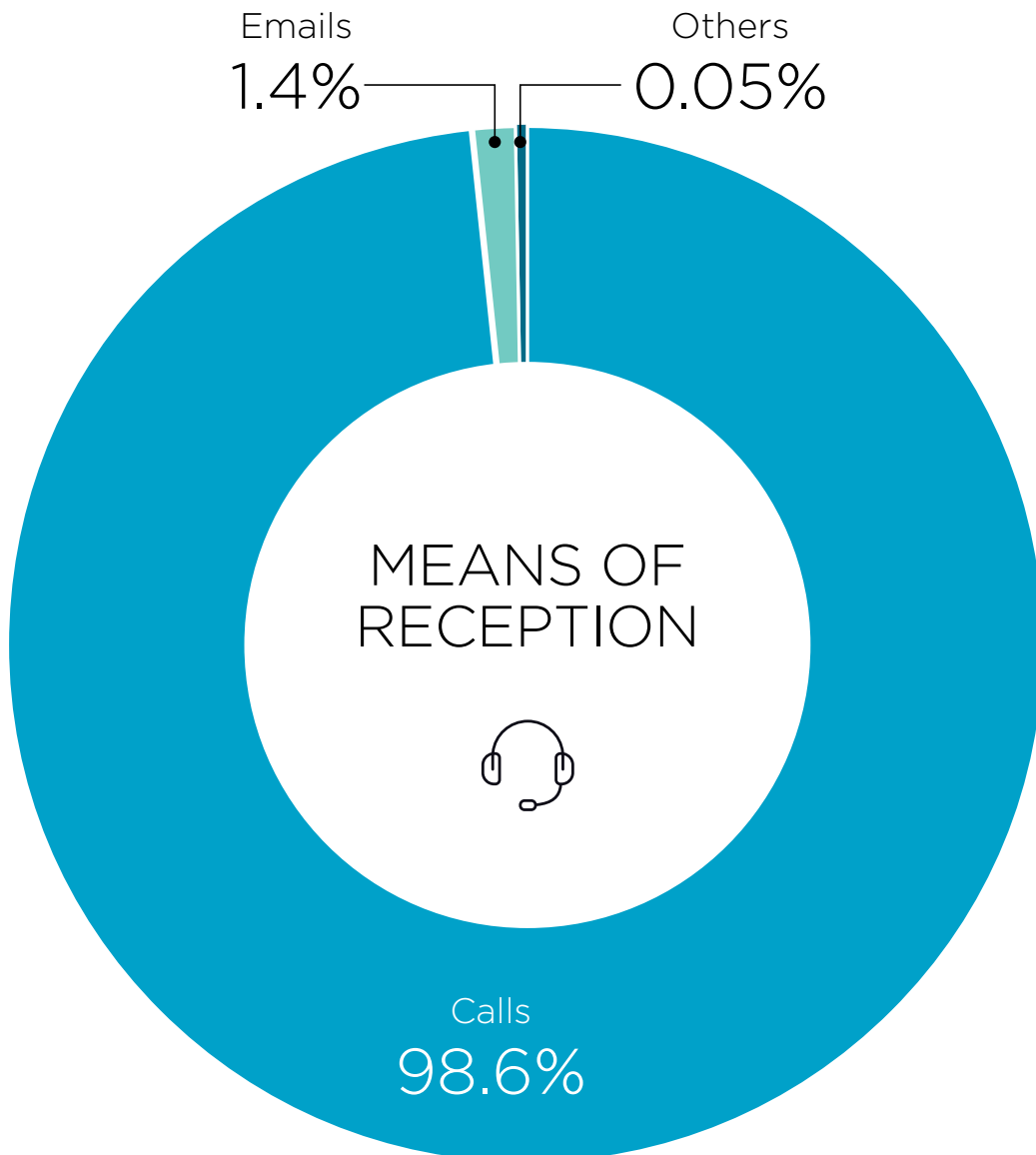
# CUSTOMER CARE

Several communication channels are available to *our consumers and customers, such as our email: [atencion@genommalab.com](mailto:atencion@genommalab.com)*, as well as telephone numbers available in all the countries where we operate, which can be found on the label of our products.

The Company has an internal management system, called Genovigilancia, through which

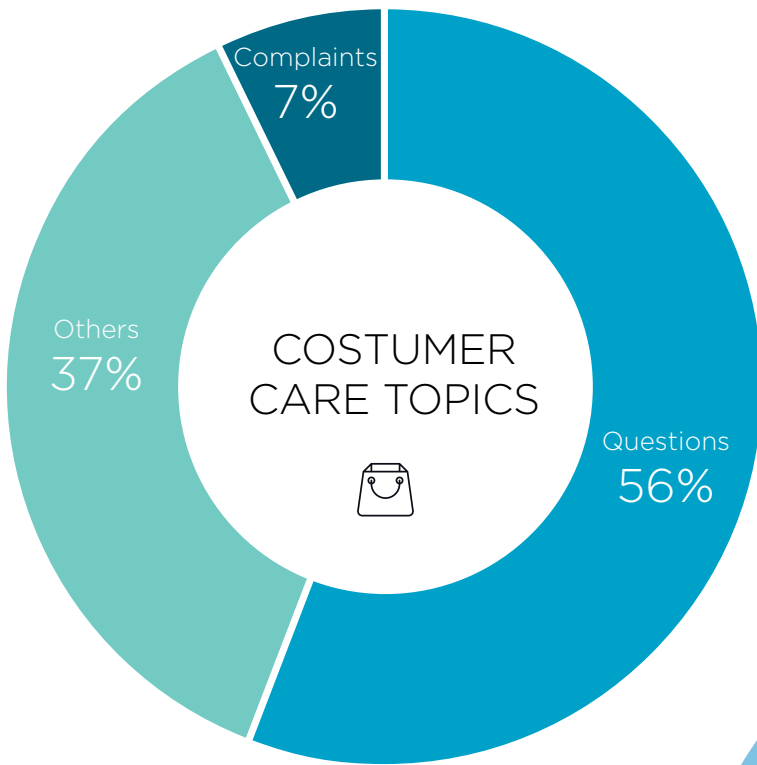
the various communications from consumers and clients are received, addressed and monitored.

In this sense, during 2018, around 12,180 reports were received from Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, the United States, Guatemala, Honduras, Mexico, Peru and Paraguay.



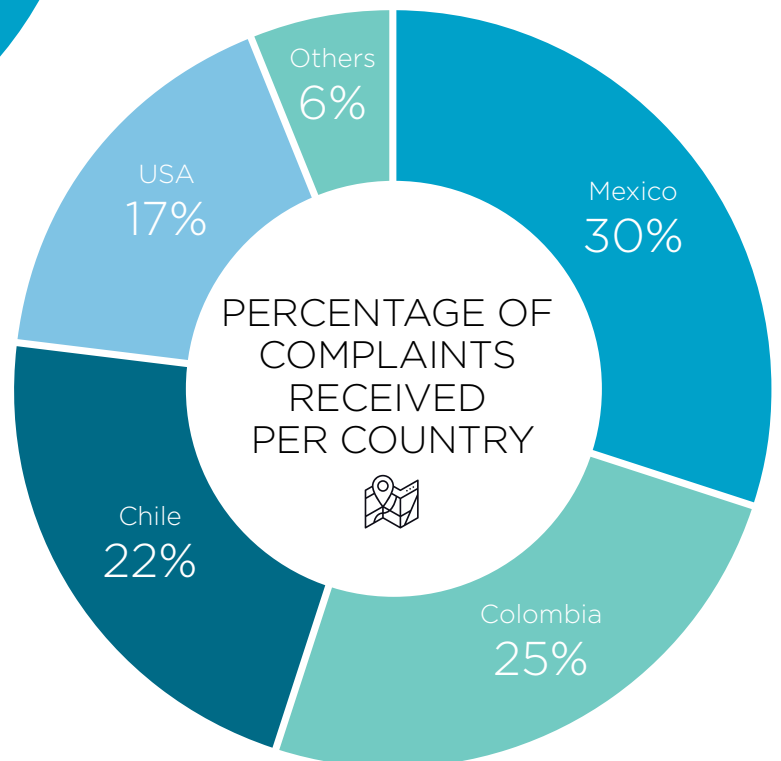
## Categories of Customer Care

The main category in the Customer Care channels was questions with about 6,770.



Of these 12,180 total reports received, only 880 correspond to the consumer complaint section, of which the country where the largest number was received was Mexico with 267 complaints representing approximately 30% of the total.

The complaints received in the year were 880, which represents 0.004042020329 of parts per million when compared to the total of products sold.



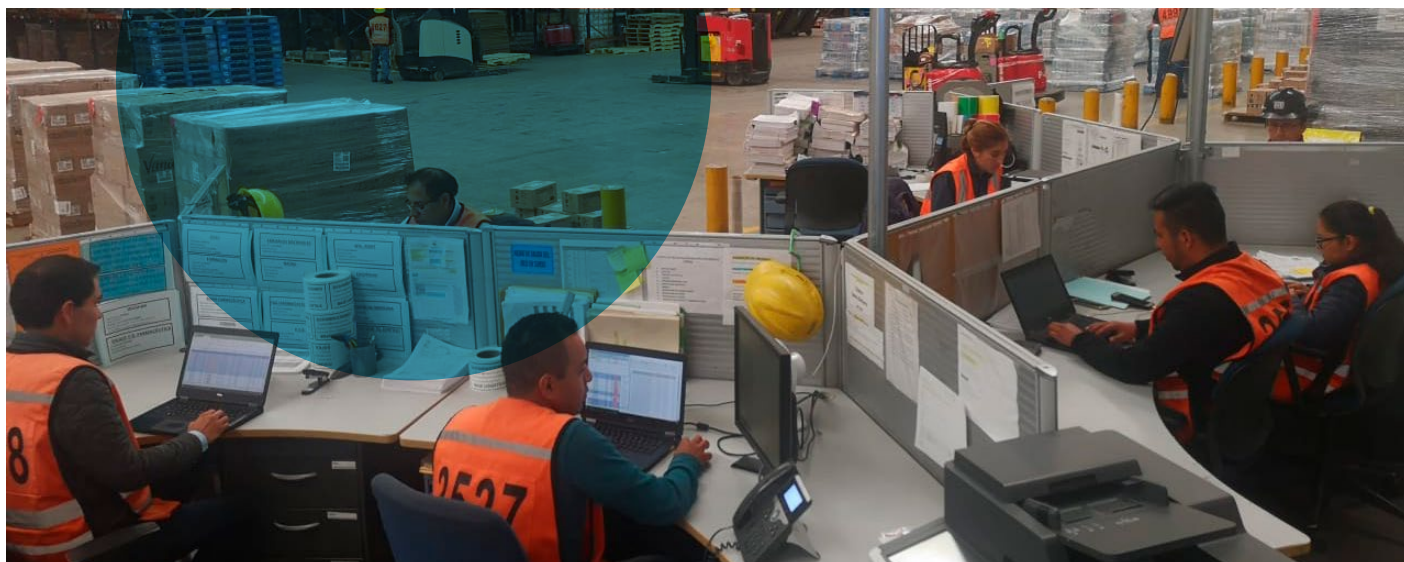


# 5. LOGISTIC OPERATION



We work energetically to continuously improve our level of service and to satisfy the demand of our customers through an agile and flexible logistics chain that allows Genomma Lab to place health and well-being within everyone's reach”.

## CEDIS TEAM



## OUR DISTRIBUTION CENTER, CEDIS

*Our CEDIS concentrates all the finished product from our Mexico City Plant and the outsourced manufacturers. We have 55,000*

*storage positions, with a reception of 555 pallets per day and a ratio of 16 pallets per man-hour.*

The product requests of the customers are received by Customer Service, who process these orders through sales orders, the resource planning system communicates the requests to the inventory management system and the latter translates it into work orders to be supplied by the work cells. The shipments are prepared according to the requirements of the clients by our work cells after the invoicing is done for sale. We have

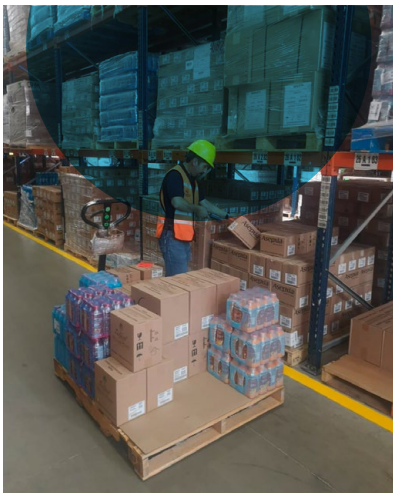
a shift for the reception of finished product, two shifts to prepare work orders and a special boarding team, plus two shifts for the administration of inventories.

*On average, 26 trucks depart daily from our CEDIS to the distribution centers of our customers, to supply the more than 290,000 points of sale where our products are located.*

# SUCCESS STORIES IN OUR LOGISTICS OPERATION 2018

## Work cells

Making our operation more efficient to be more sustainable



## Work cells

Cell work began at the end of 2017. This operation arose from the need to satisfy the particular needs of each of our clients. There are seven cells, each cell is made up of seven collaborators that focus on meeting the request of each client, dedicating approximately 6.5 effective hours of work per team.

Work cell has achieved:

- 1. Giving an optimal follow-up to the request of each client**
- 2. Standardizing operation times**
- 3. Improving delivery times**
- 4. Improving indicators of productivity and quality**



## Strategic Alliance, CHEP®: Building a more sustainable supply chain

The integration of CHEP® as a commercial partner in our supply chain allows us to streamline our logistics operation by operating in a collaborative scheme with various actors in our supply chain, thus avoiding duplicating efforts and resources. By implementing this scheme, we can improve the quality of deliveries, reduce our transportation needs, generate less waste and have no need to dispose of pallets that are constantly in poor conditions; which allows us to improve our environmental performance and streamline resources.

### Benefits of the strategic alliance with CHEP® pallets:

1. They generate less solid waste than the white pallet
2. They consume less energy compared to the white pallet
3. They generate less greenhouse gases than the white pallet

For Genomma Lab, establishing an alliance with CHEP® aims to standardize the quality of the pallets used in our logistics network and thereby improve the operational cost compared to the use of standard white pallet. It is intended to reduce 30% of annual expenditure.

## Logistic improvements:

### 1. Load capacity

- **15% increase in load capacity** in the delivery to the customer
- **7% increase in the use** of maquiladora units to CEDIS

By 2018, 60% of the volume of product that we received from our suppliers has been with the use of CHEP® pallet; 20% is in the process of being implemented.

### 2. Productivity

- **Reduction** of pallet transshipment

*Our goal for 2019 is to establish more alliances of this kind to ensure that 80% of the volume of product received from our suppliers uses sustainable pallets and that represents 75% of the volume of our deliveries, encouraging our customers and suppliers to use a more sustainable resource.*

### 3. Quality assurance

- **Reduced risk** of contamination
- **Ensure the quality of the pallet** and minimize the risk of damage to the product





## Logistics optimization of transport, lower environmental impact

During 2018, Genomma Lab established an alliance with Marzam®, a company specialized in the distribution of OTC and Personal Care products, with the aim of optimizing the logistics of shipments with low tonnage, which directly impacts the cost of distribution in various products.

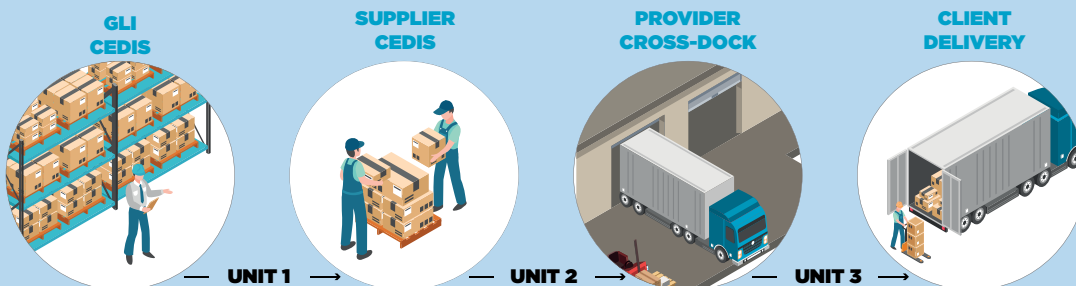
This alliance arises from carrying out an in-depth understanding of the demand behavior of the product - the delivery of high volumes is done directly with the Genomma Lab transport units and low volumes are delivered through Marzam®.

We created a flexible model based on an analysis of the cost of delivery and the behavior of demand in various cities in Mexico such as Villahermosa, Merida and Culiacán.

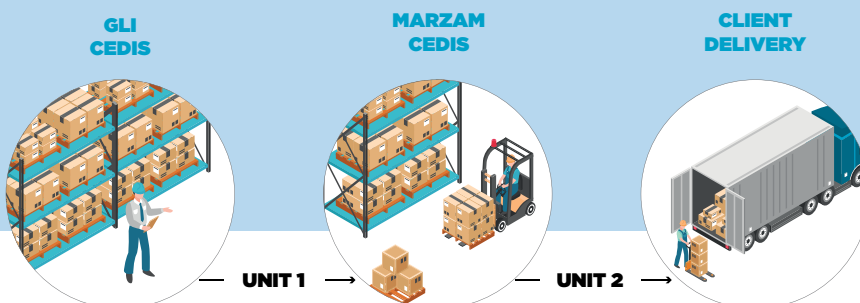
Thanks to this project our logistics chain was optimized, taking advantage of the storage and distribution availability of our commercial partner, reducing the logistics time of delivery from 10 days to one day and having visibility of our deliveries of low tonnage door to door, with a fixed logistics cost.

### Flexible product delivery model, in partnership with Marzam®

#### CONSOLIDATED DELIVERIES

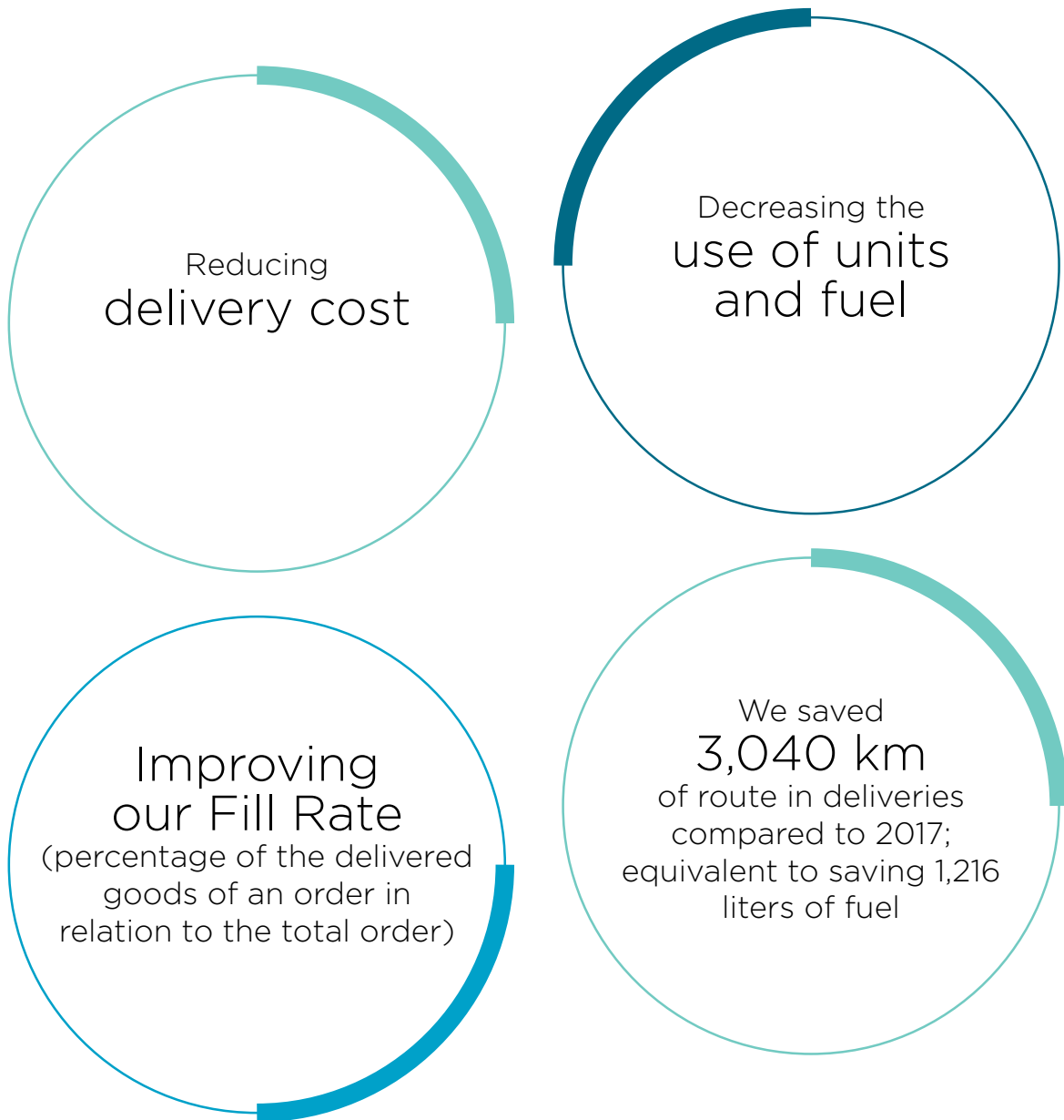


#### DELIVERIES THORUG MARZAM



We take better advantage of the transport space and reduce delivery times.

## Our achievements in 2018



# 6. ACCESSIBILITY STRATEGY



## AFFORDABILITY OF OUR PRODUCTS

The purpose of our Company is to empower people to have excellent health and well-being. One of the main tools to achieve this is to increase the affordability of our products.

New presentations of the product portfolio are being developed, with a lower cost, thus facilitating their acquisition, adapting to the needs of the consumer, as well as to the point of sale to which they are destined.



### Success story Genoprazol®

According to the analysis by area carried out by the Consumer Intelligence & Analytics (CIA), **67% of Mexicans suffer from gastritis, the result of an inadequate diet, as well as the intense pace of life.** In

this regard, it was concluded that it was necessary to increase the presence of Genoprazol® in the traditional “small shops” channel, with the aim of reaching more people, for a more affordable price.

Therefore, we developed a new presentation of Genoprazol® designed for this channel, **which facilitates the daily intake of this drug for the price of \$ 2.00 MXN per capsule**, 30% less than the price of our regular presentation, seeking accessibility and affordability of the product at all times.

# PRICING STRATEGY

We seek to develop products with a fair price in relation to the benefit they offer to the consumer.

The price strategy is developed by the Consumer Intelligence & Analytics (CIA) area, which applies models to evaluate the historical trend of sales of our products and consumer preferences to understand the price elasticity. For our new launches the consumer evaluates the product, its quality, the value proposition

of our competitors and how much they are willing to pay for the benefit it offers.

The factors that influence the price strategy of the product are: its added value, the perception of quality, the innovation it offers and the market trend.

We want to be in the right places with a better value proposition than what exists in the market, at an affordable price.





# OUR PRODUCTS AVAILABLE TO THE CONSUMER



**Roberto Calderón**  
TRADE MARKETING GLOBAL DIRECTOR

Within the commercial team we are committed to the continuous improvement of processes that allow us to provide our customers with the greatest satisfaction in the commercialization of our products, always doing it ethically”.

We seek to make our products available to our consumers, in the right place, in the right amount and at the right time. The commercial strategy is a fundamental pillar for our business model, which is why, in 2018, we continue to strengthen the Go-To-Market plan, in which we have prioritized the following points:

1 We work on having a perfect store execution in all our points of sale and in strengthening our communication in stores to use it as a relevant tool for our clients.

- 2 We put the right product portfolio in the right place.
- 3 We work to get the proper visibility inside the stores.
- 4 We develop new sales channels.

We also improve the accessibility of our products by entering new markets such as NON-PHARMA and the e-commerce channels to strengthen our digital presence.

# OUR E-COMMERCE

We are venturing into the digital market to expand the means of access to our products and get closer to more people.

We developed the catalog of our products on digital platforms such as Amazon® and Mercado Libre®, as well as updating the catalog for the e-commerce platforms of our main clients.



Visit our Cicatricure® Store on Amazon®

[Click here](#)

We are sure that all our actions lead us to deliver the best products to our consumers with an outstanding value proposition at a competitive price.

## Our achievements in 2018

We have more than **133,000** points of sale in Mexico and more than 165,000 points internationally, totaling more than 290,000 points of sale internationally.

Our best positioned brands were: Suerox®, XL-3®, Cicatricure®, Vanart® and Lomecan®.

We made approximately **10** product launches and relaunches in the Personal Care categories of winter OTC and summer OTC.

## Vision for 2022

We want to diversify our markets and have new distribution channels.

Improve our communication in stores and focus on growing our participation in emerging markets such as Mexico, Brazil, Argentina and the United States.

# 7. QUALITY INFORMATION FOR OUR CONSUMERS



We have a communication designed for the consumer. Communication is a key element in building the business, engaging the consumer with memorable stories”.

**Ignacio Londoño**  
PRODUCTION DIRECTOR

## TELEVISION ADVERTISING

The tv ad has been one of the main growth channels for the Company. Being one of our business pillars, television ads are developed entirely by our production team, which has the task of proposing creative ideas that are aligned to the strategy of each product, we

work from the casting to find the adequate image according to the target audience, develop the message or story, find the perfect wardrobe and location and integrate the music that has as a final result a memorable story - this is part of Genomma Lab's DNA.

During December 2018 we presented our project known as “mega advertisement 2018”, where our campaigns on the air have a greater exposure to the public, in order to effectively communicate the benefits of our products to consumers.

The work of the “*mega advertisement*” began with the marketing team, conducting studies on the consumer perception and the positioning of 20 of our brands with respect to others in the same category, thus developing the best strategy to connect with the consumer. Subsequently, the creative team worked on the *development of more*

*than 100 advertisement ideas, resulting in the production of approximately 86 commercials.*

We have the mission to tell stories that prevail in the memory of the public and are relevant to the consumer, constantly iterating with the consumer every idea before it goes on the air to verify that we are transmitting the right message. Our production team complies with the highest standards of quality on a global level, complying with the equation of time, cost and quality to achieve the best stories designed for our consumers.

## Our achievements in 2018

We produced more than **130 commercials** during the year, iterating 500 times each before going on air

We had **105 campaigns** on air during 2018

**43** of our products had a television presence

We averaged **335 daily advertising spots** on 6 open TV channels, in addition to 2,202 average daily spots on the main pay TV channels.

Our most viewed campaign was “**Flower of the Desert**” by Teatrical® Stem Cells with 32,727 spots on air during the year.



**See our most viewed ad on television in 2018**

Teatrical® Stem Cells  
“Flower of the desert”

[Click here](#)





## RESPONSIBLE ADVERTISING

For the elaboration of responsible claims, the Regulatory Affairs Department evaluates and overviews that each of our commercials or advertising ITEMS complies with current regulations. If necessary, it suggests changes or points out proposals that allow us to publicize in a responsible, clear, ethical and objective way. We also comply with the codes of ethics and publicity of all the chambers where we participate.



## DIGITAL PRESENCE

We design tools and campaigns in digital media in order to conduct studies to consumers in more than 10 countries.

## Our achievements in 2018

We executed more than **40 marketing campaigns** in the main markets of the region such as Mexico, Argentina, Brazil, United States and Colombia

Our videos were viewed more than **90 million** times

With our market research, we impact more than **150 million people** (16% of the population of Latin America and the United States of America)



*Watch our most viewed ad on digital platforms in 2018*

Cicatricure® “two years in two months”

[Click here](#)



# INFORMATION THAT EMPOWERS OUR CONSUMER'S HEALTH AND WELL-BEING



We seek to create adequate tools to empower people and make the best decisions for the care of their health and well-being”.

**Francisco Villaseñor**  
EDITORIAL CONTENT MANAGEMENT

In order to make the purpose of the company a reality, we provide information about health care and quality of life to our consumers and other stakeholders. We have developed blogs

focused on generating valuable content to help people make better decisions in taking care of their health and using Genomma Lab products.

## Our achievements in 2018

207 articles of interest and more than 45 informative videos have been created.

8 informative product blogs were created for brands such as Asepxia®, Cicatricure®, Suerox®, GB System®, QG5®, Nikzon®, Tukol-D® and Vanart®.




[Visit our Asepxia® Blog](#)

[Click here](#)

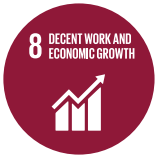


**WE CARE ABOUT  
THE WELL-BEING  
OF OUR TEAM  
AND THE COMMUNITIES;  
OUR SOCIAL VALUE**



**SOMOS  
GEN**  
GENTE CON PROPÓSITO





We are living one of the greatest moments of transformation of the Company, of which we can all participate; we envision a challenging and positive future with opportunities for all.”

**Leticia Campos**  
**EXPERIENCIA GENOMMA DIRECTOR**

In 2018 we redesigned the area of Human Capital turning it into Experiencia Genomma (Genomma Experience), because we are convinced of the potential that each one of our collaborators has and our mission

is to provide them with the best possible experience during their working day. We know that it implies many challenges and believe that is the right way to turn Genomma Lab into one of the best companies to work for.

## Experiencia Genomma aims to become a strategic business partner to achieve the company's growth targets.

We accompanied the transformational process Genomma Lab had during 2018. We focused on guaranteeing the company had the talent it needed; on developing a winning culture for our collaborators and getting it to permeate.

We had the great challenge of accompanying the start of the new manufacturing plant, developing processes and human resources policies, but mostly making sure to attract the best talent for this important project.

# GENBOOK

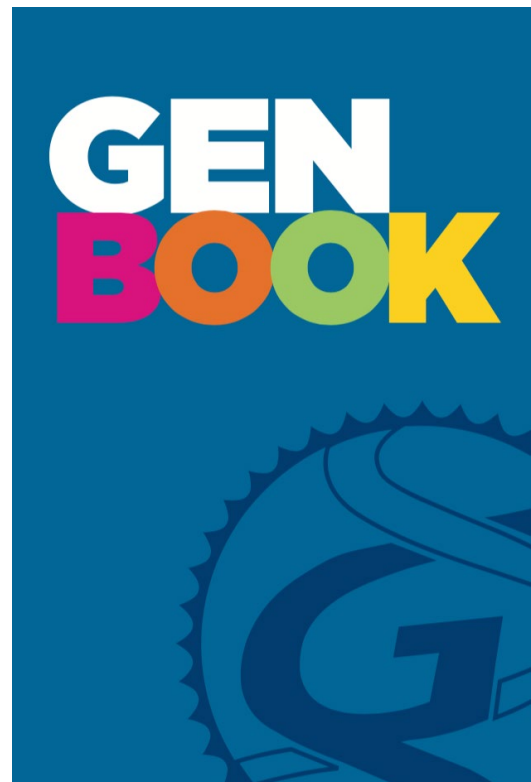


*We also work on the transformation and updating of our organizational culture, with the aim of being a winning team. In December 2018, the Chairman of the Board of Directors, Rodrigo Herrera, and the General Director, Jorge Brake, jointly presented our GenBook that defines and lays the foundations of the company's organizational culture, such as the values and purpose that founded the Company; "our DNA".*

## OUR GENBOOK

- **We defined our DNA:** It is the essence of what we are
- **We set our priorities:** Who we care about
- **We redefined our values and principles:** How we do things to achieve results
- **We defined our behaviors:** How we act and relate to others

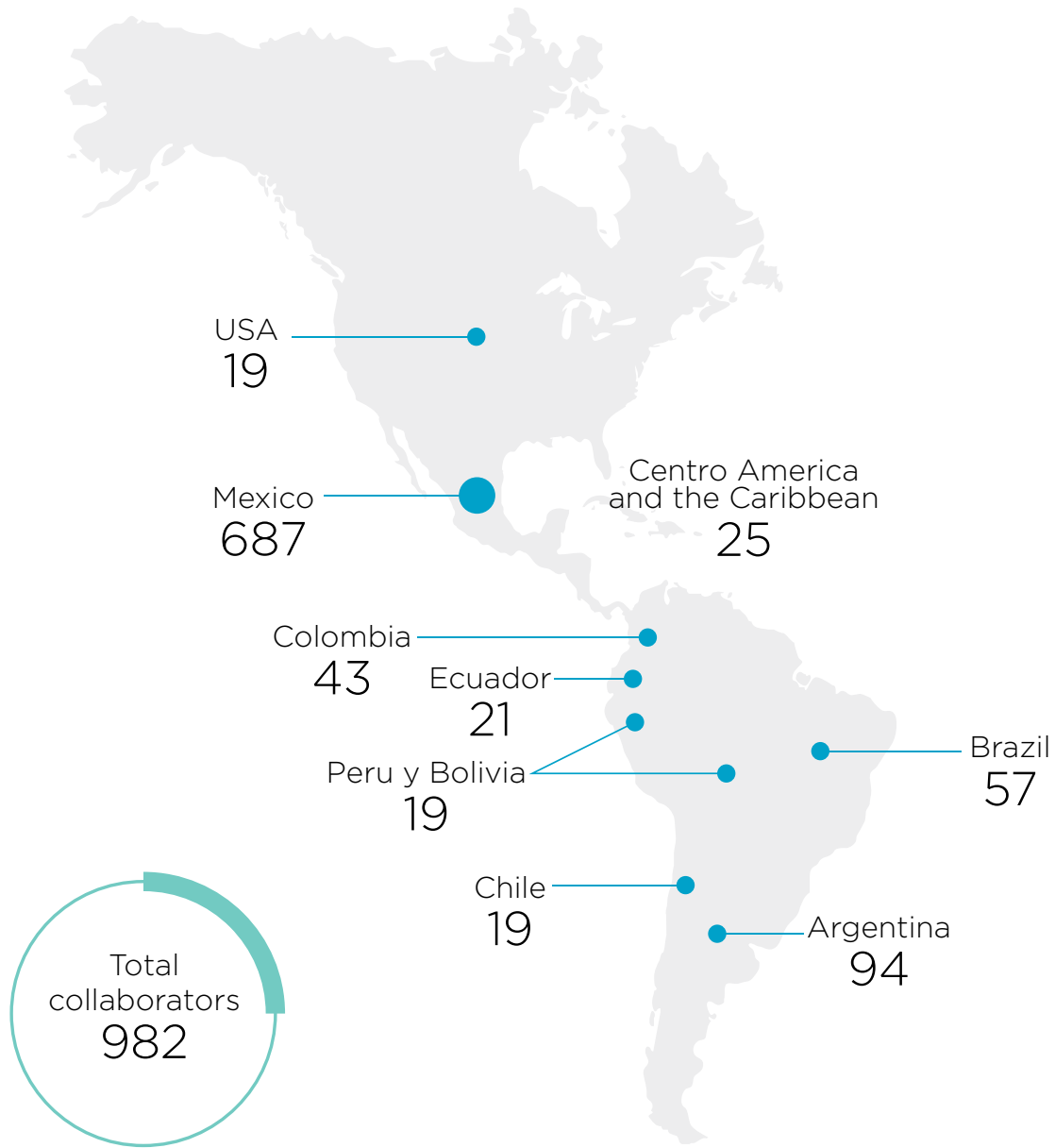
All this is essential to make our business strategy a reality.



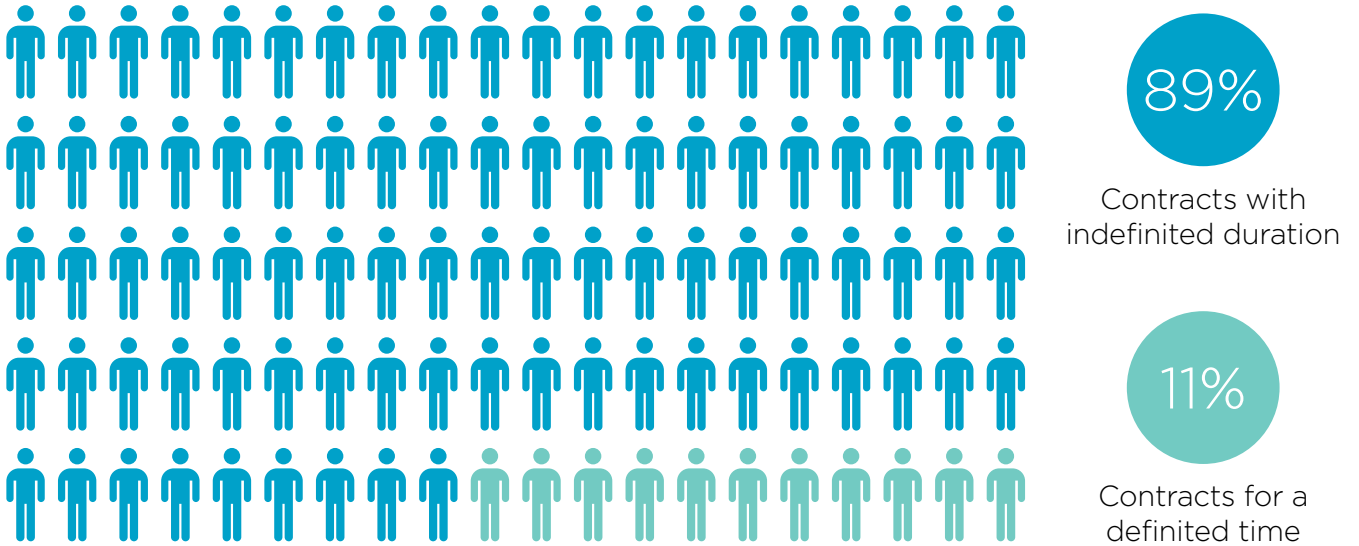
# OUR COLLABORATORS



*We have collaborators distributed in the different countries in which we operate; each, a key to the success of our Company.*

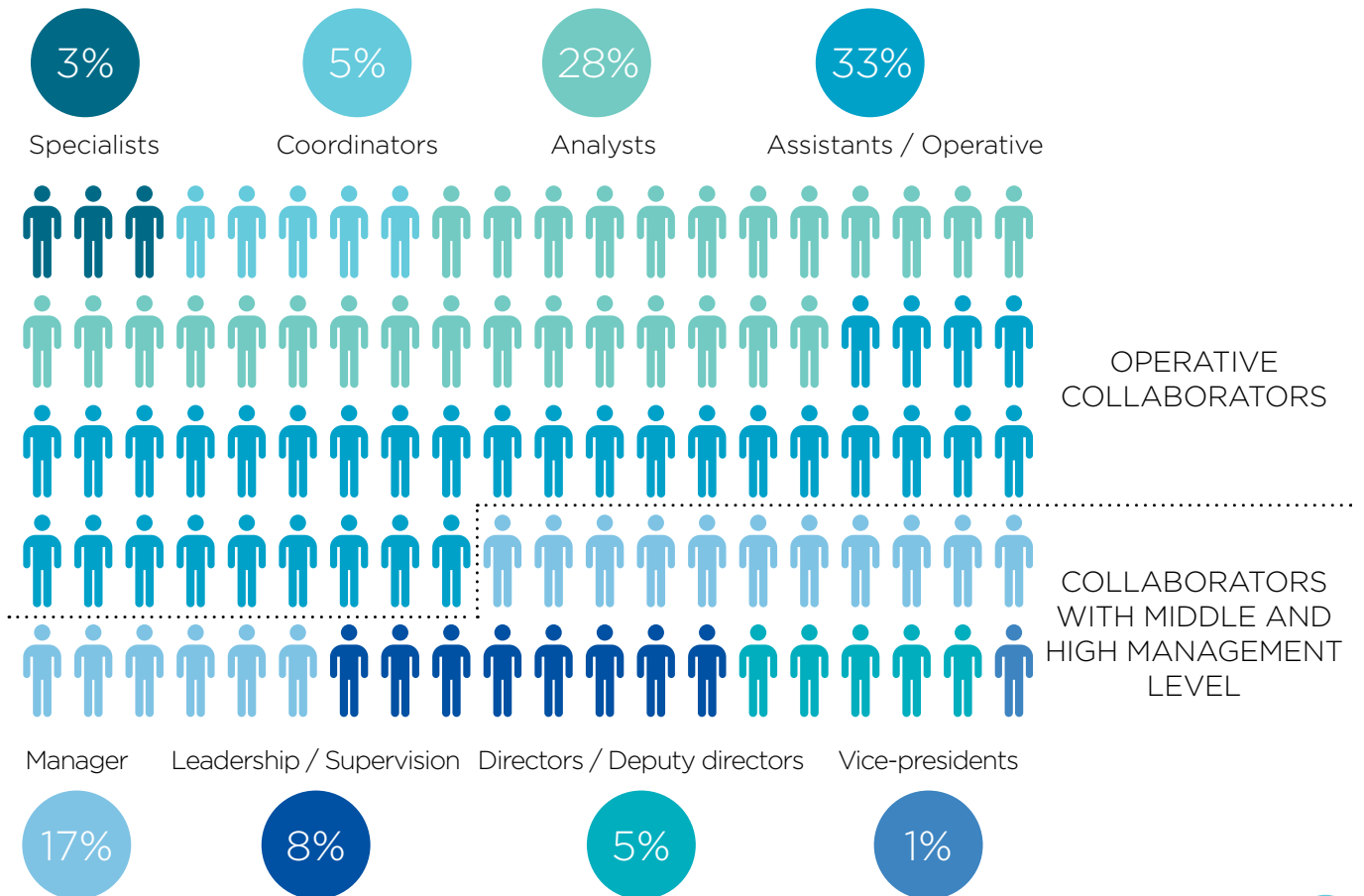


# COLLABORATORS BY TYPE OF CONTRACT



We seek a balanced distribution in our organization; Therefore, 69% of our collaborators are coordinators, specialists,

analysts and assistants, while 31% are vice-presidents, directors, deputy directors and managers.





# DIVERSITY AND INCLUSION



## DIVERSITY POLICY

GRI 405: Diversity and equality of opportunity

At Genomma Lab we are governed by respect for diversity and we promote a healthy, safe, violence-free, non-discriminatory and inclusive work environment that allows the full development of all people with equal access to opportunities for growth.

We care that all collaborators are passionate about what they do. We enrich and promote

our organizational culture to strengthen the sense of belonging.

In our workplaces we have the presence of collaborators originating from various countries. We know that cultural diversity strengthens the company management while promoting tolerance and creativity.

[Click here](#)



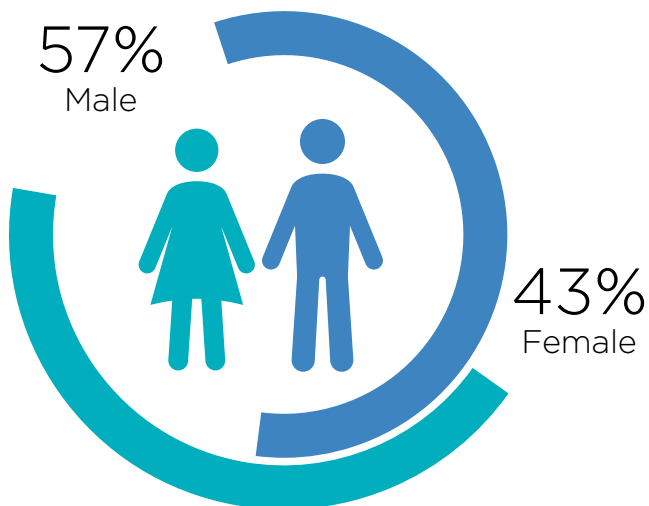


## Inclusive Company

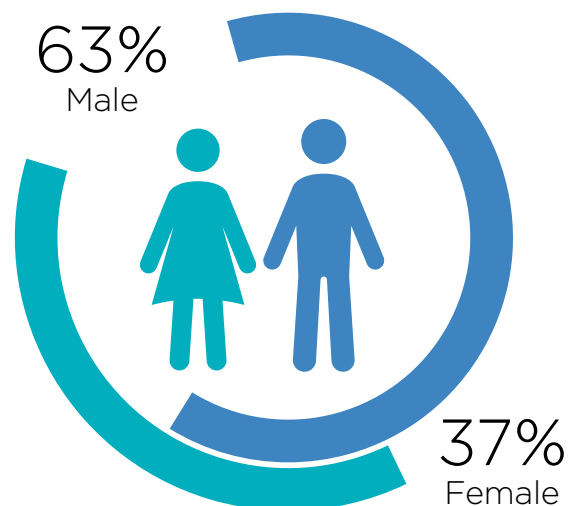
We have the **Distintivo Empresa Incluyente Gilberto Rincón Gallardo® (Gilberto Rincón Gallardo® Inclusive Business Distinction)**, granted by the Ministry of Labor and Social Welfare of Mexico, to recognize workplaces that apply a Good Labor Practices Policy on equal opportunities, inclusion, development and non-discrimination of vulnerable persons, such as management of social responsibility and respect of Human Rights.

We have increased the hiring of women by 7% compared to 2017

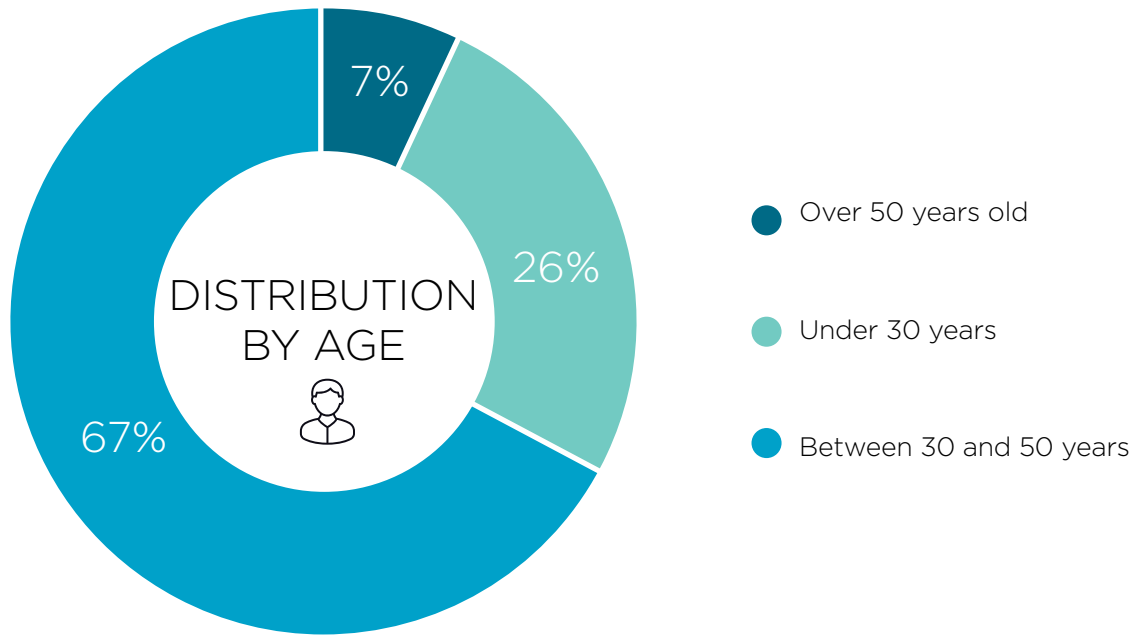
### COLLABORATORS BY GENDER



### EXCECUTIVE POSITIONS BY GENDER

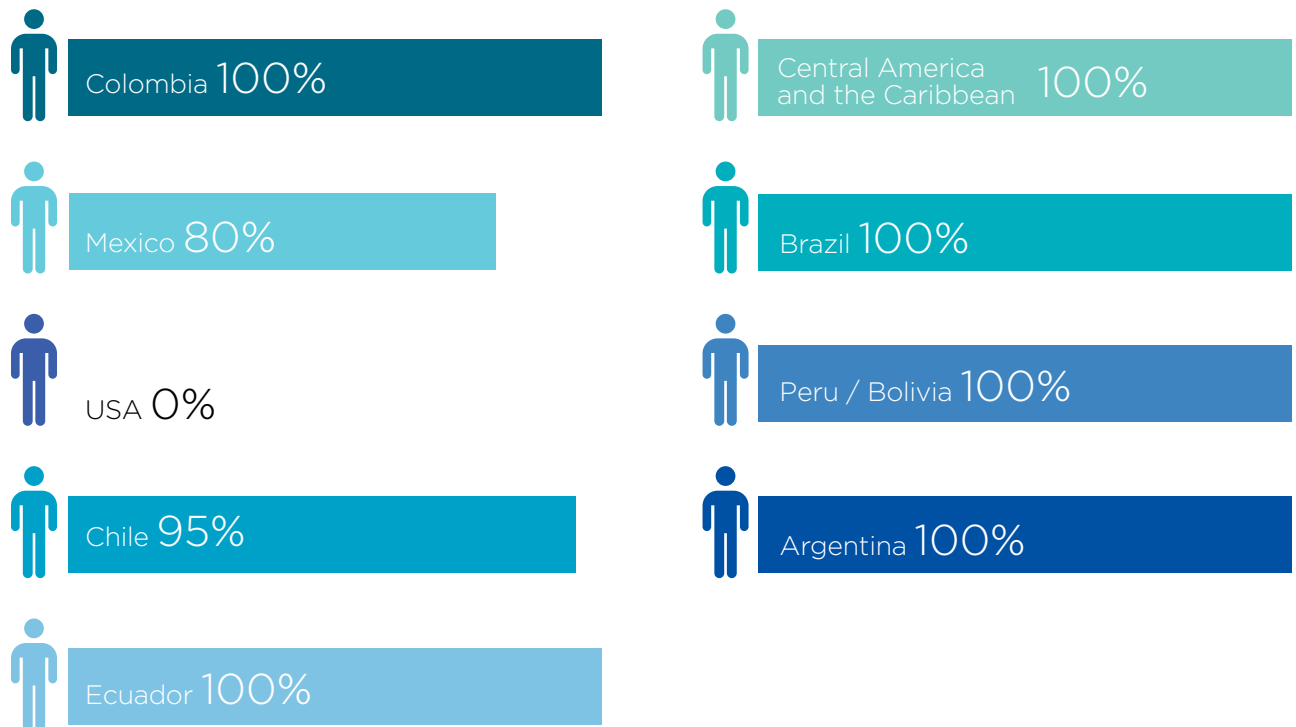


The age of our staff is focused on people between 30 and 50 years of age.



### DISTRIBUTION BY ORIGIN

Percentage of executives from the country where they operate



# HUMAN RIGHTS



## HUMAN RIGHTS POLICY

For us it is important to fulfill our responsibility to promote, defend and monitor internationally recognized standards on Human Rights, applicable to all our operations. We respect

the principles of non-discrimination, we prohibit child labor and forced or compulsory labor.

[Click here](#)

## HUMAN RIGHTS VIOLATION RISKS MANAGEMENT

We perform a risk analysis in social matters and working conditions. We identify the risk factors applicable to our operations, using as reference the standards defined by the International Finance Corporation (IFC), part of the World Bank. Subsequently, we analyze the probability and severity of each factor, to achieve a level of risk. Finally, we define the operation controls corresponding to each risk to achieve its mitigation.

We know that although we have a strong Human Rights Policy, there is the possibility

that our collaborators, the subcontracted companies and the recruitment agencies with which we work do not follow the guidelines set forth by this tool, affecting our operations. This is the reason why we carry out the analysis described above.

Some of our risk factors, which were prioritized during the analysis of risk in labor matters and working conditions were the following, which are managed directly with our commitment and monitoring of Human Rights:



**RISK FACTORS**

**MITIGATION MEASURES**

Inadequate salaries and wages, benefits and contracts in the subcontracted companies on which we rely to cover some operational positions

-Evidence of the agreement with the subcontracted companies, where respect for the Law and our labor policies is established

Discrimination against foreign collaborators and non-compliance with the local migration law

-Compliance with the Diversity and Inclusion Policy and the Human Rights Policy  
-Diversity and inclusion programs  
-Database control of migrant collaborators with work permit status

Verbal and physical harassment of collaborators

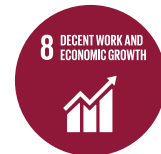
-Helpline to support collaborators to improve their quality of life in the physical, psycho-emotional and family areas that seek to promote the well-being and health of our collaborators  
-In-house discussions about harassment awareness



**FREEDOM OF ASSOCIATION**

*We are working for our operative partners to join a union. As of the beginning of the construction of our new manufacturing plant, 4% of our team has been affiliated globally.*

# ATTRACTING AND RECRUITING TALENT



*Our recruitment strategy considers the evaluation of viable talent that meets the required profile for the different areas that make up Genomma. To this end, we established links with organizations specialized in recruitment to cover specific technical profiles, in addition to participating in the job exchanges of leading universities to attract new talent.*



## INTERNSHIP PROGRAM

We have an internship program in partnership with the Internship **System of the National Association of the Chemical Industry (ANIQ)**<sup>®</sup>, which emerged with the aim of exclusively supporting companies in the chemical industry to generate a talent incubator. Due to the success obtained, the service was extended to companies from different sectors and industries.

Some of the requirements to join this program are that candidates must continue studying or in the process of graduating 6 months before formally completing their studies, in addition

to being evaluated by the corresponding area to check that they have the right profile for the position.

This program strengthens professional training, since having a flexible schedule allows them to have a real work experience without neglecting their studies, in addition to being provided with an economic grant to support their development. For Genomma Lab, it is a great tool to develop and attract new talent that can potentially join our team permanently.

## PERFORMANCE INDICATORS

*At the end of 2018 we started the project Career Success, which main objective is to improve and systematize the measurement of our collaborators' performance and potentiate their overall development.*

This initiative will have several benefits, such as the identification of the Company's key talent, along with their strengths and aptitudes. This will allow us to develop them more objectively, have clearer goals, and achieve greater commitment and excellence in their activities. The implementation of this program is considered in the months of April - May 2019.

## ORGANIZATIONAL CLIMATE

During 2018 Genomma Lab applied a work climate survey for different purposes:

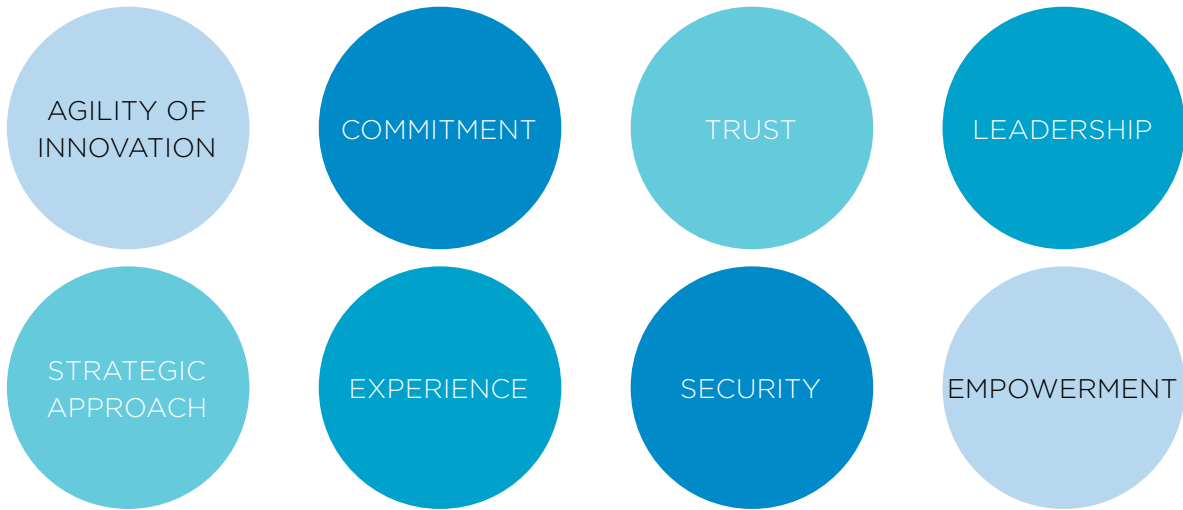
- 1 Knowing the degree of commitment and satisfaction of all collaborators
- 2 Identifying present priority needs that would help reduce staff turnover
- 3 Improving collaborators' effectiveness and their experience when working in the organization
- 4 Identifying key talent and developing them based on their skills

The application and analysis of the survey was conducted in partnership with Mercer®, a world leader in consulting, with over 80 years of market experience and presence in over 40 countries.

This survey was applied in November and December 2018. The invitation to respond to this survey was made to all Genomma collaborators, and **724 of the 800 collaborators summoned answered the survey, resulting in a participation of 90.5%.**



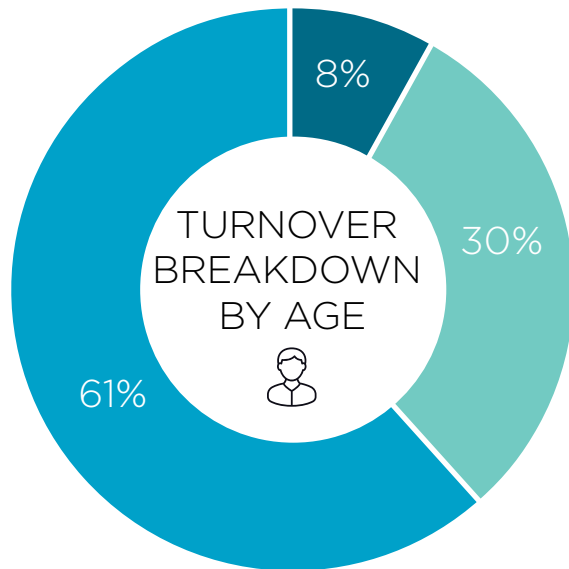
The survey consisted of 62 questions, 59 closed and 3 open, this in order to make an analysis of various dimensions:



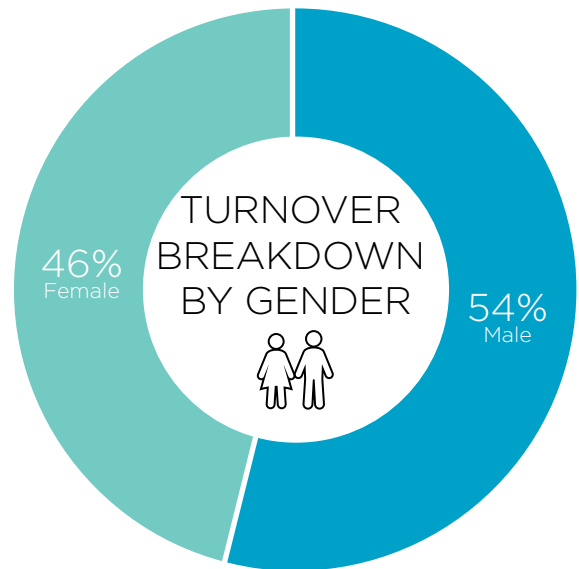
The survey showed that 68% of our collaborators are committed to the Company.

## TURNOVER RATE

We reduced our collaborator turnover rate in Mexico by 14% from 37% during 2017 to 23%. Our voluntary turnover rate is 18%.



- Over 50 years old
- Between 30 and 50 years
- Under 30 years old



During 2018, zero people applied for maternity or paternity leave



# TRAINING AND DEVELOPMENT



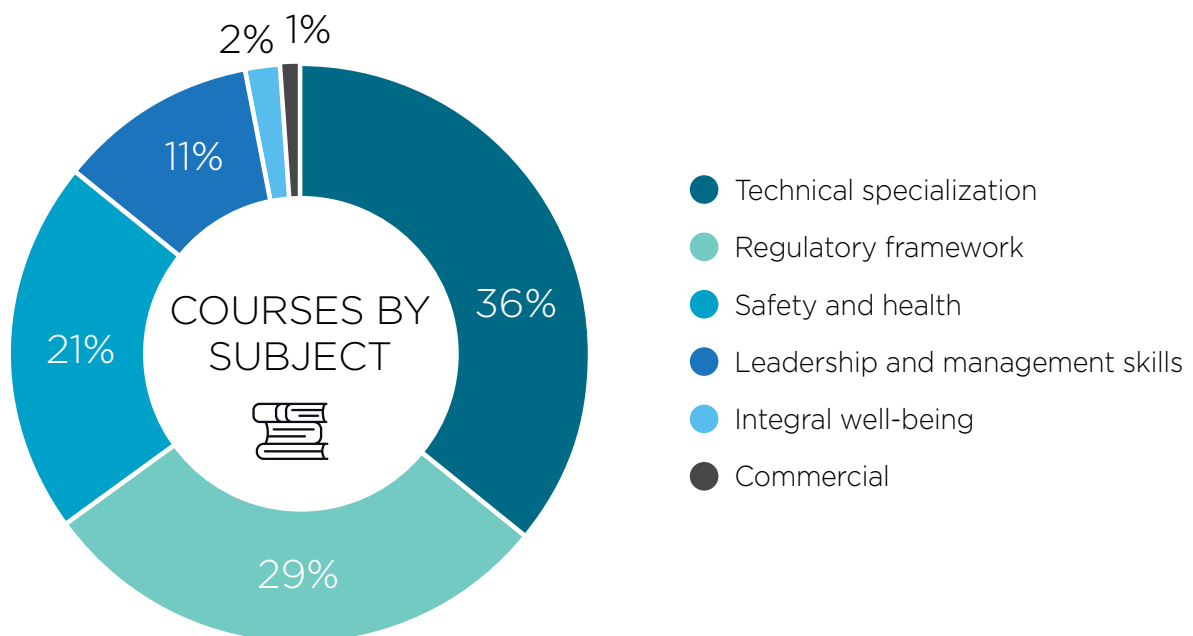
Training our talent is a priority and a strategic axis for Genomma Lab. It is key to finding the mechanisms that provide our collaborators with the knowledge, skills and abilities required

to achieve their optimal performance, the fulfillment of their personal objectives, and the contribution to the purpose and short and long-term objectives of the Company.



**89.4% of our collaborators were trained.**

The courses focused on topics such as leadership and management skills, technical specialization, regulatory framework, as well as safety and security.



- **Leadership and management skills:** Topics such as effective communication, teamwork, leadership, effective presentations, finances for non-financial, among others, are taken into consideration.
- **Commercial:** Courses such as e-commerce and better understanding customer and consumer (consumer priority) are taken into consideration.
- **Technical specialization:** The courses focused on developing skills for the successful operation of the new manufacturing plant, operation of new industrial equipment, sampling, waste management, among others, are considered.
- **Regulatory framework:** Through our “Regulatory University” the innovation and development teams are trained, as well as the sales / commercial team, to know the regulation guidelines that must be followed both for the development and for the sale of our products.
- **Safety and health:** Topics such as civil protection, occupational diseases, occupational risk analysis, use of uniform and personal protective equipment (PPE) are considered.
- **Integral well-being:** Our collaborators from Colombia and Ecuador received workshops on stress management and addiction prevention.



# COMPREHENSIVE WELL-BEING OF OUR TEAM



*We have updated ourselves to offer the best working conditions to our collaborators. We seek to establish long-term relationships with them and provide them with contracts indefinitely. The team has access to benefits that can contribute to their personal development.*

## FAMILY LIFE BALANCE



### Family-Friendly Company (DEFR)

We have the **Distintivo Empresa Familiarmente Responsable (DEFR, Distinctive Family Friendly Company)**, awarded by the Federal Government of Mexico to workplaces that implement good labor practices in work-family conciliation, equal opportunities, and prevention of violence and sexual harassment in the workplace.

### Nursery \*

We have agreements with nurseries located close to the workplace, in which the collaborator pays through a payroll discount and enjoys other benefits regarding the care of their children. This benefit is active in Mexico.

\* This benefit may vary by country.

\*\* These schedules change by country.

\*\*\* Benefits increased and / or modified during 2018, in Mexico.

### Flexible working hours and short Friday \*\*

This benefit considers a focus on results and the work-life balance, in addition to supporting the shift towards a culture of performance based on flexibility and trust.

Staggered schedules (from 8:00 am to 5:00 pm or 9:00 am to 6:00 pm) were included. In addition, Short Friday (from 8:00 a.m. to 2:00 p.m. or from 9:00 a.m. to 3:00 p.m.) was implemented.

### Holiday period \*\*\*

A powerful way of encouraging all collaborators was rethinking the holiday period: 4 additional holiday days at all levels, considering seniority in the Company.

### Nursing room \*

Part of the Company's commitment is to provide the necessary facilities for women who are living in this period, considering their well-being and comfort.

ANTIGÜEDAD	ACTUAL	NUEVA
1 año	6	10
2 años	8	12
3 años	10	14
4 años	12	16
5 a 9 años	14	18
10 a 14 años	16	20
15 a 19 años	18	22
20 a 24 años	20	24

## FINANCIAL AND SAVINGS BENEFITS \*

### Annual bonus

The days considered for the annual bonus are 45 days corresponding to sales and 45 days corresponding to EBITDA. A growth objective is established for the two indicators and the days to be paid for the annual bonus are calculated depending on the percentage of compliance with the objective. In 2018, 61.29 days of salary for the annual bonus were considered.

### Salary increase \*\*\*

Benefit that drives the transformation towards a performance culture. During 2018 it was decided to make an increase of 6% based on inflation and business results.

### Savings fund

5% of the collaborator's payroll is allocated to a savings fund, and at the end of the year the Company pays the same amount saved to the fund.

### Transport

Transport is available to collaborators at both different times.

### Sale to collaborators

Monthly, collaborators have the right to make a purchase of Genomma products, in which the collaborator discount is applied.

### Life insurance

### Major medical insurance for administrative collaborators.

\* This benefit may vary by country.

\*\* These schedules change by country.

\*\*\* Benefits increased and / or modified during 2018, in Mexico.



# INTEGRAL WELLNESS

## Dinning room \*

Mexico is one of the sites where collaborators have access to a dining room as a benefit of the Company.

- \* This benefit may vary by country.
- \*\* These schedules change by country.
- \*\*\* Benefits increased and / or modified during 2018, in Mexico.

## Wellness trainings \*

We provide training with different approaches that seek the integral well-being of collaborators. Some topics of focus are: stress management, assertive communication, leadership, prevention of drug use, non-discrimination, among others.



# PROMOTION OF CULTURE AND TRADITIONS \*



## Day of the Dead celebration in Mexico

In our Distribution Center (CEDIS), the traditional contest of offerings or altars was held, in which the collaborators participate. In this activity the winning teams were awarded, and, with this, Mexican customs are promoted, and teamwork is strengthened.



## Posada and piñatas contest in Mexico

The traditional end-of-year posada and piñata contest was held in our Distribution Center (CEDIS). Collaborators and their families were invited to celebrate the beginning of the holiday season. A contest was held in which the collaborators formed teams by area, which promotes teamwork.

The smallest members of the team, the children of the operative collaborators, participated in the piñata contest. The collaborators and their children were rewarded for the most original piñatas, promoting creativity.



\* Celebrations may vary by country.



## Costume contest in Mexico

During October festivities, collaborators participated in a fun costume contest, encouraging creativity and a good work environment.



## Soccer tournament in Mexico

As every year, CEDIS collaborators organized and participated in the Soccer Tournament. This initiative seeks to encourage physical activity among collaborators, as well as a healthier life.



# INSPIRING OUR TEAM, GLOBAL INITIATIVE



## CEO AWARDS

This initiative recognizes the collaborators who, through their achievements and exceptional performance continue to contribute to the growth of Genomma Lab Internacional. The evaluation criteria are the results and outstanding contributions, strategic thinking, leadership, adaptation to change, capacity building, effective communication and teamwork.





In 2018, 15 collaborators of Genomma Lab Internacional were recognized - eight winners from Brazil, Argentina, the United States, Ecuador, Colombia, Costa Rica, Chile, Peru

and Bolivia and seven winners from Mexico, having a special mention for their hard work to turn our first manufacturing plant into a reality.



## GENOMMA TRAJECTORY

*We recognize our collaborators for the time they have dedicated the Company, being a fundamental part of it, always seeking to fulfill its purpose.*





# CORPORATE COMMUNICATION

*Through corporate communication, we empower our team by clarifying objectives, strengthening our corporate identity, internal collaboration and commitment to the Company.*

## Town Halls

This is the space in which our General Director communicates to the team in person and / or by videoconference to the collaborators that are outside of Mexico, the corporate strategy, business objectives, organizational changes, relevant events and achievements. In this

way, our top management can have a direct approach with the collaborators, listening to their impressions and improvement initiatives from all the geographical points where we have presence.



## Corporate announcements

Through this means we make known the Company's most relevant organizational changes, the benefits for collaborators,

and we announce corporate events and trainings, team members' birthdays, holidays celebration, sales for collaborators, etc.

At the same time, some calls for social responsibility initiatives are made through this channel, such as the collection of toys during the holiday season and the activities of corporate volunteering in Mexico.

This tool is also our way to know the opinion of our team, since we send surveys on various topics of interest for the collaborators, and this is how we know what they think, and we work continuously to improve.

## Genomma News

Our corporate news is a channel through which we share the most relevant achievements of all countries where we have presence. It is the collaborators themselves who provide the content of the information capsules; the results of initiatives from different areas of the Company are presented here. It is a tool that allows collaborators to feel connected and inspired by their work and achievements, as well as having a platform where their efforts can be recognized by other team members globally.



# OCCUPATIONAL HEALTH AND SAFETY



Our purpose of empowering people to have health and well-being begins with our own team”.

**Patricia Velázquez**  
**SECURITY, HEALTH AND ENVIRONMENT CHIEF**

## SAFETY, HEALTH AND ENVIRONMENT POLICY

For Genomma Lab, safety and health are a priority. Both themes represent an essential pillar to offer the best working conditions for collaborators.

In our Safety, Health and Environment Policy we are committed to a responsible management

of industrial safety, occupational health and the environment to promote the physical and mental well-being of collaborators, as well as a correct environmental performance.

[Click here](#)

## OUR PERFORMANCE IN SAFETY

We have a process in place for preventing, recording and monitoring incidents occurring in the workplace. These actions seek to identify and reduce risks, as well as the number of accidents and occupational diseases to which our collaborators might be exposed.

During 2018 we had the following incidents within our workplaces in Mexico.

PARAMETERS	SAMARA CORPORATE OFFICES	MANUFACTURING PLANT SAN CAYETANO, STATE OF MEXICO	MEXICO CITY PLANT	CEDIS
Hours worked	850440	55756	146085	629947
Fatalities	0	0	0	0
Lost time incidents	2	0	0	5
Lost business days	55	0	0	143
Vehicle accidents	0	0	0	0
Lost time injury frequency rate (LTIFR)	2.35172381	0	0	7.9371757
Occupational injury frequency rate (OIFR)	0	0	0	0
Absentee rate	0.03%	0.00%	0.93%	0.80%

Zero recordable incidents were reported in the construction phase of the new San Cayetano Manufacturing Plant, and the absenteeism rate was 0%.

In order to improve our safety and health indicators, several courses have been given

to the staff of CEDIS, the Mexico City Plant and the San Cayetano Manufacturing Plant with the aim of strengthening the safety of our personnel. In addition to this, various civil protection activities are carried out with our first aid brigades.



CIVIL PROTECTION INDICATORS	CEDIS	MEXICO CITY PLANT	MANUFACTURING PLANT (CONSTRUCTION PHASE)
Trained collaborators	93	16	79
Hours of training in safety and health	48	10	25
Number of courses	6	5	18

	SAMARA	CEDIS	MEXICO CITY PLANT	MANUFACTURING PLANT (CONSTRUCTION PHASE)
Total drills	1	2	1	1
Total brigade members	16	19	5	19



# WELLNESS IN THE COMMUNITIES



GRI 413: Local communities



All of us who are part of the Genomma Lab team are key to integrating more responsible and sustainable actions into our operations, contributing to the company's purpose while ensuring its permanence and sustainability”

## **SOCIAL RESPONSIBILITY & SUSTAINABILITY TEAM**

*At Genomma Lab we seek to contribute to the economic and social development of the communities with which we have a relationship. We are committed to identifying and promoting clear lines of action to generate well-being in our environment.*

## **ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (SGAS IN SPANISH)**

We are developing an Environmental and Social Management System (SGAS), based on the guidelines of the Inter-American Development Bank (IDB) and the International Financial Corporation (IFC). This management system aims for continuous improvement through measuring our operations' environmental performance, to prevent and mitigate environmental

pollution, the strengthening of our human capital policies for the improvement of our working conditions and the identification of risks for the establishment of action plans on safety and occupational health, as well as maintaining friendly, long-term relationships with the communities near our operation centers. This will come into effect as of 2019 in all our operating centers.

## Sustainable IPC



In 2018, Genomma Lab Internacional enforced for the sixth consecutive year its permanence in the Sustainable Price and Quotation Index (IPC in Spanish) of the Mexican Stock Exchange. This index has been driven by international stock markets, aware of the growing importance and trend in the areas of environmental, social and corporate governance. Belonging to this group of broadcasters recognized for their commitment to these issues is a great motivation to continuously improve and aim for our operation to be more sustainable in the short, medium and long term.



## Distintivo Empresa Socialmente Responsable (ESR, Socially Responsible Company Distinctive)

We received the Socially Responsible Company Distinctive for the 12th consecutive year by the Centro Mexicano para la Filantropía (CEMEFI, Mexican Center for Philanthropy).

# GENOMMA LAB COLOMBIA INITIATIVES



## ALLIANCE WITH FUNDACIÓN LUZCA BIEN SIÉNTASE MEJOR

Luzca Bien Siéntase Mejor was founded in 1989 in the United States by the PCPC (Personal Care Products Council), with the premise of supporting cancer patients to alleviate the effects of oncological treatments on their image, promoting a strengthening in their self-esteem and generate a greater confidence in themselves. It has been implemented in Colombia since 2008, under the leadership of the Asociación Nacional de

Industriales (ANDI, National Association of Industrialists) by the Cámara de Productos Cosméticos y de Aseo (Chamber of Cosmetic and Cleaning Products).

Genomma Lab Colombia participates in the program since 2017 by donating Cicatricure BB Care® for the makeup kits for the patients treated by the program.





# ALLIANCE WITH CORPORACIÓN MATAMOROS POR LOS HÉROES

In 2018, Genomma Lab Colombia donated Shot B® in support of the Corporación Matamoros por los Héroes, which works for the benefit of military and police officers

injured in combat and their families, as well as the widows and orphans of the members of the Public Force fallen in compliance with their duty.



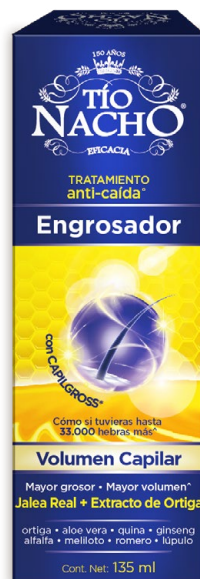
# ALLIANCE WITH FUNDACIÓN ÉXITO AND GEN CERO



In Colombia, 10.8% of children suffer from chronic malnutrition, i.e., more than 560,000 children. 98,000 of these children are in Bogotá and represent 19.4% of all malnourished children in the country.

The national cause of Fundación Éxito and Gen Cero focuses on achieving the first generation with zero chronic malnutrition (DNC, in Spanish) in Colombia by the year 2030 in children under 5 years of age.

Genomma Lab Colombia, in support of this initiative, contributes monthly 0.3% of the net sales of Asepxia® and Tío Nacho®.



# LAUNCH OF GENOMMA LAB MEXICO VOLUNTEERING



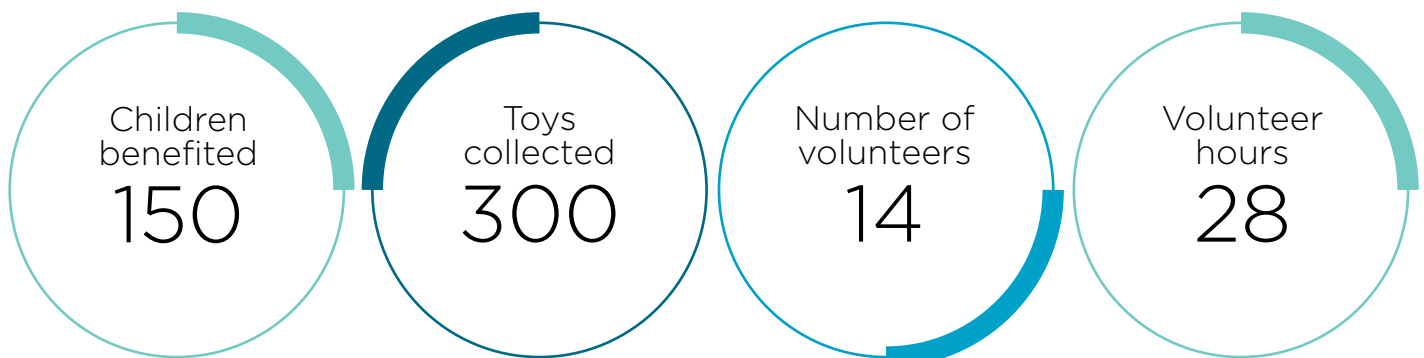
This year the “Genomma Lab Volunteering” was re-launched. It includes activities aligned to our Sustainability Model, one of its objectives being to promote social well-being and access to health, participating in the development of the communities close to our workplaces.

Through activities that consider community development, environmental conservation and health campaigns, our collaborators and their families put their time and skills at the service of others, living the values of the organization.

## 1. Alegra un Corazón (Brighten a Heart) 2018

All the collaborators supported this initiative, donating toys for the children of our operative colleagues from the Distribution Center (CEDIS), the San Cayetano Manufacturing Plant and the Mexico City Plant, promoting and keeping alive the tradition of “Three Kings Day” within the Company.

150 of the smallest members of our team benefited from the latest edition of this initiative.

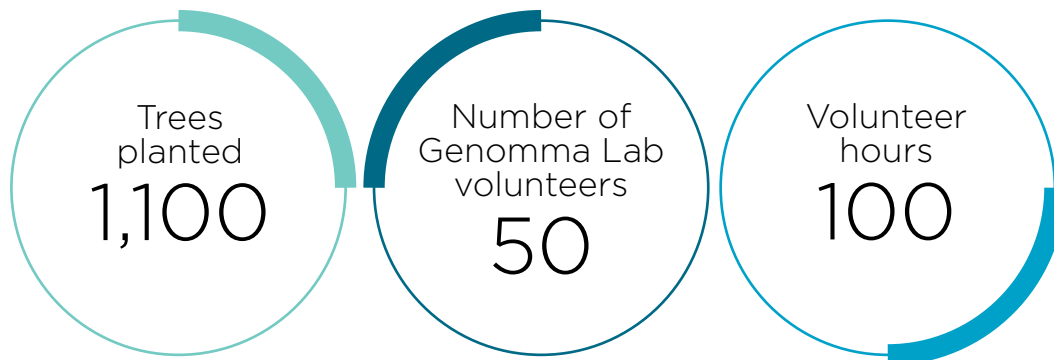


## 2. Reforestation in partnership with Fundación Pro México Indígena



As part of our Genomma Lab Volunteering, more than 50 members of our team and their families donated a non-working day to live a great day of reforestation.

Together with the Fundación Pro México Indígena and members of the Mazahua community of the Ejido de Chichilpa locality, in the municipality of San Felipe del Progreso, State of Mexico, the reforestation of one hectare was carried out with 1,100 ayacahuite pine trees, which will perform important functions to improve the quality of life of many families in the area.



### Vision for 2020

Strengthen our sustainability model, prioritize projects that allow us to manage the issues identified in our materiality considering the business strategy at all times.

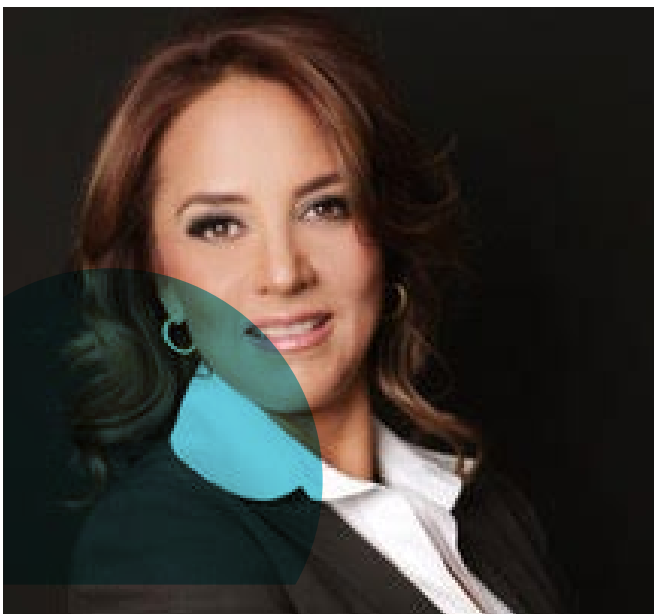
Involve different areas of the organization in the culture of sustainability.

Manage social responsibility and sustainability actions to have a positive impact on communities and the environment, through strategic alliances.

Launch a program in the medium and long term that links us with the communities near our operation centers.

# FUNDACIÓN GENOMMA LAB

**(GENOMMA LAB FOUNDATION)**



It should be an obligation for those of us who are not in extreme poverty to be able to do something for our neighbor and for the country. It becomes a necessity”.

**Sabrina Herrera Aspra**  
**FUNDACIÓN GENOMMA LAB DIRECTOR**

Since the purpose of the Company is to empower people to have excellent health and well-being, Fundación Genomma Lab seeks to support the strengthening of health institutions, foundations and civil associations whose mission is to improve people’s health through their activities.

We donated 2,000 pieces of Suerox® and Kaopectate® to the June edition of the “Yo Corro vs El Cáncer” (I run vs Cancer) Race

of the Instituto Nacional de Cancerología (National Cancer Institute). We also donated 2,706 pieces of Silkamedic® to the November edition of the same race.

In December we donated 432 Alert®, 400 Cicatricure®, 1,600 Goicoechea® and 1,200 Teatrical® to the Instituto Nacional de Perinatología (National Institute of Perinatology).



Pieces of  
Suerox<sup>®</sup>,  
Kaopectate<sup>®</sup>,  
Silkamedic<sup>®</sup>, Alert<sup>®</sup>,  
Cicatricure<sup>®</sup>,  
Goicoechea<sup>®</sup> y Teatrical<sup>®</sup>  
donated

8,338

Monetary  
equivalent donated

\$161,163.69  
MXN





**WE CARE ABOUT THE  
ENVIRONMENT  
*OUR ENVIRONMENTAL MANAGEMENT***





For Genomma Lab International, taking care of the environment is one of our priorities, so we design actions that reduce our impact on our environment. During 2018, our main challenge has been the development and construction of an Environmental and Social Management System (SGAS in Spanish), with the objective of measuring the impacts generated by the Company and seeking increasingly robust compensation strategies.



# SAFETY, HEALTH AND ENVIRONMENT POLICY



Our environmental commitment focuses on offering products that improve people's quality of life, through an operation focused

on mitigating the negative impacts on our environment, always thinking about our diverse stakeholders.

[Click here](#)

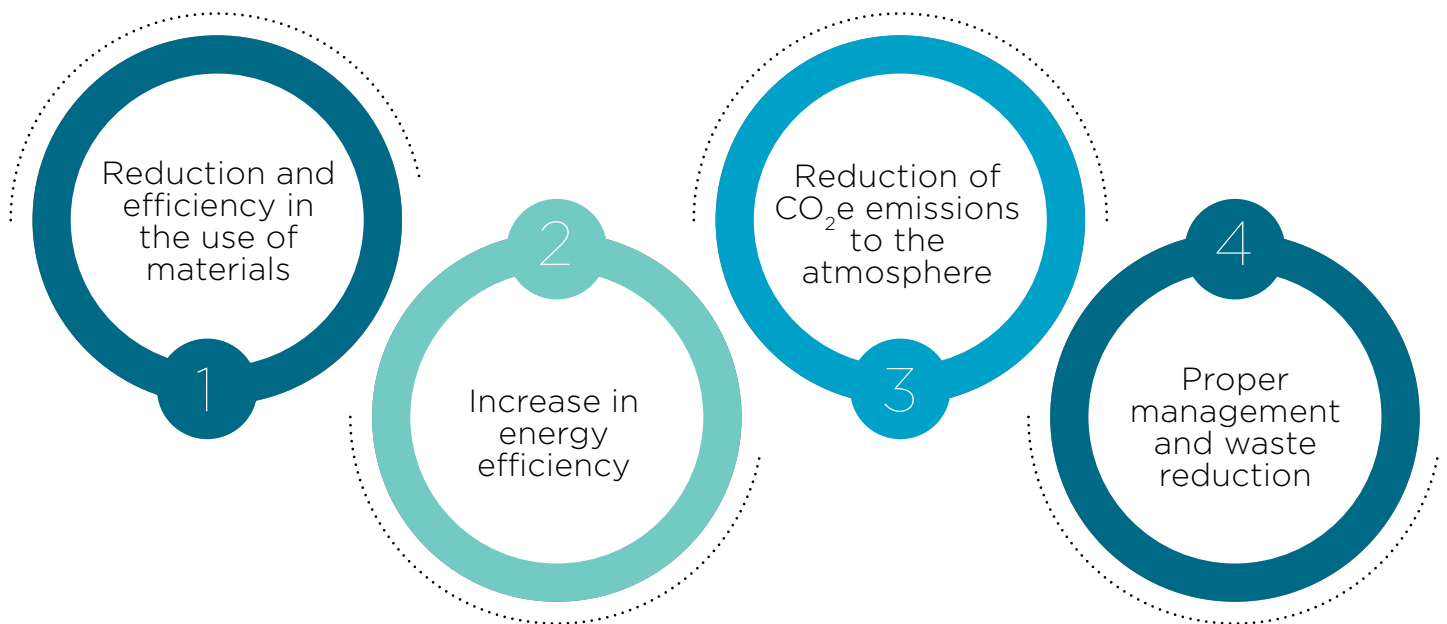
# ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (SGAS IN SPANISH)



We are developing an Environmental and Social Management System (SGAS), based on the guidelines of the Inter-American Development Bank (IDB) and the International Financial Corporation (IFC). This management system aims for continuous improvement through measuring our operations' environmental performance, to prevent and mitigate environmental

pollution, the strengthening of our human capital policies for the improvement of our working conditions and the identification of risks for the establishment of action plans on safety and occupational health, as well as maintaining friendly relationships with the communities near our operation centers. This will come into effect as of 2019 in all our operating centers.

## AXES OF ACTION





# MEASUREMENT OF ENVIRONMENTAL IMPACT

The measurement of our environmental impact considers the work centers in the countries where we operate.



# ENERGY



Since energy is one of the main inputs for our Company's operation, we want to guarantee the efficient use of this resource, as well as fuels. Since 2017 we have used solar energy in our Mexico City Plant. This action is the beginning of our interest in investing in renewable energies.

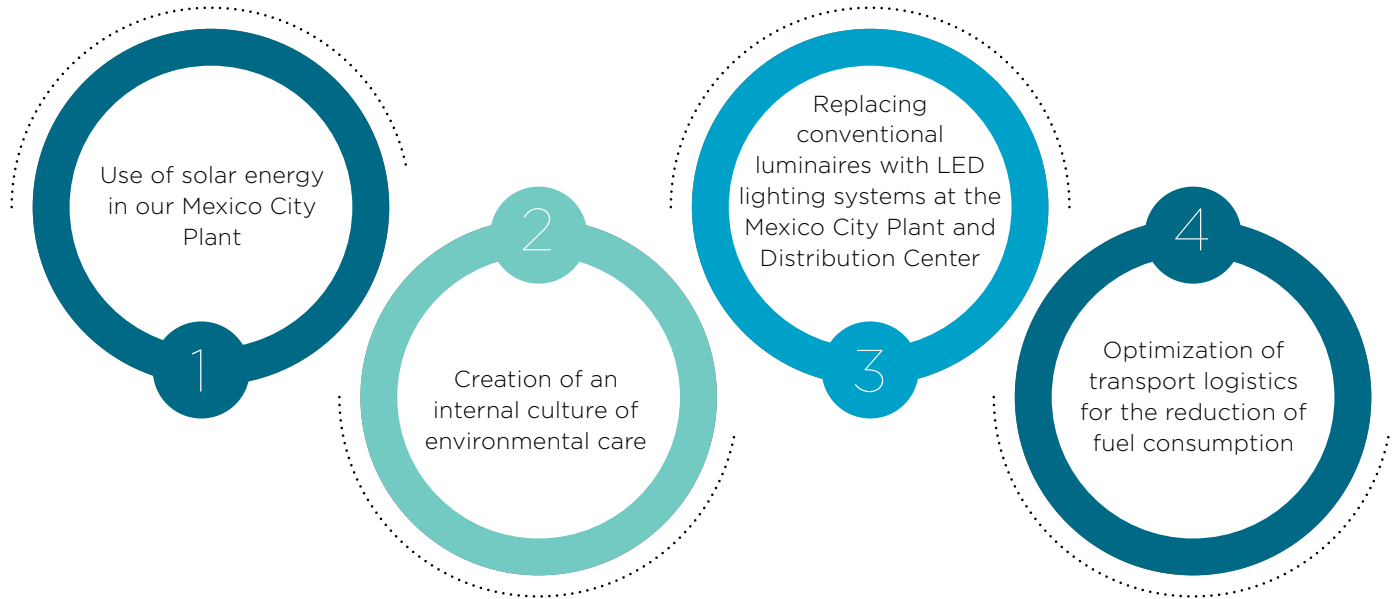
*For the first year we include as a good practice the total energy factor, for the Distribution Center and for the plant located in Mexico City, this factor shows the amount of kWh for each box moved.*

TYPE	2017	2018	CLARIFICATIONS
LP Gas (MWh)	159.45	9.29	The consumption considers the LP gas used in the operation of the Mexico City Plant. In 2017 the consumption of the kitchen in our Distribution Center was considered. In 2018 the service was outsourced so it does not appear.
Diesel (MWh)	1,421.32	5,674.90	It considers the diesel consumed by the freight transport used in our Distribution Center. Our consumption increased due to faults in the electricity supply, when the Distribution Center operated with the emergency plant for a season.
Gasoline (MWh)	620.86	614.71	It considers the gasoline consumption of corporate cars in Mexico and Brazil.
Electricity (MWh)	2,619.28	2,791.53	It considers the electricity consumption of our operations in Mexico (CEDIS, Mexico City Plant and corporate offices) and of the corporate offices in the countries where we have operations.
Solar Energy (MWh)	4	4	It considers the power generation of our solar panel at the Mexico City Plant.
Total consumption of non-renewable fuels (MWh)	2,201.63	6,298.9	
Total consumption of non-renewable sources (MWh)	4,820.91	9,090.43	
Total energy consumption from renewable sources (MWh)	4	4	

# ENERGY INTENSITY

SITE	ENERGY INDICATOR BY ACTIVITY ON THE SITE	2018
Distribution Center (Mexico)	kWh/ Box moved	3.02
Mexico City Plant	kWh/Ton of product produced	13,064.56

## INITIATIVES TO REDUCE ENERGY CONSUMPTION



# WATER



*The consumption of water in our facilities currently has sanitary purposes, mainly. Likewise, we collaborate with our strategic partners to offset the impact of water consumption in our operations.*

ASPECT	2017	2018	CLARIFICATIONS
Total consumption of municipal water supply (Mm <sup>3</sup> )	0.009	0.27	Water consumption considers our operations in Mexico (CEDIS, Mexico City Plant and corporate offices).
Recycled water (Mm <sup>3</sup> )	0.003	0.004	It considers the water that we recycle through our business partner Reciclagua Ambiental S.A de C.V., which individually captures the sewage from more than 300 companies to give them a treatment that allows for its reuse and to be discharged into the Lerma River, State of Mexico.

*The percentage of water recycled in CEDIS increased by 12%, compared to 2017.*



## WATER INTENSITY

SITE	WATER INDICATOR BY ACTIVITY ON THE SITE	2018
Distribution Center (Mexico)	m <sup>3</sup> /Moved box	0.00043
Mexico City Plant	m <sup>3</sup> /Ton of product produced	48.14



# WASTE



*One of the primary efforts of Genomma Lab Internacional to mitigate the impact on the environment is proper waste management.*

The majority of the waste that we generate comes from CEDIS; mostly finished products that did not meet minimum quality requirements, or that were returned due to expiration date.

## WASTE GENERATION

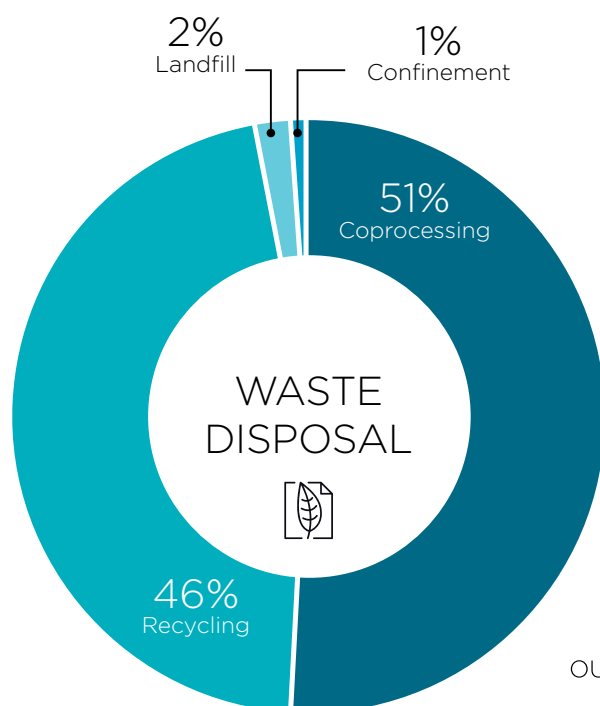
TYPE OF WASTE	2017	2018	CLARIFICATIONS
Non-hazardous waste (Tm)	-	1,765.52	It considers the urban and valuable solid waste generated by the operations of our Distribution Center and Mexico City Plant. In 2017 we did not consider the generation of total non-hazardous waste.
Hazardous waste (Tm)	1,486.420	1,319.79	It considers the finished product in our Distribution Center that did not meet the quality standards or did not have the required expiration and cannot be commercialized.

SITE	WASTE GENERATION INDICATOR BY ON SITE ACTIVITY	2018
Distribution Center (Mexico)	kg/Box moved	0.16
Mexico City Plant	kg/Ton of product produced	2,142.368

In CEDIS and the Mexico City Plant, a total of 3,509,608 kg were produced and treated through different procedures.

# WASTE DISPOSAL

TYPE OF WASTE	DISPOSAL METHOD	2018	CLARIFICATIONS
Non-hazardous waste	Landfill (Tm)	601.3	It considers the waste produced by the CEDIS and the Mexico City Plant that are considered non-hazardous and that cannot be valued.
	Reciclyng (Tm)	1,164.22	It considers the waste that can be valued as plastic, cardboard and metal, generated in the packaging process carried out in the CEDIS.
Hazardous waste	Co-processing (Tm)	1,303.66	The finished product that does not meet the requirements to be marketed, due to its quality or expiration, is treated as a hazardous waste by means of co-processing, a process by which the waste goes through a crushing process that is channeled for manufacturing cement, with the purpose of better using the waste generated as substitute raw material, in order to preserve the environment. Likewise, the ashes generated from the process are incorporated into the clinker (product of the kiln that is milled to make Portland cement) to make a more sustainable product.
	Confinement (Tm)	16.1	It considers hazardous waste generated from the operations of our Mexico City Plant and CEDIS.





*We collaborate in various initiatives in the countries where we operate in order to reduce the waste we generate and so they can have a correct final disposal.*

## Sustainable pallets in Mexico

We established alliances that allow to standardize the quality of the pallets used in the transportation of products. This way we avoid the waste of pallets that are in poor condition, reducing our solid waste generation and improving our use of resources.



## Collaboration with Punto Azul in Colombia

Corporación Punto Azul emerged as an initiative of the pharmaceutical industry to manage the Post-Consumption Program for Expired Drugs that was previously led by the Pharmaceutical Chamber of ANDI. Through this normative program, the pharmaceutical sector is regulated to guarantee that its medicines have the adequate final disposition, and Genomma Lab Colombia, through the alliance with this program, contributes to the correct final disposition of medicines.



## Collaboration with “Dar una mano al futuro” in Brasil

Currently we are part of the Dar una mano al futuro program, which was developed by the ABIHPEC (Brazilian Association of the Personal Hygiene Industry, Perfumery and Cosmetics), as an alternative for its members, in order to comply with the National Policy of Solid Waste of Brazil.

The Dar una mano al futuro program seeks to fulfill different objectives among which are:

- Collaborate with the improvement of the national panorama in relation to the correct destination of urban solid waste, helping to reduce the volume of recyclable materials that would be sent to landfills
- Allow the recycling of post-consumer packaging through the expansion and improvement of the collection, classification, processing, valuation and marketing

- Offer solid waste generators an adequate option for waste management.
- Offer raw materials duly collected and processed to recyclers and / or manufacturing industry

With this partnership, Genomma Lab Brazil seeks to be responsible with the waste produced by the company and offer consumers a responsible post-consumer option.





# CARBON FOOTPRINT



For the seventh consecutive year, we continue with the measurement of the carbon

*The carbon footprint is defined as the total amount of Greenhouse Effect Gases (GHG) caused directly or indirectly by an organization, product or service. It is therefore a GHG inventory that is measured in tons of CO<sub>2</sub> equivalent.*

The objective of the carbon footprint calculation is double. On one hand, to know our product or organization in depth, in a way that identifies the main points of improvement both environmentally and economically and, on the other hand, communicate to the intended users the impact on climate change of our organization or product, giving them the necessary information so that they can adopt green purchasing and hiring criteria, demonstrating the environmental commitment of the organization.

The analysis of GHG emissions allows to identify areas of opportunity to reduce, mitigate or compensate these gases and their impacts.

This report includes the calculation of the carbon footprint of Genomma Lab Internacional corresponding to the activities of 2018, as well as the diagnosis of it. This inventory was made through the

establishment of intensive indicators and the analysis of the main emission sources, to monitor the behavior of GHG emissions in the following years and promote sustainability. The most commonly used methodology for calculating the corporate carbon footprint is defined by the GHG Protocol in its document "Accounting and Reporting Corporate Standard". Based on this methodology, the international standard ISO 14064 was created in 2006.

The Carbon Footprint or emissions inventory of Genomma Lab Internacional S.A.B. of C.V. consider scopes 1, 2 and 3. We classify our emissions as follows:

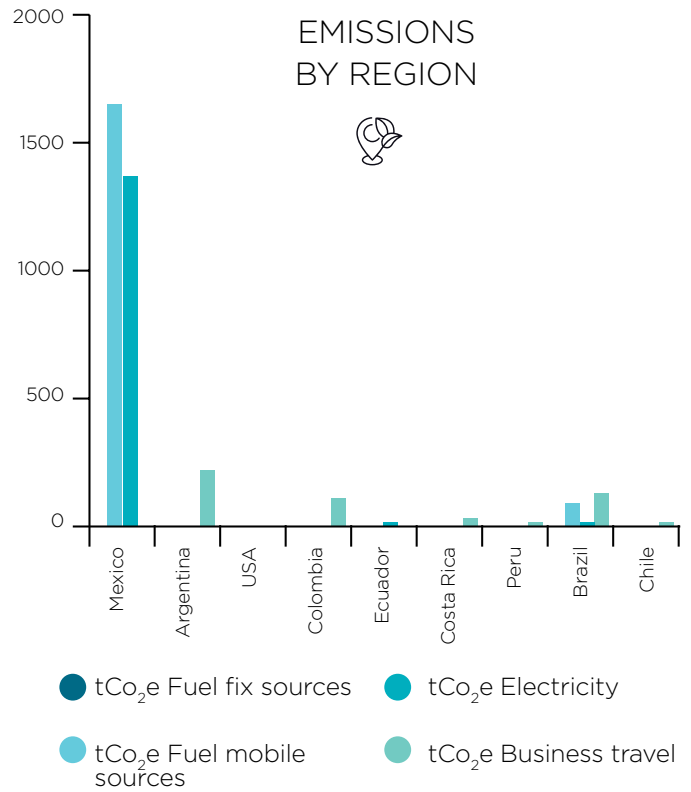
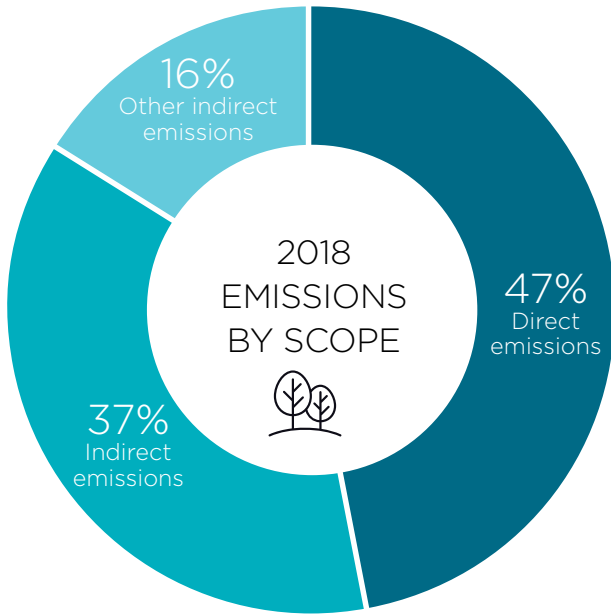
- Direct emissions (Scope I): GHG emissions from fixed or mobile sources that belong to or are controlled by our organization;
- Indirect emissions (Scope II): GHG emissions that are generated outside our facilities as a result of our electricity consumption;
- Other indirect emissions (Scope III): GHG emissions that are generated by activities within our value chain. In this case we consider commercial flights for commercial purposes.

Currently Genomma Lab has commercial partners that produce most of the products that are marketed. Our scope does not consider the emissions generated by our suppliers.

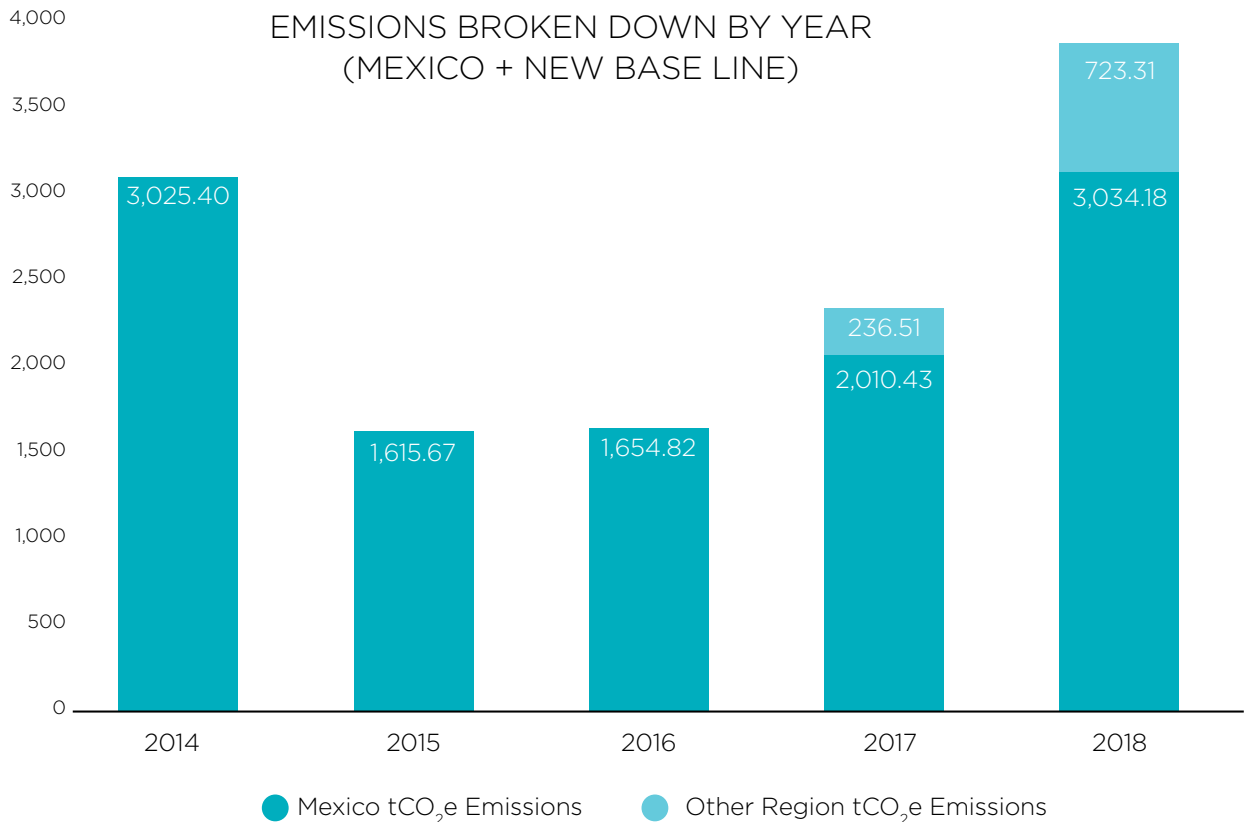
In accordance with the limits previously described, the classification of the emission sources identified in the calculation methodology is as follows:

ASPECT	2017	2018	CLARIFICATIONS
Direct emissions (Metric tons of CO <sub>2</sub> equivalent)	602.630	1,763.85	It considers the emissions generated by the consumption of gasoline and diesel from our corporate cars and freight vehicles for the transportation of our products. In addition to the LP gas used in the operations of our Mexico City Plant. Our generation increased because the Distribution Center operated with the emergency plant for one season due to power failures.
Indirect emissions (Metric tons of CO <sub>2</sub> equivalent)	1,471.900	1,402.4	We considered the electricity consumption of our operations in Mexico (Distribution Center, Mexico City Plant and corporate offices), as well as the electricity consumption of the corporate offices in the countries where we have operations.
Other indirect emissions (Metric tons of CO <sub>2</sub> equivalent)	172.410	591.23	In 2018, commercial flights from Mexico were considered, as well as all business flights in the countries where we have operations.
Total emissions (Metric tons of CO <sub>2</sub> equivalent)	2,246.950	3,757.48	

The total emissions of Genomma Lab is  
**3,757.48 tCO<sub>2</sub>e**



*Mexico and Argentina are our biggest work centers; therefore, they are the places where more emissions are generated.*



The total emissions of Genomma Lab (3,757.48 tCO<sub>2</sub>e), is equivalent to any of the following items.

EQUIVALENCE	QUANTITY
Passenger vehicles driven per year	798
Miles driven by an average passenger vehicle	9,187,017
Gallons of gasoline consumed	422,807
Gallons of diesel consumed	369,105
Households consuming electricity for one year	655
Number of cell phones charged	479,126,261
Tons of recycled waste instead of in landfills.	1,303.66
Seedlings of trees grown for 10 years	62,131





# ENVIRONMENTAL COMPENSATION



As part of our environmental commitment, we seek to implement increasingly robust compensation initiatives that help us offset our environmental impact. In 2018 for the

first year we carried out campaigns to collect batteries, there was a reforestation day, and the actions of saving fuel at CEDIS were measured.

## COMPENSATION ACTIONS BY CATEGORY

ASPECT	ACTION	2017	2018
Energy	Solar Energy (MWh)	4	4
	Fuel savings in logistics (L)	-	1,216
Water	Water treatment (m <sup>3</sup> )	3,248	3,643
Waste	Recoverables recycling (kg)	66,000	1,164,220
	Alkaline batteries Recycling (kg)	-	15
	Confinement (kg)	-	16,109
	Co-processing (kg)	1,486,420	1,303,660
Biodiversity	Reforestation (Árboles)	-	1,100

# COMPENSATION EQUIVALENT TO GHG EMISSIONS SAVING

COMPENSATION	QUANTITY	EQUIVALENCE IN GHG SAVINGS (tCO <sub>2</sub> )
Solar Energy (MWh)	4.00	2.11
Water Recycling (m <sup>3</sup> )	3,643.00	52,459.20
Waste Recycling (Tm)	1,303.66	28.57
Reforestation (Trees)	1,100.00	66.52
Fuel savings (L)	1,216.00	3.47
<b>Total</b>		<b>52,559.87</b>



# ADDITIONAL INFORMATION



# ABOUT THIS REPORT



This Annual Sustainability Report covers the results of the application of sustainability practices, policies, programs and strategies in the fiscal year from January 1 to December 31, 2018, which represents the economic, social and environmental performance of the Company.

The definition of the contents was made based on the relevant aspects for the sector to which we belong, applicable to our business objectives.

We report the performance of our operations in Mexico and incorporate relevant data on our international operation. The regional office of Lima, Peru and the office in San Jose, Costa Rica, where the operations of Central America and the Caribbean are supervised, as well as a regional office in Argentina, stand out. In addition, we include local offices located in Brazil, Colombia, Ecuador, Chile and the United States.

Our report is aligned with the requirements of the organizations that set the guidelines for the revelations of Sustainability Reports, under the guidelines of the Global Reporting Initiative (GRI) standards, reporting under the essential option.

**Website:** <https://www.genommalab.com>

**Dissemination of the Annual Report:** Official website, email, Mexican Stock Exchange and the Global Compact website

**Report publication day:** May 31, 2019

Forward-looking statements contained herein are based on current work plans and perspectives of the company's management, which may be subject to change or modification.

We also reaffirm our commitment to responsible practices that strengthen respect for and protection of human rights, care for the environment and permanent work with the anti-corruption principles, which is why, since 2007, we endorsed our membership to The United Nations Global Compact initiative, and our alignment with the Sustainable Development Goals (SDG).

In this sense, during 2018 we sought to strengthen our Social Responsibility and Sustainability corporate strategy through a link with the Facultad de Responsabilidad Social (School of Social Responsibility) of the Universidad Anáhuac and its IDEARSE center, an institution that has given us advice, based on the Global Reporting Initiative (GRI) standards, which has allowed us to prepare this report.

***The financial information presented in this report has been audited by Deloitte; Galaz, Yamazaki, Ruiz Urquiza, S.C.***



# GRI 2018 CONTENT INDEX

GRI STANDARD	CONTENT	PAGES / DIRECT ANSWER	OMISSION
<b>GENERAL CONTENTS</b>			
<b>ORGANIZATION PROFILE</b>			
<b>GRI 102: General contents</b>	102-1	Organization name	8, Organization profile
	102-2	Activities, brands, products and services	8, Organization profile
	102-3	Headquarters location	6, Our footprint
	102-4	Operations location	6, Our footprint
	102-5	Ownership and legal form	8, Organization profile
	102-6	Markets served	8, Organization profile
	102-7	Organization size	7, Our figures in 2018
	102-8	Information about collaborators and other workers	97, Collaborators by type of contract
	102-9	Supply chain	59-64, Production
	102-10	Significant changes in the organization and its supply chain	24-27, New manufacturing plant
	102-11	Precautionary principle or approach	13-19, Message from the Chairman and CEO
	102-12	External initiatives Membership to Associations	47, Link with educational institutions
	102-13	Membership to Associations	49, Participation in industry associations and chambers
<b>STRATEGY</b>			
<b>GRI 102: General contents</b>	102-14	Statement of senior executives responsible for decision making	13-19, Message from the Chairman and CEO
	102-15	Impacts, risks and main opportunities	13-19, Message from the Chairman and CEO
<b>ETHICS AND INTEGRITY</b>			
<b>GRI 102: General contents</b>	102-16	Values, principles, standards and rules of conduct	44-45, Integral policy, code of ethics, anti-corruption
	102-17	Advisory mechanisms and ethical concerns	44-45, Integral policy, code of ethics, anti-corruption
<b>GOVERNANCE</b>			
<b>GRI 102: General contents</b>	102-18	Governance structure	37, Organizational structure
	102-19	Delegation of authority	37, Organizational structure
	102-20	Responsibility at the executive level of economic, environmental and social issues	38-43, Organizational structure

**GRI 102:  
General  
contents**

102-21	Consultation with stakeholders on economic, environmental and social issues	38-43, Organizational structure	
102-22	Composition of the highest governing body and its committees	38-43, Organizational structure	
102-23	Chair of the highest governing body	38-43, Organizational structure	
102-24	Nomination and selection of the highest governing body	38-43, Organizational structure	
102-25	Conflicts of interest	44, Our integral management policy	
102-26	Role of the highest governing body in the selection of purposes, values and strategy	38-43, Organizational structure	
102-27	Collective knowledge of the highest governing body	38-43, Organizational structure	
102-28	Performance evaluation of the highest governing body	38-43, Organizational structure	
102-29	Identification and management of economic, environmental and social impacts	30, Our sustainability model	
102-30	Effectiveness of risk management processes	38-43, Organizational structure	
102-31	Review of economic, environmental and social issues	31-32, Materiality	
102-32	Role of the highest governing body in the preparation of sustainability reports	38-43, Organizational structure	
102-33	Communication of critical concerns	45, Attention to breaches of integrity policies	
102-34	Nature and total number of critical concerns	45, Attention to breaches of integrity policies	
102-35	Remuneration policies	37, Organizational structure	
102-36	Process to determine remuneration	37, Organizational structure	
102-37	Involvement of stakeholders in remuneration	37, Organizational structure	
102-38	Annual total compensation ratio		For security reasons this information is confidential
102-39	Annual compensation percentage increase ratio		

**STAKEHOLDERS PARTICIPATION**

**GRI 102:  
General  
contents**

102-40	Stakeholders list	33-35, Stakeholders	
102-41	Collective bargaining agreements	33-35, Stakeholders	
102-42	Stakeholders identification and selection	33-35, Stakeholders	
102-43	Approach to stakeholders participation	33-35, Stakeholders	
102-44	Key issues and concerns mentioned	33-35, Stakeholders	

## REPORTING PRACTICES

### GRI 102: General contents

102-45	Entities included in financial statements	12, Our results
102-46	Defining report content and topic coverage	31, Materiality
102-47	List of material topics	31-32, Materiality
102-48	Information restatement	There was no information restatement
102-49	Changes in reporting	Change from GRI G4 to GR Standards
102-50	Period covered by the report	January 2018-December 2018
102-51	Date of last report	June 2018
102-52	Reporting cycle	Annual
102-53	Point of contact for questions about the report	129, Information for stakeholders. Social Responsibility and Sustainability María Fernanda Aguilar Noriega sustentabilidad@genommalab.com Tel. +52 (55) 5081 0000
102-54	Declaration of preparation of the compliance report	Genomma Lab performs a process of continuous improvement, so for the first time, this report has been prepared in accordance with GRI Standards: Essential option
102-55	GRI content index	145, GRI index
102-56	External verification	The data contained in this report are reviewed internally, going without external verification

## MATERIAL TOPICS

### GRI 103: Management approach

103-1	Explanation of the material topic and its coverage	31-32, Materiality
103-2	Management approach and its components	31-32, Materiality
103-3	Evaluation of the management approach	31-32, Materiality

## ECONOMIC PERFORMANCE

### GRI 201: Economic performance

201-1	Direct economic value generated and distributed	61-67, Consolidated statements of financial position
201-2	Financial implications and other risks and opportunities arising from climate change	79-83, Success stories in our 2018 logistics operation
201-3	Obligations of the defined benefit plan and other retirement plans	109, Financial and savings benefits
201-4	Financial assistance received from the government	Genomma Lab does not receive financial support from the government

## CORRUPTION, BRIBERY AND TRANSPARENCY

### GRI 205: Anti-corruption

205-1	Operations evaluated for corruption-related risks	44-45, Integral policy, code of ethics, anti-corruption
205-2	Communication and training on anti-corruption policies and procedures	44-45, Integral policy, code of ethics, anti-corruption
205-3	Confirmed cases of corruption and measures taken	During the reporting period there were no confirmed cases of corruption or money laundering

<b>GRI 206: Unfair competition</b>	206-1	Legal actions related to unfair competition and monopolistic practices and against free competition	During the reporting period there were no incidents related to unfair competition and monopolistic practices
<b>GRI 415: Public policy</b>	415-1	Contributions to parties and / or political representatives	Con base en la legislación, Genomma Lab no contribuye de manera alguna a partidos ni representantes políticos
<b>ENVIRONMENTAL PERFORMANCE</b>			
<b>ENVIRONMENTAL POLICIES / ENVIRONMENTAL MANAGEMENT SYSTEM</b>			
<b>GRI 302: Energy</b>	302-1	Energy consumption within the organization	131-132, Energy
	302-2	Energy consumption outside the organization	131-132, Energy
	302-3	Energy intensity	131-132, Energy
	302-4	Reduction of energy consumption	131-132, Energy
	302-5	Reduction of the energy requirements of products and services	131-132, Energy
<b>GRI 307: Environmental compliance</b>	307-1	Non-compliance with environmental legislation and regulations	Derived from Genomma Lab's adherence to the applicable environmental legislation, no regulations were breached in the reporting period
<b>BIODIVERSITY</b>			
<b>GRI 304: Biodiversity</b>	304-1	Operations centers owned, leased or managed located within or adjacent to protected areas or areas of high biodiversity value outside protected areas	There are no operations close to protected natural areas.
	304-2	Significant impacts of activities, products and services on biodiversity	129, Environmental and Social Management System
	304-3	Protected or restored habitats	124, Reforestation in alliance with Fundación Pro México Indígena
<b>EMISSIONS</b>			
<b>GRI 305: Emissions</b>	305-1	Direct GHG emissions (scope 1)	138-141, Carbon footprint
	305-2	Indirect GHG emissions when generating energy (scope 2)	138-141, Carbon footprint
	305-3	Other indirect GHG emissions (scope 3)	138-141, Carbon footprint
	305-4	Intensity of GHG emissions	138-141, Carbon footprint
	305-5	Reduction of GHG emissions	138-141, Carbon footprint
	305-6	Emissions of substances that deplete the ozone layer	138-141, Carbon footprint
	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX) and other significant air emissions	138-141, Carbon footprint



WASTE			
<b>GRI 306: Effluents and waste</b>	306-1	Water discharge according to its quality	133, Water
	306-2	Waste by type and disposal method	135, Waste disposal
	306-3	Significant spills	Due to the nature of the business, there are no significant spills
	306-4	Transport of hazardous waste	134-135, Waste
	306-5	Water bodies affected by water discharges and/or runoff	133, Water
ATTRACTION AND RETENTION OF TALENT			
<b>GRI 401: Employment</b>	401-1	New collaborator hiring and staff turnover	97-99, Collaborators by type of contract
	401-2	Benefits for full-time collaborators not given to part-time or temporary collaborators	108-109, Integral wellbeing of our team
OCCUPATIONAL HEALTH AND SAFETY			
<b>GRI 403: Health and safety at work 2016</b>	403-1	Representation of workers in formal committees' worker-health and safety company	117-118, Our security performance
	403-2	Types of accidents and frequency rates of accidents, occupational diseases, lost days, absenteeism and number of deaths from work-related injuries or occupational illness	117-118, Our security performance: 0 fatalities in Genomma Lab operations
	403-3	Workers with high incidence or high risk of diseases related to their activity	117-118, Our security performance
	403-4	Health and safety issues treated in formal agreements with trade unions	102, Freedom of association 116-117, Occupational Safety and Health
DEVELOPMENT OF HUMAN CAPITAL			
<b>GRI 404: Training and teaching</b>	404-1	Average hours of training per collaborator per year	There is not an average of hours of training, but a total of training man-hours, because collaborators can have several participations in training courses throughout the year
	404-2	Programs to improve collaborator skills and transition assistance programs	106-107, Training and Development
	404-3	Percentage of collaborators who receive periodic evaluations of professional performance and development	106-107, Training and Development

DIVERSITY AND EQUAL OPPORTUNITIES			
<b>GRI 405: Diversity and equal opportunities 2016</b>	405-1	Diversity in governing bodies and collaborators	98-100, Diversity and inclusion
	404-6	Ratio of base salary and remuneration of women vs men	97, Collaborators by type of contract
HUMAN RIGHTS			
<b>GRI 406: Nondiscrimination</b>	406-1	Cases of discrimination and corrective actions undertaken	During the reporting period there were no cases of discrimination
<b>GRI 407: Freedom of association and collective bargaining</b>	407-1	Operations and suppliers whose right to freedom of association and collective bargaining may be at risk	101,102 Human rights
<b>GRI 409: Forced or compulsory labor 20</b>	409-1	Operations and suppliers with significant risk of cases of forced or compulsory labor	101,102 Human rights
<b>GRI 412: Human rights assessment</b>	412-1	Operations subject to revisions or impact assessments on human rights	24-27, New manufacturing plant 101,102 Human rights
	412-2	Training of collaborators in human rights policies or procedures	101-102, Human rights
	412-3	Significant investment agreements and contracts with clauses on human rights or submitted to human rights assessment	101-102, Human rights
SOCIAL IMPACT			
<b>GRI 204: Acquisition practices</b>	203-1	Investments in infrastructure and supported services	119-123, Well-being in the communities 125-126, Fundación Genomma Lab
	203-2	Significant indirect economic impacts	24-28, New manufacturing plant, acquisitions
<b>GRI 308: Environmental assessment of suppliers</b>	413-1	Operations with local community participation, impact evaluations and development programs	24-27, New manufacturing plant 33, Stakeholders 119, Well-being in the communities
	413-2	Operations with significant negative impacts -real and potential- in local communities	24-27, New manufacturing plant
STANDARDS WITH SUPPLIERS			
<b>GRI 204: Acquisition practices</b>	204-1	Proportion of spending on local suppliers	60-64, Suppliers
<b>GRI 308: Environmental assessment of suppliers</b>	414-1	New suppliers that have passed screening filters according to environmental criteria	62, Supplier audits

**PRODUCT AND SERVICE DEVELOPMENT / CUSTOMER RELATIONSHIP MANAGEMENT**

<b>GRI 416: Health and safety of customers</b>	416-1	Evaluation of the health and safety impacts of the categories of products or services	70-75, Clinical research and cosmetic efficacy
	416-2	Cases of non-compliance related to the health and safety impacts of the categories of products and services	76-77, Customer service
<b>GRI 417: Marketing and labeling</b>	417-1	Requirements for information and labeling of products and services	72-73, Personal Care and OTC products labeling
	417-2	Cases of non-compliance related to information and labeling of products and services	Derived from Genomma Lab's adherence to the applicable legislation, no product labeling regulations were breached in the reporting period
	417-3	Cases of non-compliance related to marketing communications	Derived from Genomma Lab's adherence to the applicable legislation there was no breach in terms of marketing in the reporting period 90, Responsible advertising
<b>GRI 418: Customer privacy</b>	418-1	Substantiated complaints regarding breaches of customer privacy and loss of customer data	Derived from Genomma Lab's adherence to the applicable legislation and the obtained certification, there were no substantiated claims in terms of privacy or data leakage
<b>GRI 419: Socioeconomic compliance</b>	419-1	Failure to comply with laws and regulations in the social and economic fields	Derived from Genomma Lab's adherence to the applicable legislation, in the reporting period there was no breach in social and economic terms

# INFORMATION FOR STAKEHOLDERS

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