



Sustainability Report 2021



Communication on Progress
to the United Nations
Global Compact



Preface

- Statement of continued support by the Chief Executive Officer -

The year 2020 was heavily dominated by the Covid-19 pandemic, which demanded a lot from all of us. To protect our employees, we have launched a hygiene concept. We provided disinfectants and respirators (FFP2-masks or surgical-grade masks) for our colleagues to protect themselves against the virus. Furthermore, we have rethought the office situation and placed particular emphasis on creating sufficient space between the workplaces as well as enabling mobile working where feasible. To have a clear understanding of how our company deals with the situation, we have established a Code of Practice, which covers conduct for meetings, business trips or access restriction to office rooms. We have installed air purifiers in offices used jointly by several employees. COVID-19 self-test kits are offered and provided to our employees in order to reduce the risk of the uncontrolled spreading of the virus. This pandemic showed us, that challenging sustainability is more relevant than ever before. We are happy to publish our seventh Sustainability Report, which gives us a chance to present our recent progress, but also to communicate the challenges still ahead of us. The reporting period of this report ranges from 1st January 2020 to 31st December 2020.

This report is also our annual Communication of Progress (COP) and will be published on the UN Global Compact Website. Hereby, we reaffirm our commitment to core values in the areas of human rights, labor, environment, and anti-corruption we made with the signing of the UN Global Compact in 2014. The surveillance audits according to Medical Device Single Audit Program (MDSAP) and Annex V Directive 93/42/EEC has been performed successfully in 2020 by the Conformity Assessment Body (CAB) and Notified Body (NB).



Since 1984, Optima Pharmazeutische GmbH provides high-quality healthcare products. Improving the ecological, economic, and social impacts of our actions have been guidelines of our entrepreneurial activity from the very beginning.

We invite all business partners and other interested parties to join and support us in realizing this vision and get in contact with us in case of any questions or suggestions.

Hallbergmoos, May 2021

Michael Kroll

Stefan Kroll

Managing Directors Optima Pharmazeutische GmbH



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Further information:

Optima: Corporate Sustainability website
<https://www.optimapharma.de/index.php?id=167>

United Nations Global Compact
<http://www.unglobalcompact.org/>



1 Human Rights

Principle 1: We support and respect the protection of internationally proclaimed human rights

Principle 2: We make sure that we are not complicit in human rights abuses

Human Rights in our own operations

Optima declares its full support for the United Nations Universal Declaration of Human Rights.

Optima's operations are based in Germany, Switzerland and Italy. According to the Verisk Maplecroft Human Rights Risk Index 2016, Germany and Switzerland have a low, Italy a medium prevalence of human rights-related risks (see "Further information"). Our research and development activities are carried out exclusively in Germany, in cooperation with renowned research institutions. All quality standards and sector commitments are fully adhered to.

One of our main research partners is also a signee to the UN Global Compact.

Human rights in our supply chain

Optima's supply chain is exclusively located in member states of EU and Switzerland. As mentioned above, those countries are considered holding a low potential of human rights infractions. Therefore, the exposure to human rights-related risks in case of tier 1 suppliers is also considered minimal.

Our detailed sustainability standards for our suppliers require them to adhere to the UN Global Compact Principles (see "Further information").

Also, tier 1 suppliers are requested to report any human rights-related incidents in their own operations or supply chains to Optima. As a measurement of outcome, we monitor the number of complaints, incidents or other issues related to human right abuses, both in our own operations and our supply chain. In the last year, as in the year before, **no** such incidents were brought to the knowledge of Optima.

✓ 0 human rights-related incidents



In 2016, we included the dimension of sustainability in accordance with the content promoted by the Ethical Trade Initiative (ETI Base Code, see “further information”). These topics were also addressed during the on-site audits. For Human Rights topics, this includes the following criteria:

- Management systems / Code of Conduct for sustainability management
- Harsh or inhumane Treatment
- Entitlement to work

Additionally, we request our key suppliers to declare conformity to the ETI Base Code, as well as to Optima’s Standards for Sustainable Procurement, and all applicable national and international laws and regulations.

Due to the COVID-19 quarantine orders and travel restrictions we were only able to perform the planned audit at one of our main suppliers on remote basis in 2020. Apart from that, especially the protection and hygiene concepts for employees have been subject to regular discussions (e. g. web-meetings) with suppliers as well as customers.

✓ One successful online supplier audit addressing human rights issues

Human rights in the downstream value chain

The downstream value chain (e. g. in logistics and distribution) only allows little insights into human rights conditions. 95,6% of Optima’s sales volume is directed to EU countries (i. e. EU, UK, and Switzerland), 4% to Australia, New Zealand and 0,4% to Canada. As those countries are operating in areas of low to medium human rights threads, a general compliance of the downstream value chain partners with the existing legal requirements concerning human rights can be assumed.

Regarding our downstream value chain, we actively encourage our partners to participate in voluntary sustainability and human rights codices, like the UN Global Compact or the German Sustainability Codex. In 2020, about **two thirds** of our key customers were signatories to the UN Global compact or similar voluntary codices (e. g. German Sustainability Codex), and/or have an own policy for the protection of human



rights. Although this share was not increased compared to 2019, it is planned to keep engaging with value chain partners on this topic.

✓ 2/3 of key customers are publicly committed to fighting human rights abuses

Further information

Ethical Trading Initiative: <http://www.ethicaltrade.org>

Optima: Standards for Sustainable Procurement (German)
<https://www.optimapharma.de/index.php?id=182>

Verisk Maplecroft: Human Rights Risk Index 2016
https://reliefweb.int/sites/reliefweb.int/files/resources/2016_ITF_Human_Rights_Index_2016-01.pdf



2 Labor

Principle 3: We uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labor;

Principle 5: the effective abolition of child labor; and

Principle 6: the elimination of discrimination in respect of employment and occupation

Working conditions

One of our key concerns is the creation of optimal working conditions for all employees. Our goal is not only to match the legal requirements, but to exceed those wherever possible. Optima enables and encourages part-time employment of employees of all genders by offering flexible contracts.

Equal opportunities and employee rights

Optima guarantees its employees the right to collective bargaining and freedom of association as regulated by national and European laws and standards.

We are an equal opportunities employer. We strive actively against discrimination of employees. We fully comply with national and European employee protection and anti-discrimination legislation.

Furthermore, we provide ongoing trainings and qualification initiatives to our employees. Our employees are our capital. Therefore, we provide ongoing trainings and qualification initiatives to our employees and focus on a long-term HR development strategy. Due to COVID-19 quarantine orders and travel restrictions externally provided training-sessions were mainly done through webinars.

Midst 2017, the headquarter of Optima was moved 30 km to Hallbergmoos. Because of the longer commuting distances and connected higher costs for our employees, we decided to support them with financial assistance and by offering attractive lunch options at the new site. This was still valid in 2020, but due to the pandemic the canteen has been closed since the 2nd quarter, this corporate benefit was converted into a deposit card (Sodexo Benefits Pass).



We constantly try to improve the work-life-balance we provide to our staff. Wherever possible, we try to provide flexible solutions for new aspirants and long-term employees.

We closely monitor the number of incidents regarding employee rights or discrimination (e. g. formal complaints, legal conflicts etc.), of which there were again **none** in the last year. For 2021, we also aim to keep this number at zero.

✓ 0 labor rights-related incidents

No child or forced labor

Our employment policy is in accordance with legal requirements and we have no employees under the age of 18, no kind of forced or compulsory labor.

Labor standards in our supply chain

Most of our tier 1 suppliers are located in Germany and France. Those countries have:

- a low level of child labor risk according to the Child Labor Index 2014
- a low level of working conditions risk according to the Working Conditions Index 2014 (see "Further information")

Our supplier standards for sustainable procurement also include compliance with all legal requirements and the labor-related Principles of the UN Global Compact.

For 2020 only one audit was scheduled, which ultimately had to be carried out as a remote audit. Our key supplier audits (see chapter 2) also covered randomly requested labor topics based on the standards put forward by the Ethical Trade Initiative (ETI Base Code, see "further information" in Chapter 1), such as:

- Freedom of employment
- Freedom of association
- Safety and hygienic conditions
- Child labor
- Working conditions, flexibility, remunerations, and benefits



We have covered all suppliers with a potential exposure to said risks.

✓ One successful online supplier audit addressing labor issues

Further information

Optima: Standards for Sustainable Procurement
<https://www.optimapharma.de/index.php?id=182>

Maplecroft: Child Labor Index 2014
<http://maplecroft.com/portfolio/new-analysis/2013/10/15/child-labor-risks-increase-china-and-russia-most-progress-shown-south-america-maplecroft-index/>

Maplecroft: Working Conditions Index 2014
<https://maplecroft.com/portfolio/new-analysis/2014/01/29/world-cup-host-qatar-among-11-countries-downgraded-Isquoextreme-risksquo-working-conditions-maplecroft-index/>



3 Environment

Principle 7: We support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies

Environmental sustainability is a key concern of the management and the employees alike. Although Optima's products do not require large amounts of energy or natural resources in production or use, we accomplish the responsibility for minimizing negative impacts. While Optima is not directly exposed to significant environmental risks, energy and resource availability play an important role.

Energy use

Energy production and use is a main source of greenhouse gas emissions. The use of renewable energies is a way to reduce energy-related emissions. As we relocated, the use of pellet / woodchip heating was no longer available. Now, we are relying on district heating. Also, in December 2017 we changed our energy supply to Greenpeace Energy which we are using since then.

Efficient energy and resource use are topics that need to be integrated broadly into business processes. To improve in those areas, Optima decided to transit towards a paper-free administration. In 2018, the search for an ERP-software was initiated. 2019, a decision was made and step by step this software will be implemented until the end of 2021. This results in a progressively declining paper consumption.

In 2020 we scheduled only one on-site supplier audit which took place as a remote audit, due to the COVID-19 situation. Within our on-site supplier audit, we have also covered the subject of environmental impacts, including:

- Continuous improvement of environmental performance
- Compliance with all applicable laws and regulations

✓ One successful online supplier audit addressing ecological issues



Transportation & Mobility

Regarding energy use for transportation and packaging, Optima is working continuously on optimizing production structure and processes. One example is the restructuring of production for one of our main products.



Optima's electric company car, a Volkswagen e-Golf

In 2020, we continued to work on improving the centralization of our distribution by sending out individual shipments directly from the location of manufacturing.

Regarding sustainable employee mobility, Optima continued to use a battery-electric vehicle. The charging station provides power from renewable sources, and therefore allows emission-free business travels. The car has been used widely for near- to medium-range travels, and feedback by employees is decidedly positive. The energy use for 2020 was 1.150 kWh. Since the purchase, about 45.000 km have been driven with the Golf and it was used for around 5.500 km in 2020.

We have continued leasing an Audi A4 G-Tron which is powered with natural gas instead. This not only improves the fine dust pollution caused by us but is also a significantly slimmer contribution to our carbon footprint.

- ✓ Continued use of electric vehicle & charging infrastructure
- ✓ 5.500 km travelled emission-free
- ✓ Step-by-step reduction of diesel-related emissions



Resource-friendly expansion strategy

Due to constantly growing company activity, we had reached the limits of our old headquarter building. We have therefore assessed several options to extend our old facility, erecting a new building or relocating to another location. In 2016, we decided to move to an existing building approximately 30 km from our previous location. Besides practical advantages, this solution also has ecological benefits, since materials and energy consumption and therefore greenhouse gas emissions for constructing a new building are avoided, which would have had a significant impact on our carbon footprint. Furthermore, the connection to public transportation is better in Hallbergmoos, so it is easier for the employees to reach the office without their own car.

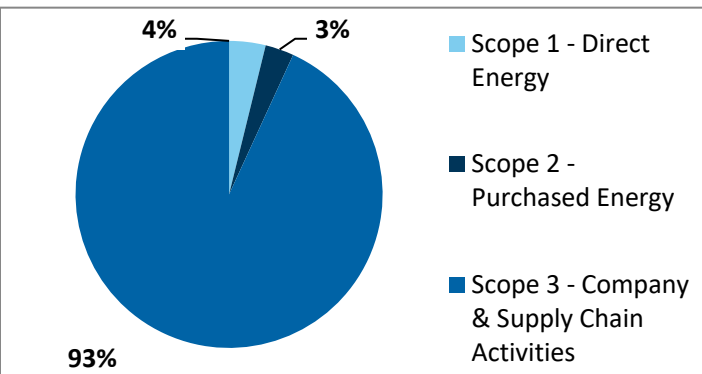
Downside to this solution is, however, that for some employees commuting distances may be longer to the new location. To compensate for ecological effects, Optima compensates all non-avoidable emissions also from employee commuting. In addition, we grant parallel working times to make group commuting possible.

Greenhouse gas emissions balance

Starting with the year 2012, we are assessing our annual Corporate Carbon Footprint, meaning the greenhouse gas emissions balance of all company operations, including up- and downstream processes of the value chain. The advantage of the Carbon Footprint is that it includes emissions from energy and fuels, material-related emissions of the upstream and downstream value chains as well as other indirect emission sources like business travel and commuting of employees. Thus, it gives valuable insights into the ecologic hotspots of a company's environmental balance and provides a single indicator that is easy to monitor.

The calculation itself is carried out by our environmental consulting partner DFGE – Institute for Energy, Ecology, Economy, in accordance with the GHG Protocol standard.





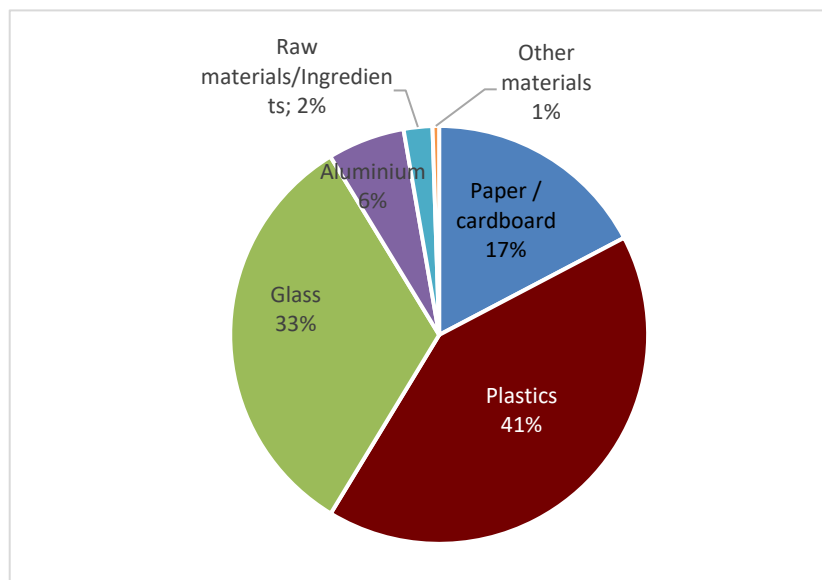
The total emissions for Optima amount to **429 t CO2e** for calendar year 2019.

Of these, 4% are caused by consumption of fuels for vehicles and heating (Scope 1). Emissions from purchased energy (Scope 2) also amount to 3%. Most emissions, about 93%, are other indirect emissions that occur along the value chains.

Compared to the previous year, absolute emissions have decreased from 479 t CO2e to 429 t CO2e by 11%. This is due to different reasons: besides the recalculation of some of the positions, also a smaller output, compared to last year, led to smaller purchasing volumes. Within Scope 3, especially the category of Purchased Goods & Services influences our emissions balance. This category includes the energy related emissions of contract manufacturing as well as value chain emissions of the materials used in production. The following graphic shows the share of emissions within Purchased Goods and Services. The biggest position within this category is held by packaging material.

Besides the absolute emission amounts, we calculate our “emission intensity”, i. e. the relative emissions per piece of production output. This provides a clearer view of improvements in efficiency, even if the absolute carbon footprint is increasing due to growth in business activity. From 2019 to 2020, relative emissions increased slightly from 122 g CO2e to a value of **124 g CO2e per piece** of output produced (including Scope 1, 2 and 3 emissions).

Here, the main reason is the recalculation of some of the positions.



- ✓ Absolute emissions reduced by 11%
- ✓ One successful online supplier audit addressing ecological issues



Optima - a climate-neutral company

Energy and resource consumption and related emissions can be reduced by efficiency measures – but only to a certain point. However, Optima also takes responsibility for all non-avoidable emissions. Therefore, we compensate all our Scope 1, 2 and 3 emissions as calculated in the Carbon Footprint, by financing certified emission reduction projects.



Since 2014, Optima has supported a reforestation and community support project in Zimbabwe through the purchase of Verified Carbon Standard emission reduction certificates. This project not only contributes to reducing Greenhouse gas emissions, but also provides sustainable livelihood options for local communities, by funding healthcare centers, community gardens, school fee subsidies etc.

The Carbon Footprint as well as the compensation have been certified by TÜV



Hessen, and Optima has been awarded as “climate neutral company” according to the TÜV ProfiCert Standard Climate Neutrality.

Optima has committed itself to continue the compensation of 100% of non-avoidable emissions over the coming years. In 2020, this ongoing compensation has been re-audited successfully by TÜV Hessen.

✓ 100% of Scope 1, 2 & 3 emissions compensated

Natural resources / raw materials

An important focus area regarding environmental impacts is the provenience of natural raw materials used. Depending on the method and region of production, these may have



larger or smaller environmental impacts. In the case of Optima's products, paper is the most relevant material by quantity, as it is used in the individual product package, as well as for shipping boxes, leaflets etc.

Optima's goal is to use as much recycled paper as possible. For the remaining amount of non-recycled paper, we are using FSC (or alternatively PEFC) certified paper, wherever available. In 2017, we started to use 100% certified (or recycled) paper for all product packaging and in our office operations which is still carried out until today.

Equally, Optima's tier 1 suppliers and contract manufacturers are requested to use recycled paper wherever possible, and FSC (or PEFC) certified paper in all other cases. If no certified products are available, materials from known and legal sources must be used, which do not cause avoidable negative ecological and social impacts like deforestation, land use conflicts etc.

✓ 100% certified paper for product packaging and office use

In addition, we decided to stop using silver foil-laminated folding boxes for Optima brands from 2022 on, at the latest. Regarding product ingredients, two important naturally sourced materials are ethanol and soy lecithin, which may be related to increased ecological impacts. However, the absolute amount of material used is limited. Optima's tier 1 suppliers are requested to comply with all applicable environmental, health, labor and social standards when sourcing natural materials, and ensure that they do not cause avoidable negative ecological and social impacts like deforestation, land use conflicts etc.

Waste and recycling

Regarding our products, the central focus lies on supreme quality and safety, but we also care about their end-of-life phase: Our products are not harmful to the environment and can be safely disposed of by regular means. Paper boxes, leaflets, empty glass containers and plastic caps can and should be recycled.



Through their innovative formulation and application method, our liposomal eye sprays have a much longer usage time compared to alternative products. This means that the amount of waste is reduced drastically compared to other products, especially those with one-dose packaging.

Further information:

DFGE/Optima: Carbon Footprint Balance

<https://www.optimapharma.de/nachhaltigkeit/co2-fussabdruck-und-klimaneutralitaet/>

TÜV Hessen: Certificate– Climate Neutrality

http://nachhaltigkeit.optimapharma.de/images/microsites/nachhaltigkeit/pdf/optima_tuevhessen_klimaneutralitaet.pdf

South pole Group: Kariba REDD+ Reforestation Project Description & Video

<http://www.thesouthpolegroup.com/projects/community-development-protects-forests#>



4 Anti-Corruption & Fair Business Practice

Principle 10: We work against corruption in all its forms, including extortion and bribery.

Clear stance against corruption

Optima condemns all forms of corruption. We believe in fair and open competition and are convinced that quality, innovation, and efficiency are the key to long term business success.

The commitment to prevent all forms of corruption has been integrated in our internal Quality Management Handbook.

Anti-corruption action in our value chain



Optima has issued clear standards for its suppliers that include the compliance with all legal requirements and requests them to adhere to the UN Global Compact Principles on fighting corruption.

The 2014 Corruption Risk Index by Maplecroft shows that the countries in which Optima operates and where the majority of suppliers are located have a “low” risk of corruption, with the exception of Austria with “medium” risk (see “Further Information”).

Optima monitors the number of incidents related to corruption of any form, both within the company and the supply chain. In the last year, there were **none** such incidents brought to the knowledge of Optima. We aim to keep up this performance in the coming year.

✓ 0 corruption-related incidents

Furthermore, we monitor the share of key customers that have published an own Code of Conduct or policy regarding corruption and/or are signatures to the UN Global



Compact or similar codices. In the last year, about **two thirds** of our key customers have made such a public commitment.

Within the one remote supplier audit conducted in 2020, we have also covered the subject of business ethics based on the standards put forward by the Ethical Trade Initiative (ETI Base Code, see “further information” in chapter 1), including:

- Bribery and fraud prevention
- Existence of a business ethics policy / code of conduct
- Compliance with all applicable laws and regulations

- ✓ 2/3 of key customers are publicly committed to fight corruption
- ✓ One successful online supplier audit addressing business ethics issues

Further information:

Maplecroft: Corruption Risk Index 2014

<http://maplecroft.com/portfolio/new-analysis/2013/09/24/corruption-risk-index-reveals-long-term-lack-will-tackle-corruption-brics/>



5 Community Engagement

Optima compensates all its Greenhouse Gas emissions by funding certified projects around the world. However, as a locally rooted company, Optima would like to contribute to an intact and valuable environment in our Bavarian home region. Therefore, in 2015 Optima decided to support the regional initiative "Bergwald-Projekt e.V.", which is working to re-naturalize and stabilize endangered forest areas in the Bavarian mountain regions, which were affected by climate change-related developments like storms, temperature changes and vermin damages.

As in previous years, Optima is supporting the Bergwaldprojekt also in 2020. The main target of this association is to support reforestation and stabilization of ecosystems. In 2020, donations were made for the planting of 5.000 trees in Röttingen / Lower Franconia. The planting planned for December was difficult due to the pandemic. Climate change is gradually leading to the death of old pine and spruce stands here. With our support, a stable mixed forest is growing under the dying old trees. In addition, the shareholder of Optima decided to continue the support the Oxfam project in Burkina Faso for establishing a sustainable livelihood in December 2017 for the estimated project expenses 2018 / 2019. The three core focus points of this project are the support of disadvantaged social classes as women or young generations, the adoption to new challenges caused by climate change and the maintenance of small agricultural companies which play a crucial role for the food supply for the local community. The project received final support this year.

Optima joined the Entrepreneurs for Future initiative in 2019. They support the Fridays for Future movement and the Paris Climate Agreement.

In 2020 Optima donated again for regenerative reforestation of 6.000 hectares of land by FMNR (Farmer Managed Natural Regeneration).

As Optima is holding shares on stock exchange listed companies, the management decided to hand over their voting rights for the shareholders' meetings of those



companies to the German organization “Dachverband Kritische Aktionärinnen und Aktionäre”, which represents sustainable interests. In detail, their core values are:

- Trying to stop coal power
- Promoting the Sustainable Development Goals
- The protection of basic human rights

This helps to put pressure on the management of those companies as they are openly confronted with questions about grievances in their business.

In managing the portfolio, the updated “Global Coal Exit List” (GCEL) is duly considered. The GCEL has been released by Urgewald and 30 partner NGOs and is regarded as the world’s most comprehensive database of companies operating along the thermal coal value chain, which. The GCEL is a one-of-a-kind resource for investors and financial institutions that want to understand and manage climate risks in their portfolios. The database features parent companies as well as subsidiaries and affiliates, whose activities range from coal mining, coal trading and transport to coal power generation and manufacturing of equipment for the coal industry.

Further information:

Global Coal Exit List (by urgewald e.V.):

<https://urgewald.org/en/medien/ngos-release-2020-global-coal-exit-list-935-companies-banks-investors-and-insurers-need>

Bergwaldprojekt & Plant for the Planet: Information, Project Report and Certificates:

<http://nachhaltigkeit.optimapharma.de/index.php/nachhaltigkeit/klimaschutz/weitergehendes-engagement-fuer-den-klimaschutz>

World Vision: <https://www.worldvision.de/aktuell/2018/09/fmnr>

Entrepreneurs for Future: <https://www.entrepreneurs4future.de/>

Oxfam’s project in Burkina Faso: <https://www.oxfam.de/unsere-arbeit/projekte/burkina-faso-integrierter-ansatz-gegen-hunger>

Dachverband Kritische Aktionärinnen und Aktionäre: <https://www.kritischeaktionaere.de>



6 Outlook

Our goal for the next year is to keep up our climate neutrality. Although we did not experience any relevant appreciation for our activities in recent years much to our regret, we will continue our activities and measures on the basis of our own convictions and in order to meet the responsibility towards future generations. The associated costs are borne by the company at the expense of the shareholders, without any impact on the employees.

We endeavor to maintain highly attractive working conditions for our employees and to keep exceeding the expectations of our customers and the users of our products.

As we believe in a green future powered by renewable energy, we think that no new investments into coal, oil or gas companies should be done anymore. We decided to take the Fossil Free Campaign¹ as a role model and adopt their main guidelines:

- Divestment – no further investment into fossil energy
- Desponsor – no sponsorship of fossil energy companies, no shareholding

We are constantly working on improving the data quality and general awareness of the sustainability-topic across our supply chain. Of course, our influence is limited due to the comparably small amounts of batches we order per supplier, but we still try to spread the general idea and benefits of responsible and sustainable company management. So far, several of our suppliers showed general interest but felt not ready to start with implementing a CSR-management so far.

We invite all partners, customers, suppliers, and other stakeholders to communicate openly with Optima regarding all sustainability topics.

All new information and reports will be published in the sustainability section of our homepage:

<http://nachhaltigkeit.optimapharma.de/index.php/en/sustainability/sustainability.html>

¹ <https://gofossilfree.org>



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