



OXYGEN
DEVELOPMENT

Monday, March 7, 2022

H.E. António Guterres
Secretary-General
United Nations
New York, NY 10017
USA

Dear Mr. Secretary-General,

I am pleased to confirm that OXYGEN DEVELOPMENT LLC reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Labor, Human Rights, Environment and Anti-Corruption.

In our first annual Communication on Progress (CoP) we are sharing a copy of our Sustainability Report, which describes the practical actions we have taken to integrate the Global Compact and its principles into our business strategy, our organizational culture, our day-to-day operations, and their respective outcomes. The publication of this report is a significant milestone for our company, and I am pleased to include a copy of it together with this letter. We are also committed to sharing this annual Sustainability Report with our stakeholders through our primary communication channels.

I am confident that – together – we will continue to fulfill our vision for more sustainable developments and responsible corporate practices around the world.

Sincerely yours,

Philippe Cohen
President & CEO

2021

SUSTAINABILITY ANNUAL REPORT



OXYGEN
DEVELOPMENT



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MESSAGE FROM OUR PRESIDENT & CEO

I am excited to share with you Oxygen Development's very first Annual Sustainability Report. The publication of this report is a significant milestone for our company that we can all be proud of.

Over the past couple of years, we have made significant progress with our commitment to sustainability as we push for more transparency and socially responsible practices within our supply chain. From the reduction of our environmental impact, to sustainable procurement initiatives, ethical business practices, and the promotion of a supportive and rewarding work environment for our employees, we continually strive to be a good corporate citizen -- not only in our local community, but also globally.

Global challenges call for global solutions and the same level of commitment that drives our production facility and corporate headquarters in the US can also be found in our facilities located throughout the world (Germany, Poland, Italy, Dominican Republic, and South Korea).

It is clear to us that the development of internal, well-functioning management systems plays a critical role in bringing principles of sustainability and social responsibility to the heart of our business activities. These include clear policies, an accountable organization, audit systems, and communication mechanisms to identify, correct, and improve health & safety, social, and environmental impacts.

To formalize our commitment and expectations we have created and adopted multiple key policies, including an Environmental policy, Health & Safety policy, Sustainable Procurement policy, and a Business Code of Conduct, which further defines our position as a socially responsible organization. Our voluntary pledge to implement the United Nations' Global Compact principles of social responsibility into our business strategies and operations is one of many positive actions we have taken, which we describe in more detail in this report.

We realize that consumers are demanding from businesses that they become more responsible, and that businesses that have a strong purpose and that understand how they can make society better will be embraced by consumers and will be around for a long time. When it comes to the environment, health and safety, business ethics and sustainable procurement, we want to be on the right side of history.

We also understand that our continuous improvement efforts can only be possible through the support of our stakeholders, including our customers, our suppliers, our local community, and most importantly our employees. We are sincerely thankful to each and every person who contributes to our organization so that we can deliver on our commitment to be a socially responsible company.

I am confident that – together – we will continue to successfully fulfill our vision of “formulating competitive advantage” for our customers, as we accelerate the introduction of innovative high-quality products to the global marketplace, and at the same time meet the needs of our employees and our society.

Philippe Cohen

President & CEO

WE ARE OXYGEN

COLOR COSMETICS | PERSONAL CARE



WHO WE ARE AND WHAT WE BELIEVE IN

As a world-class leader in the development and production of high-quality color cosmetics, skin care, hair care, bath & body care, and OTC products, we aim to be the premier outsourcing partner to major global brands and trend setting players across all distribution channels, from high-end to mass market.

With operations in six (6) countries around the world, and +1,800 employees, we are committed to innovation, quality, operational excellence, and remarkable customer experience. We build lasting partnerships and continuously strive to design and deliver impacting products that will set us and our customers apart from the mainstream, while contributing to the success of our business.

We believe in “formulating competitive advantage” for our customers, and all our stakeholders, through the fulfillment of a critical set of missions and promotion of key company values, many of which directly relate to our expectations for socially responsible practices.

- ▶ Our company strives to provide a safe and healthy workplace to all employees, guaranteeing labor and human rights, paying a fair living wage, and continuously seeking workers’ input so that we can contribute to their personal and professional growth.
- ▶ We are driven to be the premier partner for beauty products worldwide. Our continuous growth is a direct result of our commitment to high ethical standards, which we have set for ourselves, and for our supply chain partners. Our transparency and our high standards for contributions and behavior continue to build confidence and create value for our stakeholders.

MISSIONS

- ▶ We promote principles of collaboration and sustainability to meet the needs of our customers, employees, suppliers, community, and the environment
- ▶ We aim to be an employer of choice by promoting a supportive and rewarding work environment and fulfilling our social responsibility

VALUES

▶ ANTICIPATE

the needs of our customers and shareholders

▶ LONG-TERM VISION

prevails in all circumstances

▶ HIGH-STANDARDS

for contributions and behavior

OUR BUSINESS CODE OF CONDUCT

In alignment with the Ethical Trading Initiative (ETI), a leading alliance of companies, trade unions and Non-Governmental Organizations (NGOs) that promotes respect for workers' rights around the globe, we have created and implemented our very own Business Code of Conduct, which has been deployed to all our global facilities during the course of 2020 and 2021.

This Business Code of Conduct applies to all business activities conducted by Oxygen Development, as well as all activities conducted by any and all of our suppliers. All employees and suppliers of Oxygen Development are responsible to conduct business activities within the standards set forth in this Business Code of Conduct, including but not limited to:



LABOR & HUMAN RIGHTS

(Forced Labor, Child Labor, Discrimination, Harassment and Abuse, Illegal, Clandestine or Undeclared Labor, Wages and Benefits, Working Hours, Freedom of Association, and Health & Safety)



ENVIRONMENT

(Compliance, training, measurement, and continuous improvement)



ETHICS

(Legal Requirements, Corruption and Bribery, Protection of Personal Information)



SUSTAINABLE PROCUREMENT

We believe in a world where all workers are free from exploitation and discrimination, and enjoy conditions of freedom, security, and equity.

For more detailed information about each section of our Business Code of Conduct, please refer to the full document EXE-POL-003.

STRUCTURE IN PLACE TO SUPPORT THE FULFILLMENT OF OUR SOCIAL RESPONSIBILITY

Each of Oxygen Development's facilities located throughout the world is expected to leverage their local management team to "manage the organization's Corporate Social Responsibility (CSR) programs in order to improve the company's impact on environmental, social, and economic aspects of our society" (EHS mission #3). Sustainability management for the overall Oxygen Development Group belongs to a global Corporate Development VP role, which reports to the Chief Operating Officer (COO).

The primary responsibilities of the Corporate Development VP are to define sustainability goals, identify potential negative effects on the environment, and promote social development initiatives within our company's supply chain.

WE CARE



SUSTAINABILITY GOALS

Oxygen Development is committed to environmental stewardship and continuous improvement with an emphasis on sustainability and corporate social responsibility. We regularly evaluate our workplace practices to establish targets and objectives, and our company reports on quantitative indicators related to Social Responsibility.

We strive for continuous improvement in our energy management and efficiency. [One of our goals is to have our US facility become carbon neutral by 2030 \(GHG emissions from Scopes 1 and 2\), by having at least 50% of the electricity we consume come from renewable energy sources, and by supporting carbon offset projects](#), which create sustainable development benefits for communities around the world.

We have made the commitment to use reasonable action plans to achieve the goals we have set out for ourselves. We also commit to take practical measures to abide by the principles of our Business Code of Conduct, and do our best for the early detection, monitoring, and remediation of possible ethical failures in our supply chain.

ENVIRONMENT

We comply with all local and international environmental laws and regulations and obtain all required environmental permits with a commitment to conduct environmentally friendly business operations. We are driven to implement adequate measures to prevent or minimize adverse effects on the environment.

We have been assessing the environmental impact of our operations and have established effective policies and procedures that reflect our environmental responsibility. We measure and continuously improve resource conservation, recycling, waste management, and air and water quality within our business operations. We also train our employees whose work has a direct impact on the environment, providing them with the resources they need to properly perform their work.

As it pertains to [Green House Gas \(GHG\) emissions reduction objectives](#), we have also established the [target to reduce our total amount of metric tons of CO₂ equivalent output by 10% in the targeted year 2022 as compared to base year 2017](#). Some of the initiatives we have in place to reduce our GHG emissions focus on electrical utility usage reduction and includes: HVAC system redesign to improve efficiency in air cooling, installation of low wattage LED lighting, and regular audits of our air compressor equipment to name just a few. For more details about our initiatives to help reduce energy consumption, please refer to our [2021 Environmental Report \(EHS-POL-001-FRM02\) published in March 2022](#).

As of mid 2021, our production facility located in Germany draws 100% of its electricity needs from renewable hydroelectric power. We have also conducted a feasibility study to retrofit our existing production facility located in the US with solar panels with the goal to [generate at least 50% of our electricity needs from renewable sources by 2030](#)).

When it comes to waste generated through our business operations, we had set a goal to divert from landfills at least 75% of our total waste. We are happy to announce that, overall, we performed better than our original target and [during the year 2021 we managed to divert from landfills over 95% of all the waste generated by our business operations, which represents a 10% increase over the prior year.](#)

LABOR & HUMAN RIGHTS

We are committed to making the UN Global Compact and its principles part of the strategy, culture, and day-to-day operations of our company, and to engaging in collaborative projects that advance the broader development goals of the United Nations -- particularly the Sustainable Development Goals related to labor and human rights.

To that end, we provide our employees with understandable information about their rights, responsibilities, and employment conditions, including working hours, remuneration, and terms of wage or salary payment. We aim to provide decent working conditions for all our employees.

As stated in our Business Code of Conduct, we have embraced high moral and ethical standards when it comes to labor and human rights practices within the Oxygen Development group of companies, including the following:

- ▶ Any use of forced labor, slavery, servitude, or trafficking in human beings, as well as withholding identity papers or work permits or requiring workers to deposit a bond, repay a debt or any other constraints is strictly prohibited.
- ▶ Work by children under the age of 16 is strictly prohibited.
- ▶ Employees must be treated equally and fairly and should not be discriminated against in any manner prohibited under applicable law.
- ▶ Employees must be treated with respect and dignity. Corporal punishment, physical, sexual, verbal, or psychological harassment or any other kind of abuse is strictly prohibited.
- ▶ Illegal, clandestine, or undeclared labor is strictly prohibited, and compliance with tax and social benefits requirements related to employment must be adhered to at all times.
- ▶ At minimum, employees must be paid the regular wages and overtime rates and receive workers benefits as legally established in the country in which they operate.
- ▶ Employees cannot be imposed excessive overtime hours and the total number of hours worked per week, including overtime hours cannot exceed legally established limits (a system is in place to measure and monitor production capacity, schedule, and output to help minimize overtime).
- ▶ Respect employees' rights to negotiate collectively, to create, or to join a union organization of their choice without penalty, discrimination, or harassment.
- ▶ Comply with local and international laws and regulations as they pertain to the health and safety of employees.

Further evidence of our commitment is our [partnership with a local non-profit orga-](#)

nization, which provides support services, including training and job placement, to refugees, political asylees, and humanitarian parolees. Assisting such vulnerable groups of people with employment is key to their successful integration into our community and into the American society. The employment specialists and job developers from the non-profit organization's local branch office work hand in hand with our HR team to help refugees find employment at our production facility, and to provide additional training and counseling to help them advance in their career. This program is designed to help meet short and long-term goals for each participant.

Since we started taking an active lead with this solidarity initiative two years ago, we have provided employment to 105 participants in the Refugee Employment & Training program, and as of March 2021 we continue to have 64 active employees in this program. We are proud to say that many of them have already advanced in their career to greater roles within our organization.

In the spirit of transparency, we have also taken the initiative to request the assistance of an accredited third-party audit agency to conduct an on-site audit our US facility with regards to CSR following the Sedex¹ Members Ethical Trade Audit (SMETA²) methodology. This audit has enabled us to identify areas of improvement, for which we put together and carried out action plans, in order to remain an employer of choice through supportive and rewarding workplace practices.

When it comes to waste minimization we are committed to reducing the amount of waste we generate, and to maximize the amount of waste that we recycle.

Our waste management activities include continuous evaluation of ways that waste can be diverted from landfill and instead sent to Waste to Energy (WtE) facilities, working with our supply chain partners to procure recycled or sustainably sourced packaging materials, the implementation of a process wastewater pre-treatment system at our production facilities, having formal audits carried out by our team and by external resources to further identify waste reduction opportunities, and educating and soliciting input from our employees regarding water conservation and waste minimization opportunities.

¹The Supplier Ethical Data Exchange (Sedex) is a non-profit, membership organization that leads work with buyers and suppliers to deliver improvements in responsible and ethical business practices in global supply chains.

²The SMETA Audit methodology provides a compilation of best practice ethical audit techniques and is designed to help auditors conduct high quality audits that encompass all aspects of responsible business practice, covering Sedex's four pillars of labor, health and safety, environment, and business ethics.

100%

ENERGY FROM RENEWABLES



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Zertifikat
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Die Fir
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Natürlic

ABLE SOURCES



Natürlich haben wir ÖKO STROM

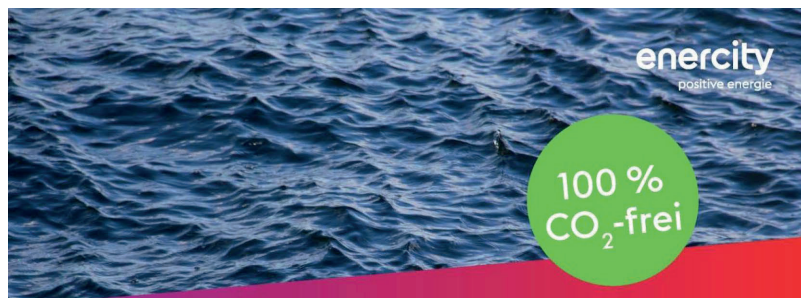
at für den Bezug von ökologischem Strom aus
er erneuerbarer Energie

ma Oxygen Development GmbH bezieht Strom
instiger erneuerbarer Energie vom 01.07.2021 bis
1.12.2022.



STADTWERK
AM SEE

h für mich.



Bescheinigung über den Bezug von Strom aus erneuerbaren Energien

Für die

Oxygen Development GmbH

Am Mühlenfelde 7, 30938 Burgwedel; für die Lieferstellen mit folgenden Marktlo-
kationsnummern: 50431009543 und 50434799373

Wir bestätigen hiermit die Lieferung von Ökostrom für die NaturOption
von enercity für die Lieferjahre 2021 und 2022. Die Belieferung von Kunden mit
Ökostrom erfolgt nach den Richtlinien des Herkunftsnachweisregisters (HKNR)
beim Umweltbundesamt.

Informationen zu den Zertifikaten

Anzahl: **1.319**
Ökostrommenge: **1.319 MWh**
Qualität: **Herkunftsnachweis aus TÜV Süd zertifi-
zierten Erzeugungsanlagen (EE)**
Energieform: **Wasserkraft**
Lieferzeitraum: **01.07.2021 bis 31.12.2022**

enercity AG
Hannover, den 16.07.2021

Nico Treder

i. V. Nico Treder
Leiter Vertrieb Key und Business Account

Steffen Harte

i. V. Steffen Harte
Leiter Vertrieb Key Account

OUR COMMITMENT TO THE ENVIRONMENT

We had updated our Environmental Policy in October 2020 to further strengthen our guiding principles and expectations for sustainable environmental practices. This updated policy reminds all of our employees about our environmental risk assessment activities, our environmental targets and objectives, and our reporting on environmental topics.

ENERGY CONSUMPTION AND GREEN HOUSE GAS (GHG) EMISSIONS CARBON OFFSET PROJECTS

We are committed to sound environmental stewardship and continuous improvement initiatives, and regularly evaluate our workplace practices to that effect. For example, we measure the quantity of GHG emissions from our activities under Scopes 1 and Scope 2 as defined by the Carbon Disclosure Project (CDP)³, and [we have established a target to reduce our total amount of metric tons of CO₂ equivalent emissions in absolute terms by 10% in the targeted year 2022 as compared to the base year 2017.](#)

To achieve our goal, we have been carrying out multiple action plans, including but not limited to the following:

- ▶ A redesign of our HVAC system to improve energy efficiency,
- ▶ Further leveraging positive temperature control from our HVAC system,
- ▶ The installation of low-wattage LED lighting throughout our facility,
- ▶ A feasibility study for the installation of solar panels to generate energy from a renewable source,
- ▶ A consideration for the purchase of credits from carbon offset projects,
- ▶ Regular audits of our air compressor equipment and lines,
- ▶ Turning off idle equipment and educating employees to conserve energy and solicit their suggestions,
- ▶ Conduct a regular energy audit of our facility with experts from our electrical utility company.

WASTE MANAGEMENT

It is our goal to minimize the amount of waste that we generate, by reducing, reusing, and recycling materials that needed to conduct our business operations. Waste management is a critical component of our environmental policy. As mentioned earlier in this report, our goal in the year 2021 was to divert from landfills at least 75% of all the waste we generated. We were successful in diverting over 95% of our waste from landfills during that year, thanks to our relentless efforts to reduce, reuse, recycle, and incinerate some of our waste, converting it into energy. The majority of our non-hazardous waste is processed through “Waste-to-Energy” facilities as a mix of energy-rich materials to generate electricity, the main one being a local state-of-the art renewable energy facility (REF) complete with emissions control system capable of generating up to 95 megawatts (MW) gross of electricity, enough to power the equivalent 55,000 homes while significantly reducing the amount of waste sent to landfill.

Our liquid process waste is subsequently hauled offsite to a licensed water pre-treatment facility where it is treated and cleaned before being returned to local waterways. With the objective to reduce both the volume of liquid process waste we generate, and the transportation requirement from our production facility to the offsite water pre-treatment facility, we have already completed a feasibility study for the implementation of an in-house waste pre-treatment system, which would use flocculation technology to separate oils and solids from our liquid waste thus reducing our overall liquid waste volume by over 70%. The resulting wastewater would meet local water quality standards to allow us to return it to our municipality's sewer system through sanitary drains. Skimmed oils and leftover solid waste are to be disposed as non-hazardous waste through normal channels.

We have a dedicated cardboard waste compactor to accommodate all the cardboard waste generated by our business operations. [The cardboard waste is collected on a regular basis and recycled through a local waste management company.](#)

We also reuse materials anytime it is possible. For example, [we do not throw away damaged wooden pallets.](#) Instead, we disassemble them and reuse the pieces of wood that are still in good condition. The wood is used to repair and rebuild older pallets.

In addition, we have installed a water bottle filling station in our main office area, which serves as an alternative to plastic water bottles by encouraging the use of filtered tap water. Our bottle filling station has a built-in counter that tracks the number of 16-oz plastic bottles it is helping us save. So far we have saved over 68,000 plastic bottles. To increase the use of the bottle filling station we give each new employee a free reusable glass bottle, which they can immediately use in the workplace. Because of the success of the bottle filling station in helping us reduce plastic bottle waste we have already made plans to install at least one more such station in another conspicuous location within our premises.

ENVIRONMENTAL RISK ASSESSMENT

During the course of 2020 we had updated our procedure to assess and document environmental risks as they pertain to start-up of new operations, change of operations, and periodic review of risks related to current activities. We have been conducting a systematic annual environmental risk assessment during the first quarter of each year, considering the product of the likelihood and severity of a risk, and then we present the results of that exercise to our operations team who validates required action plans. We also engage outside technical resources to help us with the design and implementation of those actions plans as needed.

SUSTAINABLE INGREDIENTS

We understand that clean ingredient formulation guarantees respect for the rights of the communities where natural materials are sourced. For this reason, [we have been sourcing RSPO-certified palm oil and RMI-certified Mica,](#) and we also select and monitor

our suppliers based on their ethical performance in terms of the environment, labor & human rights, ethics, and sustainable procurement.

Our commitment to our customers is to push for innovative and efficacious product development with cutting edge technology using sustainable, environmentally friendly, and safe raw materials.

We have been a Supply Chain Associate Member of the Roundtable for Sustainable Palm Oil (RSPO)⁴ since August 2018. Through our continued active membership, which also includes that of our manufacturing subsidiaries located in Germany and Korea, we promote the growth and use of sustainable palm oil to protect people and our planet. We are conscious about the fact that purchasing RSPO-certified palm oil has triggered the transformation of the palm oil sector and will ultimately make sustainable palm oil the norm in our industry. We endeavor to create new formulas that only use RSPO-certified ingredients and also offer innovative bases following “Clean Beauty” guidelines.

TREE PLANTING

In partnership with one of our major ingredients suppliers we supported the planting of 10 trees as part of the ForestaMi initiative during the course of 2021.

ForestaMi is the project promoted by the Metropolitan City of Milan, the Municipality of Milan, the Regional Council of Lombardy, Parco Nord Milano, Parco Agricolo Sud Milano, ERSAF (Regional Agency for Agricultural and Forestry) and Fondazione di Comunità Milano, which involves the planting of 3 million trees by 2030, in order to clean the air, improve living conditions in the wider area of the city of Milan, and counter the effects of climate change. This project is the outcome of the research carried out by the Polytechnic University of Milan and the support of Falck Renewables and FS Sistemi Urbani.

The collaboration between all the promoters has made it possible to achieve a strategic view on the role of greenery in the metropolitan area of Milan and to start a process of registering, enhancing and implementing all green infrastructures with trees, in order to promote urban forestry projects and policies as well as the construction of a Metropolitan Park in Milan.

³ CDP's classification of GHG emissions by scope: Scope ¹ covers direct emissions from owned or controlled sources. Scope ² covers indirect emissions from the generation of purchased electricity, steam, heating, and cooling consumed by the reporting company.

⁴RSPO: not-for-profit that unites stakeholders from the seven sectors of the palm oil industry: oil palm producers, processors or traders, consumer goods manufacturers, retailers, banks/investors, and environmental and social non-governmental organizations (NGOs),

OUR COMMITMENT TO HEALTH & SAFETY

We care about our employees' wellbeing and our commitment to ensuring the long-term health and safety of our employees is a priority at all times. This commitment can be seen throughout our business activities.

We comply with occupational health and safety regulations as well as international standards where domestic legislation is weak or poorly enforced. Per our [company principles 7.1](#) "nothing is worth an accident" and [7.2](#) "all employees are responsible for safety in the workplace."

A DEDICATED HEALTH & SAFETY POLICY

In October 2020 we had split our Environmental, Health & Safety (EHS) policy into two standalone documents, one of which now solely focuses on [Health & Safety \(EHS-POL-002\)](#), while the other focuses on the environment. The purpose of this update was to further highlight our commitment to Health & Safety. Our new Health & Safety policy defines the guiding principles, expectations, and values we have adopted to promote internal operational efficiency and accountability for our company's health & safety performance.

WORKER PROTECTION

A multitude of measures are in place throughout our organization to provide a safe workplace for our employees. We ensure that our facilities are safe and that employees are not exposed to hazardous machines, equipment, or materials.

We maintain fire safety through adequate facility and equipment conditions, regular safety trainings, and evacuation drills. We have an [Emergency Action Plan \(EAP\)](#) in place, which is known by all employees. Evacuation maps are posted throughout our facilities and evacuation drills are conducted on an annual basis. Many employees on every shift and in every work area are trained in the use of fire extinguishers.

Storage, handling, use, and disposal of all chemicals, whether hazardous or non-hazardous, comply with established protocols. Our materials' [Safety Data Sheets \(SDS\) documentation is readily available](#), and employees are trained to follow their directions accordingly. Also, [Personal Protective Equipment \(PPE\) is provided to all employees whose job requires it](#).

[We perform workplace risk assessments to identify occupational hazards](#) and ensure that employees are not exposed to them. This includes job hazard analysis for all job positions, considering mechanical, chemical, thermal, and ergonomic hazards assessments. [We also conduct an industrial hygiene test on a biennial basis to ensure employees are not exposed to unanticipated occupational hazards](#).

We have multiple programs in place for the prevention of accidents and injury in the workplace, and employees receive regular health and safety training. An incident management training is in place and safety officers are identified on each work shift who are trained to respond to incidents.

Effective communication is essential to employee involvement. Therefore, [we send out](#)

companywide communications related to health and safety topics on a regular basis. We also post safety-related information onto several dedicated communication boards strategically placed in conspicuous locations throughout our facility. These boards are set up in high traffic areas to ensure maximum visibility.

A daily “Safety Minute” face-to-face communication takes place at the start of every shift to remind our production employees about pertinent safety topics.

Our employees have access to clean drinking water and toilet facilities, and we provide adequate ventilation and temperatures throughout our facilities. Also, we provide reasonable accommodation to employees who need it to perform their work.

EMPLOYEE INVOLVEMENT

We understand that the active cooperation between management and workers is essential for the development and implementation of systems that can ensure a safe and healthy work environment for all employees.

For this reason, we have developed procedures to detect, assess, avoid, and respond to potential threats to the health and safety of our employees, and we have implemented effective measures to prevent our workers from having an accident, injury, or illness in our workplace.

In addition, we continuously build competence among our employees, including managers and workers, with the goal to promote a “safety first” culture within our business operations. We provide safety training to our employees at each level of the organization with the understanding that “all employees are responsible for safety in the workplace.”⁵

We have put together a Safety Committee composed of employees from all levels and functional areas of our organization whose mission is to promote a healthy and safe work environment for all employees, and to provide support to our company-wide efforts to control health and safety hazards in the workplace. The Safety Committee conducts periodic safety audits on a weekly and monthly basis, and reviews audits results together with our management team to propose and implement corrective actions where applicable.

From January through December 2021, thanks to the implementation of training and awareness programs, as well as continuous improvement efforts in the area of health & safety, our company managed to maintain a Total Recordable Incident Rate (TRIR⁶) at the low value of 1.7, below the industry average value of 1.8 for the calendar year 2020 (NAICS 32562).

⁵Oxygen Development Health & Safety principle 7.2 “all employees are responsible for safety in the workplace” to develop and implement global standards for sustainable palm oil.

⁶TRIR: US measure of occupational safety and health, useful for comparing working conditions in workplaces and industries. It is calculated by combining the actual number of safety incidents and total work hours of all employees with a standard employee group. A value that is lower than the industry average signifies superior performance.

A close-up photograph of a gloved hand holding a glass test tube. Inside the test tube, a small green plant with two leaves is growing. The background is a laboratory setting with several other test tubes containing similar plants, slightly out of focus. The lighting is bright and warm, creating a professional and scientific atmosphere.

WE PLAY SAFE

NAVIGATING THE COVID-19 PANDEMIC

2020 and 2021 were challenging years for everyone due to the coronavirus pandemic. From the onset of the pandemic, we began implementing measures to safeguard the health and well-being of our employees and to ensure we could maintain fully operational business activities.

The idea for us was to continue serving our customers and our community during these difficult times, therefore we made the decision to expand our capabilities and our product offering to meet the demand for essential products such as hand sanitizers.

We took multiple measures to protect our employees from the potential spread of the virus including, but not limited to:

- ▶ Implementation of a COVID-19 Tiered-Response Plan to manage risk mitigation activities and ensure business continuity
- ▶ Establishment of a cross-functional Task Force to respond to and manage the crisis (monitoring of government and health agencies guidelines, tracking of cases)
- ▶ Creation of a COVID-19 Prevention Program following OSHA guidelines (in alignment with Emergency Standards)
- ▶ Regular screening of employees to identify “at risk” individuals
- ▶ Increased enforcement and tracking of employees staying home due to illness
- ▶ Intensification of cleaning and sanitization protocols throughout our entire facility
- ▶ Training of employees on good personal hygiene and hand washing procedures
- ▶ Mandatory wearing of face mask
- ▶ Enforcement of social distancing practices
- ▶ Availability of hand sanitizer throughout our premises
- ▶ Implementation of staggered shift schedules
- ▶ Access restriction to our facility for non-essential visits
- ▶ Restriction of employee travel and limitations for on-site visits from outside vendors
- ▶ Providing employees who can work remotely the opportunity to do so with our secured IT systems
- ▶ Encouraging employees to use video conferencing capabilities for meetings with colleagues, customers, and suppliers
- ▶ Continuous processing of orders and answering of customer questions via email, phone, or video conferencing technology

Our production facility has remained fully operational since the beginning of the pandemic. We realized that our customers, our employees, and our community depended on us, our products, and our services during the pandemic. As such, we have continued to do what it takes to keep our business going and to fulfill our commitments to our stakeholders.

As a company committed to helping our society during the pandemic we have been making donations of tens of thousands of hand sanitizer bottles to our employees, as well as to first responders and local organizations including the following:



⁷**Urban League:** non-profit organization which assists African Americans and other minorities in the achievement of social and economic equality through the promotion and hosting of programs and services in the area of youth education, economic development, and economic empowerment.

⁸**Jackson Health Foundation:** fundraising arm of the Jackson Health System, a nonprofit academic medical system offering world-class care to any person who walks through its doors. The Jackson Health System ensures that all residents of Miami-Dade County receive a single high standard of care regardless of their ability to pay.

⁹**Boca Helping Hands:** non-profit organization which provides food, medical and financial assistance to meet basic human needs in the local community, as well as education, job training and guidance to create self-sufficiency.

¹⁰**Boys Town South Florida:** non-profit organization which provides an array of life-changing youth care and health care services that meet each child and family exactly where they are, so they get the right kind of care, at the right time, in the right way.

¹¹**United Way of Palm Beach County:** non-profit organization whose mission is to ensure that everyone in Palm Beach County has access to the basics: a quality education, a place to live, financial stability, good medical care, and enough to eat.

¹²**McCarthy's Wildlife Sanctuary:** non-profit ⁵⁰¹-(c)-³-wildlife rehabilitation facility licensed by the Florida Fish and Wildlife Conservation Commission, the United States Department of Agriculture's Animal Welfare Act, and the U.S. Fish & Wildlife Service, Department of the Interior.

¹³**The Lord's Place:** non-sectarian, social impact ⁵⁰¹(c)³ organization that, for ⁴⁰ years, has been changing the lives of families and individuals experiencing homelessness. The Lord's Place is dedicated to breaking the cycle of homelessness by providing innovative, compassionate, and effective comprehensive services to men, women, and children in our community.



Boca Helping Hands

776 followers
2w • 🌐



Once again, **Oxygen Development** has come through with another generous donation of 10,000 hand sanitizers! Thank you for the continued support and for helping our clients and staff stay germ-free 🙏 **#BocaHelpingHands**
#Donation #ThankYou



Boca Helping Hands

Jul 28 • 🌐



Thanks to the generous donation of hand sanitizers from **Oxygen Health Wellness** we were able to share the wealth with a local elementary school in **The School District of Palm Beach County**.

C.O. Taylor/Kirklane Elementary is a Title 1 school located in Palm Springs that supports low-income students to help meet their educational needs and goals.

We thank Oxygen Health Wellness for their support and for helping our community stay germ-free!

#BocaHelpingHands #CommunityStrong
#Donation #BHHhelps

👉 Donate





Dear Oxygen team,
we would like to "THANK YOU" for your continued
hard work during the COVID-19 pandemic.

It is thanks to your dedication that we are able to continue
fulfilling our social responsibility and help our local community.

In the most recent weeks we have made donations of

50,000 HAND SANITIZER
BOTTLES DONATED TO:

- URBAN LEAGUE OF PALM BEACH COUNTY,
- YOUTH CO-OP,
- BOCA HELPING HANDS,
- JACKSON HEALTH FOUNDATION,
- HELIX URGENT CARE,
- MEMORIAL HEALTHCARE SYSTEM.



These donations to hospitals,
the needy, and first responders
throughout our South Florida
community were made possible
thanks to you. You should be
proud of your contribution in
making this happen.

Please share this exciting news
with the rest of your team.



HUGE THANKS to our local transportation partner WE GO FOR YOU EXPRESS who offered
free transportation service for the delivery of hand sanitizers to the Jackson hospital.



ADHERENCE TO GLOBALLY RECOGNIZED CSR INITIATIVES

During the course of the year, we ensured that each and every one of our production facilities located throughout the world maintain a membership with the following globally recognized CSR rating platforms: EcoVadis¹⁴, the Carbon Disclosure Project (CDP)¹⁵, and Sedex.

ECOVADIS

Since its founding in 2007, EcoVadis has grown to become the world’s largest and most trusted provider of business sustainability ratings. The CSR assessment by EcoVadis follows a methodology built on international sustainability standards, including the Global Reporting Initiative, the United Nations Global Compact, and the ISO 26000 standard on Social Responsibility.

Our US facility has been an EcoVadis member since 2015. Our German facility set up its membership in 2019, and in the course of 2020 our other three production facilities located in the Dominican Republic, Poland and Korea finally became EcoVadis members for the first time.

As an EcoVadis member we agree to be monitored and evaluated annually on our sustainability performance within the areas of the Environment, Labor & Human Rights, Ethics, and Sustainable Procurement. The table below shows the current overall EcoVadis scores for each of our production facilities located throughout the world.

FACILITY LOCATION	CURRENT SCORE	STATUS MEDAL	VALID UNTIL
Palm Springs, Florida, USA	69/100	GOLD	Jul 2022
Burgwedel, Germany	59/100	SILVER	Apr 2022
Walbrzych, Poland	59/100	SILVER	Jul 2021
Santiago, Dominican Republic	62/100	SILVER	Oct 2022
Anseong, South Korea	48/100	BRONZE	Aug 2022

¹⁴EcoVadis is a social responsibility rating platform launched in 2007 to address the needs of Procurement Executives which were looking for reliable Sustainability indicators on their suppliers. The EcoVadis rating solution helps businesses reduce risks and drive performance and innovation in their supply chain.

¹⁵The Carbon Disclosure Project (CDP) is an organization based in the United Kingdom which supports organizations to disclose the environmental impact of corporate and industrial activities. It aims to make environmental reporting and risk management a business norm, and drive disclosure, insight, and action towards a sustainable economy.

CARBON DISCLOSURE PROJECT (CDP)

Following our company value of transparency, and our commitment to improve our environmental impact, our US facility joined the Carbon Disclosure Project in 2017. Every year since, we have been reporting Green House Gas emissions figures for that facility while also identifying and sharing insights about climate-related risks and opportunities pertaining to our operations.

As of 2021 our US facility's CDP score is a "B-" for Climate Change, which is higher than the North America regional average score of C, and the same as the Chemicals sector average of C. This Score on Climate Change allows us to benchmark and compare our progress with our governance and environmental stewardship against our peers.

CDP also evaluates our ability to engage with our suppliers on climate change. As of 2021 our US facility's score continues to be a "B-" for Supplier Engagement Rating (SER), which is higher than the North America regional average of B-, and also higher than the Chemicals sector average of B-.

With the understanding that disclosure is the essential first step to drive environmental action, and to build trust through transparency and respond to rising environmental concerns, our other production facilities located in Germany, Poland, the Dominican Republic, and Korea recently joined the Carbon Disclosure Project as well.

SUPPLIER ETHICAL DATA EXCHANGE (SEDEX)

Transparency is one of our company values. As of 2021, all of Oxygen Development's production facilities are Sedex members, and they have completed their Sedex Self-Assessment Questionnaire (SAQ), a set of questions that provide companies with an understanding of their workforce composition and the labor, environment, health and safety and business ethics performance of their supply chains.

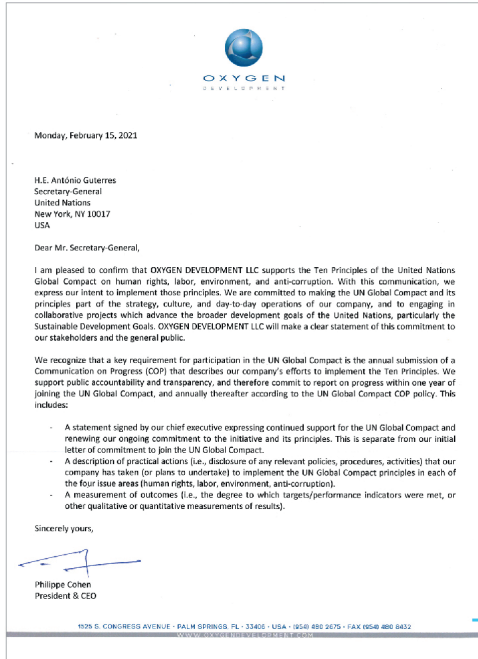
Sedex is one of the world's leading ethical trade service providers, striving to improve working conditions in global supply chains. It provides practical tools, services, and a community network to help companies improve their responsible and sustainable business practices, and to source responsibly. Its collaborative ethical data platform enables us to store, share, and report on four (4) key pillars of CSR within our supply chain: Labor Rights, Health & Safety, Environment, and Business Ethics. Furthermore, the Sedex Members Ethical Trade Audit (SMETA) is one of the most widely used social audit methodology in the world.

UN GLOBAL COMPACT

As of March 2021, Oxygen Development is an official signatory to the UN Global Compact. Our President & CEO has made a commitment to have our organization support the Ten Principles of the United Nations Global Compact on human rights, labor, environment, and anti-corruption.

We are committed to making the UN Global Compact and its principles part of our

company's strategy, culture, and day-to-day operations, and to engaging in collaborative projects which advance the broader development goals of the United Nations, particularly the Sustainable Development Goals. In short, by joining the UN Global Compact we voluntarily pledge to implement its principles of social responsibility into our business strategies and operations.



Oxygen has committed with the 10 PRINCIPLES OF THE UNITED NATIONS GLOBAL COMPACT

We are happy to announce that our President & CEO has made a commitment to support the Ten Principles of the United Nations Global Compact on human rights, labor, environment, and anti-corruption.

→ Letter sent to the Secretary General of the **United Nations** to express our intent to implement those principles.



**United Nations
Global Compact**

We are committed to making the UN Global Compact and its principles part of the strategy, culture, and day-to-day operations of our company, and to engaging in collaborative projects which advance the broader development goals of the United Nations, particularly the Sustainable Development Goals.

Get to know the 10 Principles of the United Nation Global Compact:

HUMAN RIGHTS

Principle 1

Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2

make sure that they are not complicit in human rights abuses.

LABOUR

Principle 3

Businesses should 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 labour;

Principle 5

the effective abolition of child labour; and

Principle 6

the elimination of discrimination in respect of employment and occupation.

ENVIRONMENT

Principle 7

Businesses should 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.

ANTI-CORRUPTION

Principle 10

Businesses should work against corruption in all its forms, including extortion and bribery.

A close-up photograph of several people's hands clasped together in a circle, forming a human pyramid. The hands are of various skin tones and are wearing business suits. The background is a dark, solid color. A white horizontal band is overlaid across the middle of the image, containing the text "WE ARE ETHICAL" in a bold, orange, sans-serif font.

WE ARE ETHICAL

ETHICAL PRACTICES

We believe that employees are our number one asset. Their knowledge, experience, and dedication are the key to our success as an organization. For these reasons we have adopted a set of principles on People Management, Recruitment, Training & Development, and Compensation & Benefits to enable our employees to grow within a supportive and rewarding work environment. For more details about our company principles, please refer to the full “VMVP” document EXE-ECM-001.

In addition, we have made the commitment to conduct all of our business activities following a set of moral and ethical standards aimed at fulfilling our company’s missions. Among widely accepted guidelines we have selected to use the Ethical Trading Initiative (ETI) Base Code¹⁶ as one of the benchmarks against which we conduct our business and continuously improve our systems.

We comply with all applicable local, national, and international laws and regulations, and also comply with all applicable anti-corruption and anti-bribery laws and regulations, to prevent improper payments made to obtain and retain business. In addition, we comply with all applicable laws and regulations concerning the protection of personal information, including, without limitation, the European General Data Protection Regulation (GDPR) 216/679.

CORRUPTION AND BRIBERY PREVENTION

We have a zero-tolerance policy on bribery and corruption, which applies to all business transactions of our company in all countries in which we operate. We do not tolerate bribery in any form and commit to a strong anti-corruption program. To ensure that we fulfill our objectives on corruption and bribery prevention we further instruct and educate all our employees, as well as business partners, so that they can have the knowledge and understanding of our anti-corruption policy and expectations. We have implemented an awareness program for all our employees, which includes a training delivered through a workplace ethics video, which employees watch to strengthen their knowledge and understanding on corruption and bribery.

In addition, we have trained 100% of our employees on our Whistleblower Policy, which clearly defines an established mechanism for anyone to report corruption and other sensitive issues and includes both confidentiality and non-retaliation guarantees with a dedicated reporting channel.

Our Anti-corruption policy is also shared with all our suppliers, and we collect their signed acknowledgment of it as part of our supplier qualification process.

¹⁶The ETI Base Code is founded on the conventions of the International Labour Organisation (ILO) and is an internationally recognized code of good labor practice. It is viewed as a global reference standard and is widely used as a benchmark against which to conduct social audits and develop ethical trade action plans.

ORGANIZATIONAL PERFORMANCE ASSESSMENT (OPA)

We actively seek input from our employees to identify improvement opportunities so that we can fulfill our company missions and provide them with a supportive and rewarding work environment. One of the most effective tools we leverage to that end is our annual Organizational Performance Assessment (OPA) survey. The purpose of this survey is to measure the effectiveness of our organization's internal structures, processes, and support activities to meet the needs of our customers, our suppliers, and most importantly that of our employees.

Our Human Resources management team sends out an annual survey to all employees, collects answers from respondents, analyzes and reviews the survey results with our executive team, and proposes, communicates, and implements action plans to improve our organizational performance.

BENEFITS TO OUR EMPLOYEES

As we strive to be an employer of choice we continue to improve our employee benefit offerings to ensure that they remain competitive and attractive in the marketplace.

▶ Paid Vacation and Sick Leave

Our regular full-time employees can accrue paid vacation time after ninety-one (91) days of employment with us. The accrual rate for vacation time depends upon the years of service with our company. They can also accrue paid sick leave as per company policy.

▶ Insurance Products

We provide our employees with company-sponsored medical and dental insurance plans. We also facilitate access to supplemental insurance products such as Accident, Short-Term Disability, Hospital, Critical Care, Cancer, and Life Insurance.

▶ 401(k) Retirement Plan

We have established and maintain a 401(k) plan to allow eligible employees a tax-leveraged means of supplementing their retirement planning. In addition to elective salary deferrals which are excluded from the participating employee's taxable income, Oxygen Development also contributes to the employees' accounts. **Our most recent eligible employee participation rate reached 73%.**

▶ Wellness Program

We encourage our employees to take advantage of a wellness program powered by Humana, our health insurance provider. This wellness program incentivizes employees to take a greater stake in their health by giving them the tools and support they need to live healthier lives—and rewarding them for it. The program also goes beyond traditional workplace wellness programs, by offering resources for employees dealing with everyday stressors like financial, family, and emotional concerns. **As of mid-2021 over 80% of eligible employees have been participating in the wellness program offered to them, and during the year 2020 participants had already redeemed over \$10,000 in prizes.**

► **Discounted Membership Rates At The YMCA**

The YMCA of Palm Springs, a non-profit organization that provides families with access to early childhood education, after-school care, summer day camp, youth sports, swim lessons and a variety of wellness programs for individuals of all ages, recognizes Oxygen Development as a corporate community partner thus making our employees eligible to receive discounted membership rates and access to social outings, healthy kids day events, swim lessons, fitness and aquatic programs, youth sports, preschool day camps, aftercare, and free academic tutoring.

► **Breast Cancer Awareness**

During the month of October, we organize activities to raise awareness regarding breast cancer. We encourage our employees to add a pink breast cancer ribbon to their email signature, we offer free webinars about the signs, symptoms, and treatment of breast cancer, we host a breast cancer survivor story time, give away gift cards, organize a wellness step challenge, and make a charitable contribution to the Susan G. Komen foundation, the largest and best-funded nonprofit breast cancer organization in the United States. The Komen foundation focuses on patient navigation and advocacy, providing resources for breast cancer patients to understand the American medical system. It has also funded research into the causes and treatment of breast cancer.

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THE **YMCA** IS EXCITED TO RECOGNIZE **OXYGEN DEVELOPMENT** AS A YMCA CORPORATE COMMUNITY PARTNER.

As a partner Oxygen Development is eligible to receive discounted rates with access to the following but not limited to memberships, social outings, healthy kids days, swim lessons, fitness & aquatic programming, youth sports, preschool day camp, aftercare, and free tutoring.

YMCA DISCOUNTED MEMBERSHIP RATES:

- ✓ No Joiner Fee!
- ✓ Family Rates: \$45/ mo
- ✓ Adult Single Rates: \$35/ mo
- ✓ Sports Discounts: 10% off
- ✓ Swimming Lessons: 10% off
- ✓ Preschool: 10% off
- ✓ Day Camp: 10% off
- ✓ Aftercare: 10% off

EVENTS PROVIDED BY THE YMCA:

- ✓ Every first Sunday of the month
- ✓ Social Farmers Market
- ✓ Tournaments
- ✓ Lunch & Learn Events
- ✓ Food Truck Frenzies

VOLUNTEERING OPPORTUNITIES

Volunteering at the YMCA of the Palm Beaches is an opportunity to make a difference in our local community.

Local impact includes:

- Families in need
- Orphaned & Fostered Youth
- Disabled & Local Immigrants
- Elderly Population





OCTOBER BREAST CANCER AWARENESS MONTH

HR & FIT TEAM
EXCITED TO ANNOUNCE
UPCOMING ACTIVITIES
THAT YOU CAN
PARTICIPATE IN DURING
OCTOBER TO SHOW
YOUR SUPPORT:

1 SHOW YOUR SUPPORT

Include the **Pink Breast Cancer Ribbon** to your E-mail Signature

2 ATTEND WEBINARS

Oct 9th • 2 pm EST
GO365 Webinar
Signs & Symptoms
& Treatment

Oct 27th • 12 pm EST
A Survivor's Story
hosted by colleague
Petra Schlenz

3 WEAR PINK ON FRIDAY

On Fridays for your chance to win **\$25 Gift Card!**

4 WEAR A PINK FACE MASK

Face masks will be available every Friday for Oxygen Employees to show their support.

PARTICIPATE IN THE GO 365 "Breast Cancer Awareness Month" STEP CHALLENGE:



- Goal is 3 Million Steps as A Company
- Hit the Goal & Oxygen Development will make Charitable Contribution to Susan G Komen
- Prizes will be Awarded to Individuals as Well

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providing resources for breast cancer patients to understand the American medical system. It has also funded research into the causes and treatment of breast cancer.

▶ Facility Improvement Team (FIT) Events

We support a group of employee volunteers who take part in our Facility Improvement Team (FIT). "FIT" organizes company-sponsored social events for our employees, such as a Trivia Night, Valentine's Day donuts and cupcakes, free breakfast, free popcorn Fridays, an annual Thanksgiving potluck, 5k corporate runs, Halloween party with pizza and games, a holiday sweater competition, "Get to Know Your Coworkers" social events and more.

▶ Employee Appreciation Week

We value our employees' work and love to say "thank you" to them in many different ways. One way for us to do that is to celebrate our company values together during our annual employee appreciation week, which is a week filled with fun activities, food, and prizes. During that week we give away free car washes, massages, breakfast, pizza, popcorn, ice cream, gift cards, and raffle out many prizes; we also put together dance competitions, set up board games, and organize team-skills contests.

▶ Hurricane Relief Efforts

As a socially responsible organization we often work with local charities and drop-off centers to conduct donation drives and collect relief supplies for communities in need after a hurricane. The most recent relief effort in which our organization participated took place after hurricane Dorian hit the Bahamas. Our employees helped by donating many cases of bottled water, toilet paper, hygiene products, baby formula, diapers, candles, and canned food, which were subsequently delivered to the Bahamian community.

▶ Holiday Gift Drive

We partner with Achievement Centers for Children & Families, a local community-based, family focused organization dedicated to providing opportunities where under-resourced children may thrive in a positive environment. Our most recent collaboration activity was a toy drive in December 2021 when we collected toys and delivered them to children in need for their end-of-the-year holiday celebrations.

▶ Career Growth

We also care about the professional and career growth of our employees. Therefore, we provide them not only with internal trainings, but also with company-sponsored external training and development programs. **During the year 2021 our employees received an estimated average of five (5) hours of training**, of which about two and a half (2.5) hours were delivered through our online access-controlled E-learning platform, and two and a half (2.5) hours through On the Job Training (OJT) activities. In total **we provided over 4,000 hours of training to employees during the calendar year 2021**. We leverage an online learning platform, which provides tools for the creation of training content and documentation, assessment, and progress tracking in a user access-controlled environment.

▶ Blood Drive

We are committed to saving lives in our community. One of the most personal and profound ways we can make a difference in someone's life is by donating blood. People

WE ARE ETHICAL

need blood transfusions to have surgery, survive cancer, and be treated for injuries and illnesses. For these reasons, we host an annual blood drive on our company premises in partnership with One Blood, a non-profit 501(c)(3) responsible for providing safe, available, and affordable blood. **Twenty (20) employees donated their blood during our most recent drive, thus helping to save sixty (60) lives.** In addition to the reward of **helping save lives**, all donors also received a free t-shirt and a wellness checkup including blood pressure, temperature, iron count, pulse, and cholesterol screening.

All employees receive in-house training on environmental, health & safety, as well as technical and soft skills topics related to their work area.

Starting in 2021 we have been offering English as a Second Language (ESL) classes to employees from our Production department as part of our company-sponsored **Professional Development Program**. Those employees who participate in the program are able to improve their language skills through a 10-week program delivered by an accredited language instructor following a curriculum designed specifically to meet the needs of our employees.

We have also been providing thirty-five (35) members of our management team with access to a digital online library of over 6,000 courses covering a wide range of technical, business, software, and creative topics. This platform, which is managed by LinkedIn, an award-winning industry leader in online training, is accessible to our employees 24/7 from their desktop computers or mobile device.

Furthermore, we provide qualified employees with financial assistance for work-related external training and educational programs that help improve their job proficiency and benefit them in their career. Financial assistance for such programs may include tuition, books, and supplies. **In 2021 alone we have spent over \$53,000 to support our employees so they could take advantage of external learning activities of their choosing.**

We also encourage promotion from within our organization. **During the year 2021 our company has shown a 10,5% promotion rate.**

DIVERSITY, EQUITY & INCLUSION

We value diversity in our workforce and our 2021 demographic makeup speaks to it: 65% of our employees identified themselves as Hispanic or Latinos, 14% as White, 13% as Black or African Americans, 5% as Asians, and 2% as two or more races.

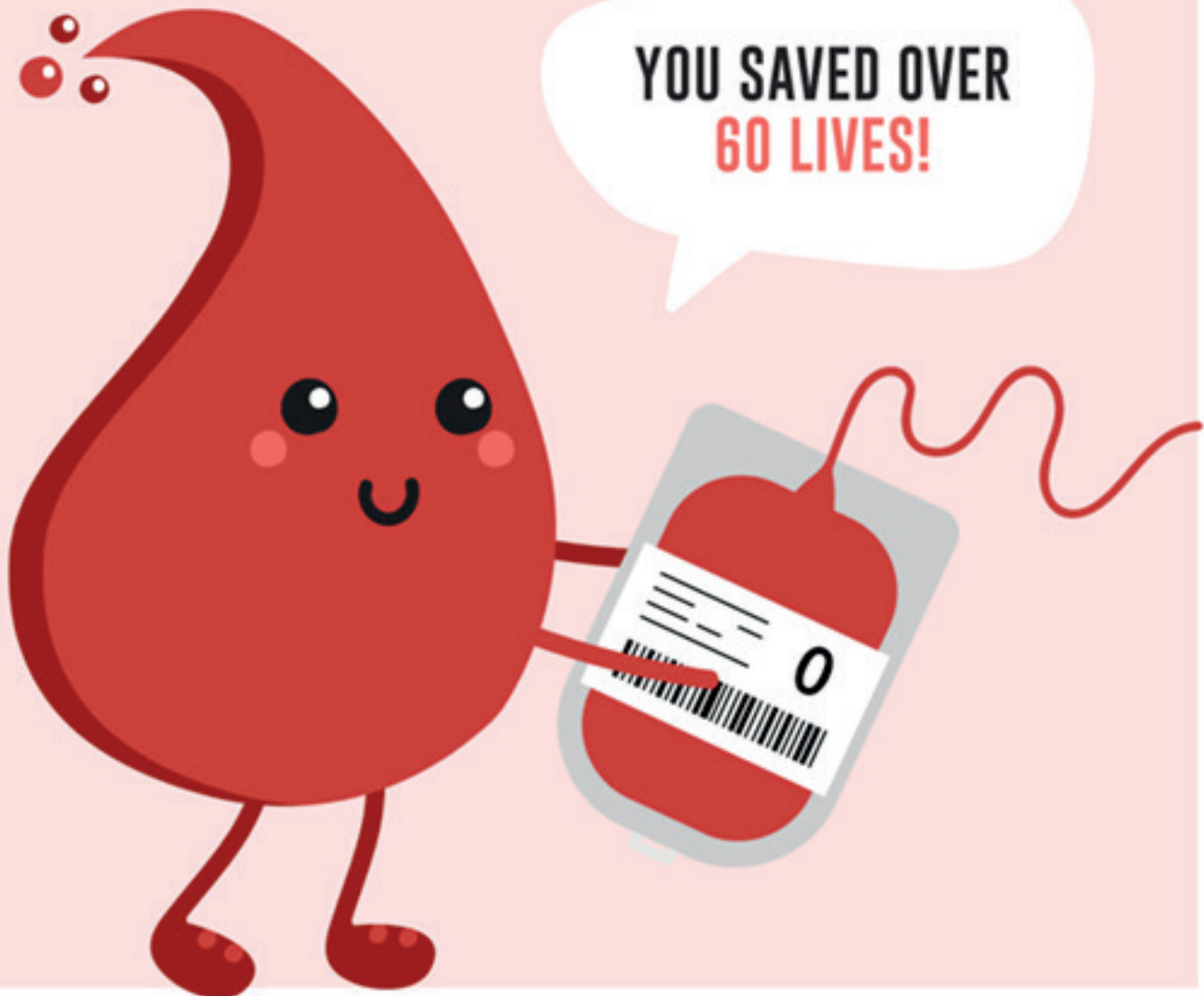
In fact, **Oxygen Development has been receiving a 4-star rating with a score of 4.0 for Diversity & Inclusion on Glassdoor.com**, the world leader on insights about jobs and companies.

We are an equal opportunity employer committed to providing equal opportunity in all of our employment practices, including selection, hiring, assignment, re-assignment, promotion, transfer, compensation, discipline, and termination. We prohibit discrimination, harassment, and retaliation in employment based on race, color, religion, genetic information, national origin, sex, pregnancy, childbirth, or related medical conditions, age, disability or handicap, marital status, citizenship status, service member

THANK YOU

TO THE 20 EMPLOYEES WHO DONATED BLOOD!

Your contributions helped Oxygen Development achieve
COMPANY MISSION #6 and fulfill our social responsibility.



WE ARE ETHICAL

status, or any other category protected by federal, state, or local law.

Also, we have solid grievance mechanisms in place to enable employees to put forward complaints without the risk of retaliation.

BUILDING A RELATIONSHIP WITH OUR LOCAL COMMUNITY

We care for and support our community in many ways. We work with local non-profit organizations such as the Youth Co-op and the Urban League to understand the employment needs of people in our community and do what we can to provide them with jobs. For example, together with our temporary staffing partner we have been [helping the Youth Co-op to provide support services and jobs to refugees](#). Many of the employees who have joined our organization through the Youth Co-op's Refugee Employment & Training program continue to grow professionally with us, and many have since been promoted to higher roles within our organization.

We also work closely with local colleges and universities (Palm Beach State College, and Florida Atlantic University) to [offer paid internship opportunities to recent or soon-to-be graduates](#). We have been investing over \$100,000 per year in our internship program. During the calendar year 2020 and through the end of June 2021 we have provided internship opportunities in the functional areas of Engineering & Technical Maintenance, Research & Development, New Product Introduction, Human Resources Management, Production, Environmental Health & Safety, and Information Technology (IT) to [a total of eleven \(11\) interns](#). Upon completion of her internship at Oxygen Development, one of those interns obtained full time regular employment as a Project Manager in our IT department.

ANIMAL WELFARE

We believe in a world that is cruelty-free, and we conduct our operations in full compliance with all applicable laws and regulations related to animal welfare. [We do not manufacture products or allow the use of cosmetic ingredients which have been tested on animals.](#)

We care for wildlife! During the years 2020 and 2021 we made two \$500 corporate sponsorship donations to the [Appalachian Wildlife Refuge](#), as well as a donation of hundreds of unused mascara wands which are used by caregivers in providing care and treatment to wild animals (<https://www.appalachianwild.org/wands-for-wildlife.html>).

We have also made donations of hand sanitizer bottles to the McCarthy's Wildlife Sanctuary.

WE SHARE OUR VISION



SUPPLY CHAIN MANAGEMENT AND CASCADE EFFECT

We manage our supply chain activities in a sustainable and responsible manner. We strive to engage, grow with, and reward business partners that share our ambitions to advance our commitment to sustainability and continuous improvement within their value chain.

We realize that demand for sustainable products has been growing exponentially amongst consumers. More and more companies like ours are under immense pressure to improve transparency and implement sustainability best practices, and this includes the sustainability of our suppliers. For us to be recognized as a premier partner for beauty products worldwide we must strive to implement the same principles of sustainability we believe in within our own supply chain.

Our supply chain is the most powerful lever for sustainability impact we have, and for this reason it is of utmost importance for us to take our vendors' sustainability criteria into account in our purchasing decisions. We have taken the initiative to share with our business partners what expectations we have from them regarding social responsibility and sustainability practices.

EXPECTATIONS FOR OUR SUPPLIERS:

In the spirit of transparency, we have made a commitment to understand our suppliers' performance using the online platform created by EcoVadis. The platform enables us to view the performance of our suppliers in the four major sustainability categories and understand their strengths and areas for improvement. It allows us to manage our network upstream and ultimately monitor the performance of our own supply chain. We make it clear to our suppliers that we take our corporate social responsibility seriously and actively seek out and favor business relationships with companies who share our ethical commitment and who acknowledge our expectations.

By working together and taking a common approach with our suppliers we will have a greater impact and a better chance of improving working conditions in their supply chain. We understand that the value of cooperation is equally important in our relationship with our supply chain partners, especially for those that need our support to improve.

We would only consider terminating a business relationship with a business partner because of a struggle to implement our Supplier Code of Conduct as a last resort. However, there might be a time when it may be necessary for us to terminate that business relationship, if the business partner fails to act in a manner consistent with the principles listed in our Business Code of Conduct, or is unwilling to undertake the measures needed to fulfill our expectations.

In October 2020 we had updated our Purchasing Manual to account for Corporate Social Responsibility Risk Assessment in our supplier selection activities. **As part of our Supplier Qualification process, we ask that our suppliers share a copy of their**

EcoVadis scorecard. Our initial focus has been on our top 40 vendors of raw materials and packaging items, which represent about 80% of our purchasing activity for those key material areas. We are happy to announce that so far all our suppliers have met an acceptable level of performance, and many already have actions underway to continuously improve their sustainable practices and to further increase their overall EcoVadis scores year-after-year.

We have also shared our **Code of Conduct and our Anti-corruption Policy** with our suppliers and asked them to confirm that they commit to fulfilling its principles.

Every purchase order we send to our suppliers includes the following terms and conditions which clearly spell out our expectations as they relate to sustainable procurement:

“Oxygen Development recognizes that purchasing decisions can have an environmental, social, and economic impact on society. As such, we are committed to doing business in a sustainable and responsible manner utilizing our supply chain to create positive change. We require that, as a supplier to Oxygen Development, your organization upholds the laws and regulations of the respective countries where you operate, endorse highest standards of environmental, social, economic, and ethical practices, identify and moderate risks associated with your own procurement process, and communicate our Sustainable Procurement Policy to your internal and external stakeholders and raise awareness among your own suppliers. Failure to comply with this obligation may result in the termination of our business relationship.”

WE CELEBRATE ECOVADIS



OXYGEN
DEVELOPMENT



We are happy to announce that Oxygen Development US facility has been awarded a GOLD medal by EcoVadis for the year 2021 in recognition of our sustainability achievements. Also, our facilities located in the DOMINICAN REPUBLIC, GERMANY and POLAND have received a SILVER medal, and our facility located in SOUTH KOREA was awarded a BRONZE medal.

US | we now rank in the 96TH percentile of all companies rated by EcoVadis

DOMINICAN REPUBLIC | we now rank in the 86TH percentile of all companies rated by EcoVadis

GERMANY | we now rank in the 83RD percentile of all companies rated by EcoVadis

POLONIA | we now rank in the 85TH percentile of all companies rated by EcoVadis

SOUTH KOREA | we now rank in the 50TH percentile of all companies rated by EcoVadis

EXPECTATIONS FOR OUR CUSTOMERS

Our contract manufacturing business model is such that our customers normally control and manage the design and sourcing of their product's primary and secondary packaging components. Though we seldom get involved upstream in the design and sourcing phase of our customers' packaging components, we have also realized that we can take an active approach to help them reduce the environmental impact of their product end-of-life. The idea is for us to suggest solutions in-line with circular economy innovation by encouraging our customers to use biodegradable, recycled, and recyclable materials in their packaging components, and to source from local vendors so as to limit the carbon footprint from long transportation routes. We have put together a formal communiqué inviting them to make environmentally mindful decisions when selecting materials for their packaging components. Specifically, we suggest that they take the following into account when designing and procuring their packaging materials:

- ▶ Selecting suppliers who have obtained a Forest Stewardship Council (FSC) certification to ensure that paper-based products such as unit cartons, corrugated boxes, or grey-board and paper components, come from responsibly managed forests that provide environmental, social, and economic benefits.
- ▶ Considering company take back programs, formal life cycle analysis on key products, and packaging design that allows for easy dismantling or recyclability (hint: when designing a new packaging, the most effective approach to take when considering materials is to make packaging out of material that recyclers want and have the technology to handle).
- ▶ Consulting the Association of Plastic Recyclers' design guide for plastics recyclability (<https://plasticsrecycling.org>), which provides further guidance as to which materials are recyclable in the United States.
- ▶ Obtaining greater insights to make more sustainable design choices by using an online tool (<https://open-spice.com/tool>) which can help embed eco-design into packaging development.



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