



HEALTH & BEAUTY

# LET US GROW TOGETHER!

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2022 | SUSTAINABILITY REPORT

LR HEALTH & BEAUTY GROUP



# SUSTAINABILITY REPORT 2022

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KPI's

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KPI's





**For us it is a matter of course that we take social responsibility in the here and now to assume social responsibility and to support sustainable development.**

**It is time to act, to become sustainable – environmentally, socially and economically.**





## A BRIEF WORD ABOUT THIS REPORT

We are pleased to present our new Sustainability Report, which exemplifies our company's commitment to sustainable and responsible business practices. Sustainability has been an integral part of our business strategy for many years and, as we navigate through an ever-changing landscape of societal demands and regulatory requirements, we remain true to our commitment to sustainability while simultaneously refining our focus.

The way in which society's perception of sustainability issues is changing, plus constantly evolving regulatory requirements – for example pertaining to the Non-Financial Reporting Directive (NFRD) or the Corporate Sustainability Reporting Directive (CSRD) – is making us devote even greater attention to the issue of sustainability. We are therefore publishing here for the first time a stand-alone Sustainability Report that highlights the various aspects of our sustainability activities. In preparing this report,

we have been guided by the United Nations Sustainable Development Goals (SDGs), because we are convinced that these provide a comprehensive framework for achieving a sustainable and equitable future for all.

Our sustainability strategy has always been anchored in our company's individual departments. This means that sustainability has already been taken into consideration in all decisions, developments and innovations, and many measures have been implemented on our path to becoming a more sustainable company. We are currently working to further develop our strategy in order to raise it to a new level – one that is adapted to changing requirements and technical capabilities – thereby honing our measures to make them even more targeted and efficient. A good example of this is the preparation of corporate carbon footprints. On the basis of the newly prepared carbon footprints for 2021 and 2022, we were able to gain

“ **Sustainability has been an integral part of our business strategy ...**

valuable insights in the area of CO<sub>2</sub> emissions, more precisely analyze the impact of our business activities, and derive appropriate measures from them. During the ongoing revision of our sustainability strategy, we have already been able to set specific targets for many key topics. We are currently involved in a structured identification process in some areas, which will allow us to set further targets during the course of 2023.



# ~300,000

## Sales Partners



# 32

Companies  
in 28 Countries

## 7 THINGS YOU SHOULD KNOW ABOUT US...

# 1

Under the motto “More Quality for your Life”, the LR Health & Beauty Group, along with its parent company, LR Global Holding GmbH, (hereinafter referred to as the LR Group or LR) produces and distributes high-quality health and care products. The LR Group comprises 32 companies in 28 countries around the world and is headquartered in Ahlen, Germany. On the basis of a corporate bond of EUR 125m, LR Global Holding GmbH is a capital market-oriented corporation and which is tradeable on both the open market of the Frankfurt Stock Exchange and the regulated market of NASDAQ Stockholm. During financial year 2022, which was characterized by very difficult conditions, sales (merchandise revenues) amounted to EUR 269.4m. Following a significant drop in sales following the outbreak of war in Ukraine, the LR Group was able to modify its strategic direction very quickly and counteract the effects by implementing a range of measures. In the

# 2

second half of the year, sales once again nearly achieved the record level of 2021. In May 2022, Dr. Andreas Laabs, former CFO and COO of LR Global Holding GmbH, assumed the role of Chief Executive Officer (CEO) from Andreas Friesch. The new CEO, Dr. Laabs, who has already been part of LR since 2014, will in future continue to drive the development of the LR Group, along with Managing Directors Andreas Grootz, Patrick Sostmann and Thomas Heursen and his entire management team.

# 3

The company’s average number of employees during financial year 2022 was 1,261. This is in addition to approximately 300,000 partners worldwide who are largely responsible for the success of our company in their respective countries.

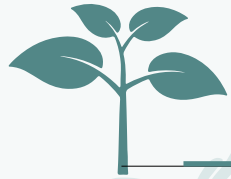
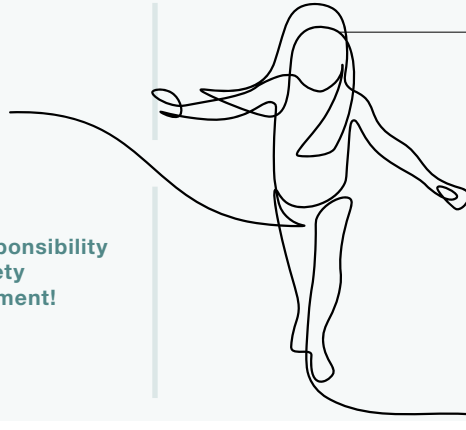


# >1,200

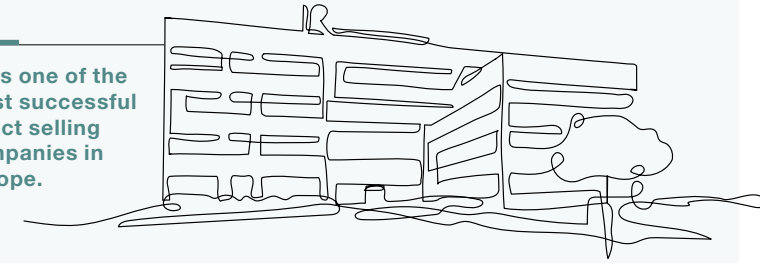
## Employees



Foreword

LR Group**We take responsibility for our society and environment!**

# 18 Children's Charity Projects

**The LR Global Kids Fund e.V. is active in over 18 countries.****LR is one of the most successful direct selling companies in Europe.****4**

For over 37 years, LR has offered people the opportunity of shaping their lives to achieve greater independence and success by becoming sales partners. This has turned LR into one of the most successful direct selling companies in Europe. As a modern social selling company, we rely not only on personal contact but also on the latest technical solutions and social media. For example, our digital know-how is evident in the "LR Connect" app we developed ourselves and which allows us to constantly network with our partners.

vera leaf gel, which – in combination with other natural ingredients and the latest scientific findings – forms the basis for many of our products.

**6**

Being one of the largest manufacturing companies in Ahlen, we take our social responsibility very seriously and founded the LR Global Kids Fund e.V. in 2009. The association is committed to helping socially disadvantaged children and supports the nutritional and educational offer directly on site. But the LR Global Kids Fund also supports many other international projects and is active in over 18 countries.

**5**

Of the approximately 200 products in our range, health products accounted for 67 % of our total sales in 2022, while beauty products accounted for 31% (others made up 2 %). We have always focused on the "Made in Germany" label – and therefore manufacture over 90 % of our products in Germany. They are subject to strict controls and are regularly checked by independent institutes. The Aloe Vera products represent our most important assortment: For both external and internal use, we use the high-quality aloe

The fact that we want to take responsibility for our society and environment is reflected in countless ideas and projects and is visible in our values and actions. We would like to present more details about this in the following chapters...

**>200 Products****67 %**

health products

**31 %**

beauty products

**2 %**

other products

**>90 %****Made in Germany****over 90 % of our products are "Made in Germany".**





Water

Paper

Energy

Waste

Travelling

Carbon footprint

Goals & Engagement

# 01

## ACTING IN AN ECOLOGICALLY SUSTAINABLE WAY

For us, acting in an ecologically sustainable way means to work in “unison” with nature. This means: we offer nature time to regenerate and preserve it for future generations.





# WATER.

valuable & worth protecting resource

## 3.805 M<sup>3</sup>

less water consumption than in the previous year

## WATER AN ESSENTIAL RESOURCE

As a producer of care products, fragrances and nutritional supplements, LR focuses very closely on its water footprint. We regard water as a valuable resource worthy of protection, one that is elementary to nature, mankind, and the animal and plant world. At the same time, water is needed along the entire value chain. In 2022, LR's total water withdrawal was some 18,788 cubic meters, 3,805 cubic meters less than for the previous year. Of this, some 4,264 cubic meters were consumed in the production process and some 14,525 cubic meters were discharged.

The careful use of resources is reflected in LR's water management plan, which, among others, meets all of the requirements of the German Water Resources Act (WRA). High priority is afforded to the refurbishing LR's existing buildings (in accordance with the 2019 WRA). This ensures that no chemical substances are released into the environment in the event of an accident.

LR also meets specific additional requirements with regard to the disposal of production wastewater. For example, LR employs intensive water treatment methods to ensure that no nitrates,

phosphates, pesticides or priority substances as defined in the European Parliament Directive 2000/60/EC (Article 2, Number 30) enter directly into the wastewater. Furthermore, since March 2022, wastewater discharge from beauty production is diverted to a 25,000-liter tank. The wastewater collected there is fed to a biogas plant in a next step and thus used for energy generation.

### SUSTAINABLE FISHING QUALITY SEAL "FRIEND OF THE SEA"



Much of the world's fish population is in danger due to overfishing. It is therefore all the more important to LR that any maritime raw materials in our products are obtained in a sustainable way. We ensure this by only using certified ingredients. For the fish oil used in the LR LIFETAKE Super Omega capsules, LR has chosen to use products with the "Friend of the Sea" quality seal, which is issued by the World Sustainability Organization. The organisation "Friend of the Sea" is a world leader in maritime affairs related to sustainability.





Water

Paper

Energy

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Travelling

Carbon footprint

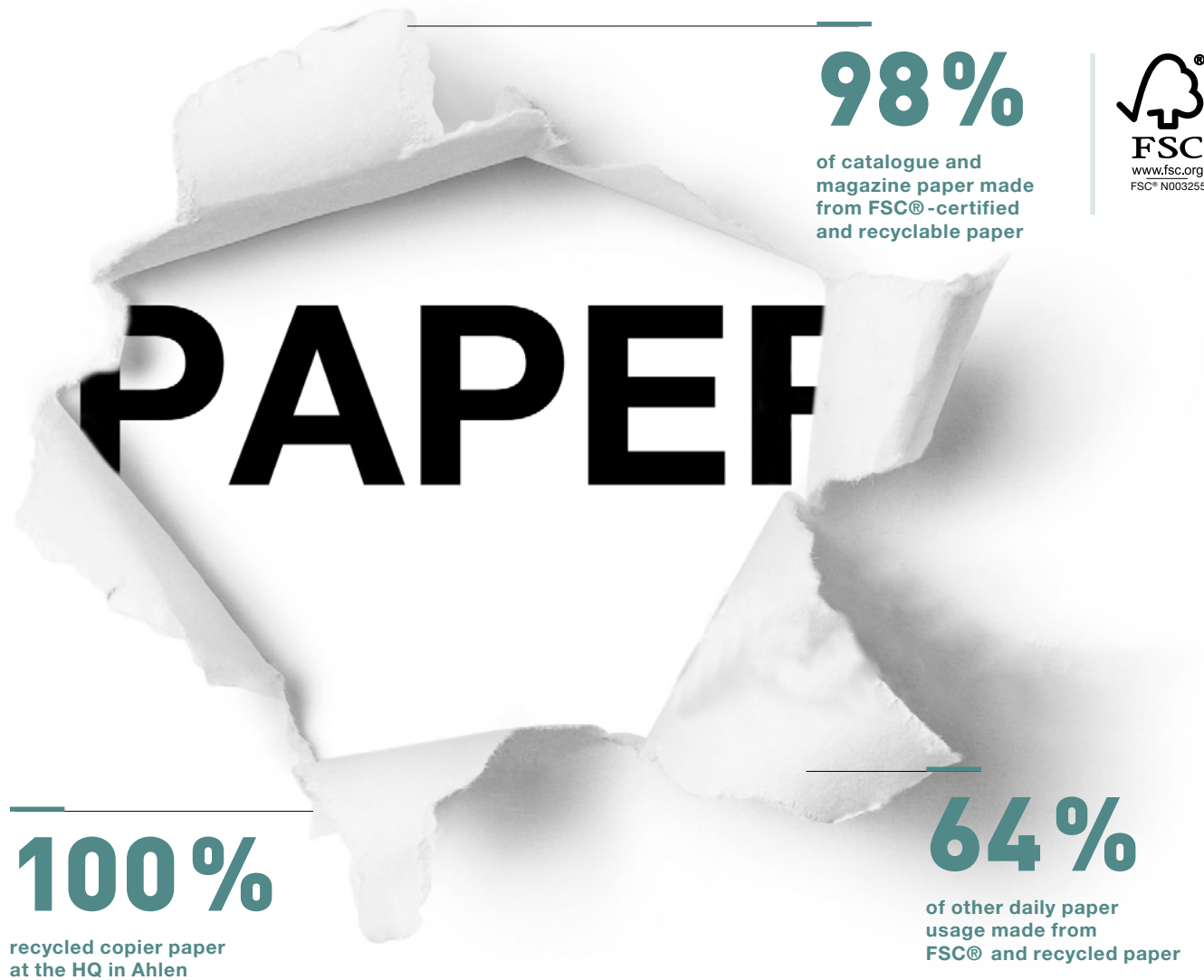
Goals & Engagement

## SUSTAINABLE USE OF PAPER: CONSCIOUSLY ENVIRONMENTALLY AWARE

Magazines and printed media? Product packaging? Paper for everyday use? LR is increasingly focusing on resource conservation and sustainability in these areas. Here, we rely particularly on global market leader, the FSC®, or Forest Stewardship Council®.

The FSC has set itself the goal of promoting ecologically appropriate, socially beneficial and commercially profitable forest management. It therefore monitors and certifies the cultivation of forests and the processing and production of the finished products.

By the end of 2022, we were already able to switch to a significant amount of FSC®-certified and recyclable material in terms of product packaging. So when you receive a printout or copy from our German headquarters, it will actually be printed on 100% recycled paper. In terms of the paper used to produce various magazines and print media, the figure is as high as 98% or 736,798 kg! And we have not even reached our goal here yet. We want to continue along this path during the next few years and make conscious and targeted use of FSC®-certified and recyclable material wherever possible.





Water

Paper

Energy

Waste

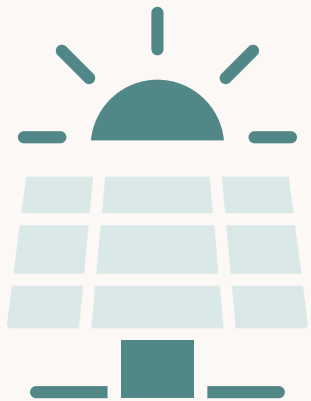
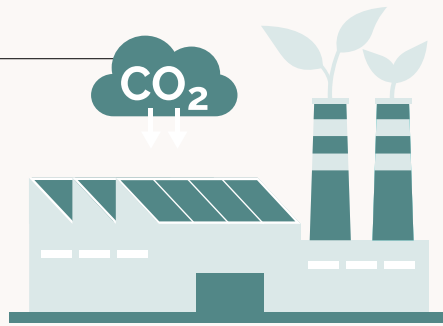
Travelling

Carbon footprint

Goals & Engagement

**15.1 %**  
**Reduction**

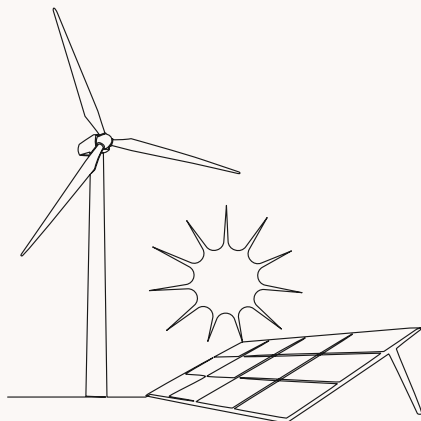
in electricity consumption  
(compared to the previous year)



**3,200**  
**Photovoltaic panels**

of 1,209 KW/peak, will be  
commissioned in 2023.

**100%**  
**green electricity**  
**at the company's**  
**site in Ahlen,**  
**Germany**



**ENERGY**  
**ELECTRICITY & GAS**

As a manufacturing company, the subject of energy is of particular importance to LR. Many environmental changes and impacts are indirectly or directly related to the use of energy. In this context, we consider it our responsibility to continuously measure and reduce our energy consumption and to use renewable energy sources. At the same time, LR is aware that effective energy management can also deliver a significant competitive advantage. This argument carries considerable weight, particularly in these times of war in Ukraine – a situation that generally marks the beginning of a challenging energy situation.

Overall, LR consumed some 3,466,671 kWh of electricity in 2022. Around 78 % of this energy came from renewable sources, with the company's German sites in Ahlen already operating on 100 % green electricity. The latter makes us proud and is at the same time an example for our international sites, for which the same goal is being pursued in the long term.

In terms of total energy consumption, a significant reduction is apparent compared to the previous year (2021: approx. 4,081,675 kWh). A reduction in gas consumption has also been achieved. This decreased from around 4,475,830 kWh (annual volume for 2021) to about 4,090,612 kWh (annual volume for 2022).

Of this, some 78 % was used for heating and around 22 % for production.

In order to take an even broader approach to meeting the requirements for ecologically sustainable development in future and reducing dependence on external electricity suppliers, LR has focused on generating renewable energies in the past year. Our initial considerations regarding generating energy ourselves using a large-scale photovoltaic system rapidly led to the planning of a solar plant. The energy is generated on the roofs of the aloe vera production plant<sup>1</sup> and logistics hall at the company's Porschestraße site in Ahlen. The commissioning of the plant, which comprises around 3,200 photovoltaic panels with a capacity of 1,209 KW/peak, will take place in 2023.

An intelligent energy concept likewise underlies the new LR logistics hall, which was also built in 2022 at the company's Porschestraße site and in which LR's logistical shipping processes will be bundled from 2024. For example, an air heating pump uses the energy contained in the ambient air to heat the indoor air directly. Roof insulation that far exceeds energy standards further enhances energy efficiency.

<sup>1</sup>The Aloe Vera Drinking Gels and the Mind Master Brain & Body Performance Drinks are produced and bottled here.



Moreover, in 2022 we succeeded in identifying alternatives for technical equipment that was previously powered by gas. Particular noteworthy here is the procurement of a new, electricity-powered steam generator for our aloe vera production line, which is to be commissioned at the same time as the photovoltaic system.

With regard to energy management, further optimizations should also be listed that were implemented at the company's sites in Germany during 2022:

- On-going replacement of conventional light sources with energy-saving LEDs
- Installation of motion detectors in little-used rooms
- Control of lighting in appropriate areas of the commercial area (e.g., outdoors)
- Planning of further energy efficiency measures (e.g. insulation and reducing the size of doorways)

Furthermore, LR submits to energy audits at its production site in Ahlen, Germany, every four years in accordance with DIN EN 16247. Findings obtained from these audits can also be regularly drawn upon and leveraged as an opportunity to improve our energy balance.



A future image of the new LR logistics hall with an intelligent energy concept

### Further improvements at the company's German sites



Replacement of conventional light sources with energy-saving LEDs



Installation of motion detectors in little-used rooms



Procurement of a new, electricity-powered steam generator for our aloe vera production line



Planning of further energy efficiency measures

## WASTE MANAGEMENT COMPOSTING & RECYCLING

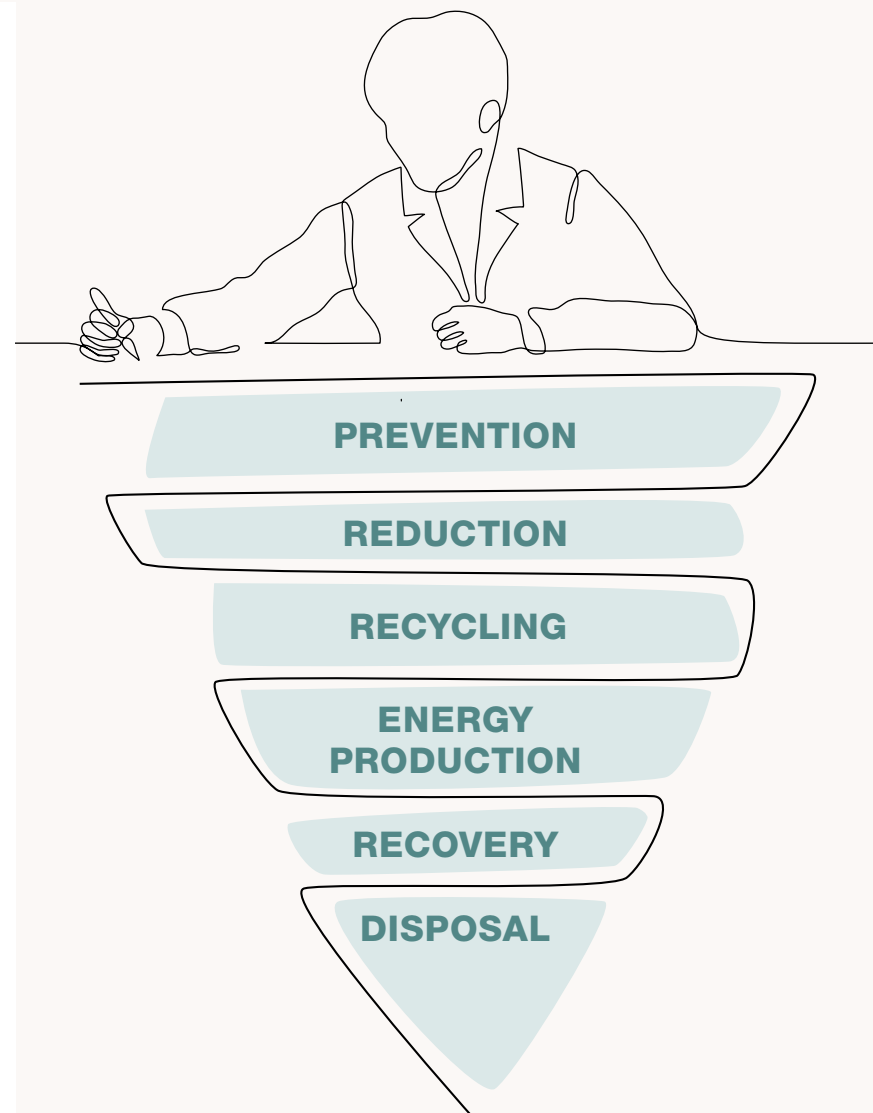
There's no mistaking LR's responsible approach to the issue of waste. In order to limit the ecological impact of our business as far as possible, LR pushes both a reduction in the amount of waste produced and a circular economy approach. This goes hand-in-hand with our intention to recycle or reuse the waste produced at each of our sites to the greatest extent possible.

Overall, it is apparent that optimizing LR's 2022 waste management program by establishing several processes simultaneously would be possible. The following measures for avoiding or reducing waste have been successfully implemented at the company's sites in Ahlen, Germany:

- Immediate return of transport packaging of the same type and quantity
- Avoidance of secondary packaging wherever possible
- Use of refillable canisters (e.g. for detergents and cleaning agents)

“ **Our intention is to recycle or reuse the waste produced at each of our sites to the greatest extent possible.** ”

- Increasing replacement of disposable items with reusable items, including conversion to reusable packaging systems (e.g., reusable Euro pallets in place of disposable pallets)
- Careful separation of waste in order to increase the recycling rate and minimize the amount of residual waste
- Procurement of long-life and repairable products
- Repairing instead of replacing equipment, machines and other everyday items

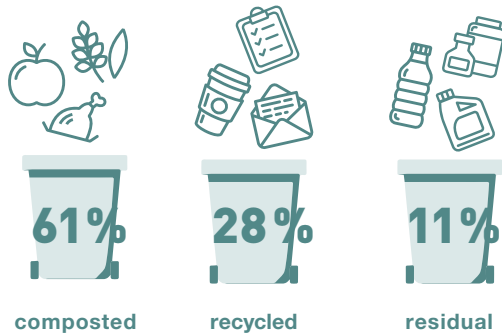




It is also worth mentioning that LR collects and reports the total amount of hazardous waste as a separate key performance indicator (KPI). This includes e-waste, solvents, substances that produce reaction and distillation residues, and packaging containing hazardous residues. The weight of hazardous waste generated during 2022 can be quantified at 11.95 tons.

Looking at the total volume of waste in 2022, the figure for LR is 1,826 tons. The majority of this waste was composted (over 61%) and recycled (28%). The residual amount of 198 tons (10.8%) was incinerated or sent to landfill.

**Volume of waste in 2022**



**Handling with the different types of waste at the headquarters and production site in Ahlen, Germany**

Waste type	Handled by LR	Handled by external service providers
<b>Electric waste</b>	<ul style="list-style-type: none"> <li>Collection in box pallet</li> </ul>	<ul style="list-style-type: none"> <li>Pickup</li> <li>Recycling</li> </ul>
<b>Batteries</b>	<ul style="list-style-type: none"> <li>Collection in boxes or drums intended for the specific purpose</li> </ul>	<ul style="list-style-type: none"> <li>Pickup</li> <li>Disposal via the battery return system</li> </ul>
<b>Glass</b>	<ul style="list-style-type: none"> <li>Collection in containers</li> </ul>	<ul style="list-style-type: none"> <li>Pickup</li> <li>Recycling</li> </ul>
<b>Cardboard</b>	<ul style="list-style-type: none"> <li>Collection in separate containers or garbage cans in the administration area</li> <li>Compaction using a paper press</li> </ul>	<ul style="list-style-type: none"> <li>Collection &amp; inspection of trash cans in the administration area (waste separation)</li> <li>Pickup</li> <li>Recycling</li> </ul>
<b>Paper (confidential data)</b>	<ul style="list-style-type: none"> <li>Collection in bins intended for the specific purpose</li> </ul>	<ul style="list-style-type: none"> <li>Pickup</li> <li>Shredding</li> <li>Recycling</li> </ul>
<b>Residual waste / municipal waste</b>	<ul style="list-style-type: none"> <li>Collection in separate containers or garbage cans in the administration area</li> <li>Compaction using a press</li> </ul>	<ul style="list-style-type: none"> <li>Collection &amp; inspection of trash cans in the administration area (waste separation)</li> <li>Pickup</li> <li>Disposal via incineration plant</li> </ul>
<b>Films</b>	<ul style="list-style-type: none"> <li>Collection in bins intended for the specific purpose</li> <li>Compaction using a foil press</li> </ul>	<ul style="list-style-type: none"> <li>Pickup</li> <li>Recycling</li> </ul>
<b>Plastic/tinplate/aluminum</b>	<ul style="list-style-type: none"> <li>Collection in common areas (kitchens, staff rooms, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>Collection &amp; inspection of waste (waste separation)</li> <li>Pickup</li> <li>Recycling</li> </ul>
<b>Other plastics (drums/canisters)</b>	<ul style="list-style-type: none"> <li>Uncontaminated with residues/no hazard labels: Collection in special containers</li> <li>Contaminated with residues/with hazard labels: Collection in special containers with lids</li> </ul>	<ul style="list-style-type: none"> <li>Pickup</li> <li>Recycling</li> <li>Pickup</li> <li>Disposal via incineration plant</li> </ul>



Despite the waste management optimization measures that were implemented, the total volume of waste produced in 2022 was significantly higher than in the previous year. The significant increase (+ approx. 987 tons) can largely be explained by the change in the amount of wastewater discharged from beauty production (approx. 1,052 tons). In accordance with local regulations, this has been collected in a separate wastewater tank since March 2022 and is therefore added to LR's waste volume (nothing is discharged via the municipal sewer system).

The contents of the wastewater tank are then fed to a biogas plant and used for energy production. The same applies to food supplements produced by LR that can no longer be sold, for example, because they are approaching their best-before. By selling metal that is no longer needed (but is uncontaminated with residues and to which no hazard labels are affixed), Euro pallets, disposable pallets, IBC containers and containers with a capacity of 1,000 to 1,200 liters, certain materials can be appropriately reused outside of LR.

### Handling with the different types of waste at the headquarters and production site in Ahlen, Germany

Waste type	Handled by LR	Handled by external service providers
<b>Metal</b>	<ul style="list-style-type: none"> <li>Uncontaminated with residues/no hazard labels: Collection in special containers</li> <li>Contaminated with residues/with hazard labels: Collection in special containers with lids</li> </ul>	<ul style="list-style-type: none"> <li>Pickup</li> <li>Recycling</li> <li>Pickup</li> <li>Disposal via incineration plant</li> </ul>
<b>Raw materials/bulk/rejected batches/environmentally hazardous materials/combustible materials</b>	<ul style="list-style-type: none"> <li>Collection in solid and liquid form</li> <li>Pre-sorting &amp; separation by specialist staff</li> </ul>	<ul style="list-style-type: none"> <li>Re-declaration of substances (on site)</li> <li>Disposal via incineration plant</li> </ul>
<b>Finished products (beauty products, eau de parfums, materials with different substance fractions etc.)</b>	<ul style="list-style-type: none"> <li>Collection on pallets</li> </ul>	<ul style="list-style-type: none"> <li>Pickup/loading into containers</li> <li>Sealing &amp; documentation of the container</li> <li>Disposal via incineration plant</li> </ul>
<b>Dietary supplements</b>	<ul style="list-style-type: none"> <li>Collection in solid and liquid form</li> </ul>	<ul style="list-style-type: none"> <li>Pickup</li> <li>Disposal via biogas plant</li> </ul>
<b>Production wastewater</b>	<ul style="list-style-type: none"> <li>Collection</li> </ul>	<ul style="list-style-type: none"> <li>Pickup</li> <li>Disposal via biogas plant</li> </ul>
<b>Untreated wood that cannot be monetized (defective pallets, etc.)</b>	<ul style="list-style-type: none"> <li>Collection</li> </ul>	<ul style="list-style-type: none"> <li>Pickup</li> <li>Recycling</li> </ul>
<b>Euro &amp; disposable pallets</b>	<ul style="list-style-type: none"> <li>Collection</li> </ul>	<ul style="list-style-type: none"> <li>Pickup</li> <li>Sorting</li> <li>Provision for reuse</li> </ul>
<b>IBC containers/containers with a capacity of 1,000 or 1,200 liters</b>	<ul style="list-style-type: none"> <li>Collection</li> </ul>	<ul style="list-style-type: none"> <li>Pickup</li> <li>Disposal (contents)</li> <li>Cleaning for reuse</li> <li>Provision for reuse</li> </ul>



Water

Paper

Energy

Waste

Travelling

Carbon footprint

Goals &amp; Engagement

## ENVIRONMENTALLY FRIENDLY TRAVEL

The ongoing development of our sustainability program also includes travel and transport.


In 2020, we already invested developing an e-mobility charging infrastructure: So far, 32 charging stations have been installed at our Ahlen site. Twenty of these charging stations are located at our headquarters on Kruppstraße, eight at our aloe vera production site, and four at our in-house advertising agency and IT department.


When it comes to travel, we take conscious decisions fully in keeping with the principle of sustainability. We always try to avoid unnecessary business travel. However, a certain amount of travel is part of our business, because one-to-one contact with our partners and suppliers is very important. Travel only accounted for a small proportion of our carbon footprint in 2021, because many travel restrictions were still in place due to COVID-19. Even when travel restrictions were lifted in 2022, we continued to keep our company's level of business travel as low as possible.

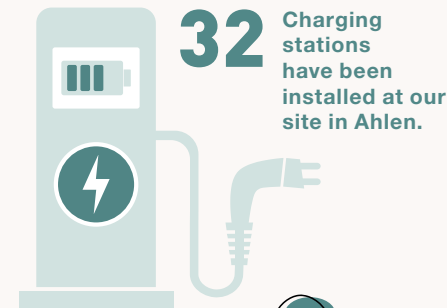
In 2022, our gasoline and diesel consumption totaled 229,466 liters (+11.4% year-on-year) and our German operations accounted for 151,659 liters (+8.5% year-on-year). This can be

partly attributed to relaxing the coronavirus restrictions and consequential increase in employees returning to their local workplaces, together with an increase in business travel again. The increasing electrification of our company cars will enable us to reduce our future gasoline and diesel consumption – with the consequent reduction in CO<sub>2</sub> emissions.

In 2022, LR's own charging stations had already been used to charge the company's electric cars and hybrid vehicles with 51,009 kWh of electricity, which corresponds to an increase of over 38% compared to the previous year. Our goal is only to allow new electric cars to be registered as company vehicles from 2025 onwards. We also offer our employees the option of working remotely and have optimized the video conferencing facilities in our offices. For business trips, we recommend that all colleagues travel short distances by train or use an electric or hybrid vehicle from our pool, instead of traveling by air. Furthermore, we offer our employees a bike leasing plan, and are increasingly seeing people cycling to work instead of driving (see also chapter 02. Social/Employees).

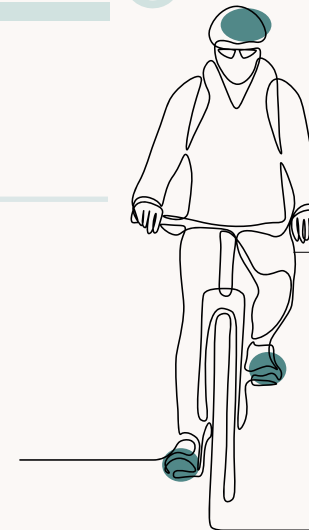
**46**   
hybrid cars<sup>1</sup>

**7**   
electric cars<sup>1</sup>



**32** Charging stations have been installed at our site in Ahlen.

**+ 38 %**  
kWh of electricity used to charge electric & hybrid cars.



**151**  
bicycles on lease\*

<sup>1</sup> At the headquarters location in Ahlen, Germany.

## OUR COMMITMENT TO SUSTAINABILITY: IDENTIFYING POTENTIAL, REDUCING EMISSIONS

**In our opinion, ecologically responsible management is a business necessity and is conducive to commercial success. Commercial and ecological efficiency go hand in hand.**

We have already implemented many individual measures to reduce our CO<sub>2</sub> emissions as far as possible – and these have been successful. Our intention now is to roll out further measures even more widely in order to realize the greatest possible savings potential. We prepared our first carbon footprint<sup>1</sup> for 2021 and repeated the process for 2022. A carbon footprint is an excellent tool for tackling the issue of reducing CO<sub>2</sub> emissions in a coordinated and targeted manner and is a key building block in LR's overall commitment to sustainability.

We have identified the following major emission sources for 2022 and are addressing them with targeted measures as the most important steps in our efforts to reduce our CO<sub>2</sub> emissions – let's look at our headquarters in Germany as an example.

CO<sub>2</sub> emissions from electricity consumption amounted to 103,320 kg, representing a reduction of approximately 28% compared to

the previous year. Switching to 100% green electricity is the primary reason for achieving this saving, but we also reduced our actual electricity consumption. Once we have commissioned our 1,209 kWp-photovoltaic system, we will be able to reduce this figure even further in future (see also chapter 01. Environmental /Energy).

The CO<sub>2</sub> emissions from our gas and electricity heating amounted to 892,500 kg CO<sub>2</sub>. In this area too, we are keeping our CO<sub>2</sub> emissions as low as possible with the aid of thermal insulation and heat recovery.

For our vehicle fleet, we recorded an increase in CO<sub>2</sub> emissions to 619,815 kg CO<sub>2</sub>. This can be attributed to relaxing the coronavirus restrictions, among others (see also chapter 01. Environmental /Travelling). However, we are already consciously counteracting this through the increasing electrification of the LR car fleet. The increase in CO<sub>2</sub> emissions from business travel to 105,420 kg is also directly related to relaxing the coronavirus rules. But this is cushioned by an increase in the use of hybrid cars and video conferencing, among others (see also chapter 01. Environmental / Travelling). At the same time, CO<sub>2</sub> emissions

# 28 %

Reduction in CO<sub>2</sub> emissions from electricity use

# 100 %

green electricity at the company's site in Ahlen, Germany

As of 2023 use a photovoltaic system with





# 1,209 kWp

from employees traveling to work have fallen to 1,213,988 kg. The option of working from home offices and increasing demand for our bike leasing plan (see also chapter 02. Social / Employees) have a positive effect on the CO<sub>2</sub> emission trend here.

At LR, we choose sustainability on a daily basis. We are still a long way from achieving our goal, but we are moving ahead with unabated energy.

<sup>1</sup> The carbon footprint is currently calculated without considering upstream and downstream supply chains.

## GOALS & ENGAGEMENT

SDG	TOPIC	GOAL / ENGAGEMENT	COMMENT
<p>7 AFFORDABLE AND CLEAN ENERGY</p> 	Energy from Green Electricity	In the long term, we intend to source the LR Group's electricity supply entirely from green electricity.	It has already been possible to fully shift the electricity supply to the company's German headquarters to green electricity in 2021. The same goal is being pursued for our foreign subsidiaries in the long term.
<p>7 AFFORDABLE AND CLEAN ENERGY</p> 	Generating Renewable Energies	In addition to purchasing green electricity from the grid, LR is, under its own initiative, also taking responsibility for ensuring a more ecologically compatible electricity mix.	Planning for a photovoltaic system comprising some 3,200 solar panels with a rated output of 1,209 kWp was already completed in 2022. Construction work has also already commenced and completion is scheduled for 2023. This will enable LR to make a significant contribution to the use of renewable energy.
<p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> 	Bike Leasing	Mobility is important, but we can significantly influence our impact on the environment by carefully choosing our modes of transport.	LR offers a very attractive bike leasing program, through which 151 bikes have been leased to date. This allows LR to make a decisive contribution to persuading ever more employees to leave their cars behind and cycle to work instead, in a carbon-neutral manner.
<p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> 	Switching from Gasoline and Diesel to Electric	Journeys and business travel are part of our business, but we can still decisively influence how this affects the climate.	LR began installing charging stations for e-cars back in 2020. By the end of 2022, a total of 32 charging stations has been installed. Usage has already increased significantly in recent years. In the long term, LR plans to only allow electric vehicles as company cars, thereby significantly reducing carbon emissions from transport.



**GOALS & ENGAGEMENT**

SDG	TOPIC	GOAL / ENGAGEMENT	COMMENT
	Water	During the manufacture of beauty products, various by-products are produced that can be harmful to the environment. LR ensures that this production wastewater is disposed of in an environmentally friendly manner.	LR employs intensive water treatment methods to ensure that no nitrates, phosphates, pesticides or priority substances as defined in Directive 2000/60/EC of the European Parliament (Article 2, Number 30) enter the wastewater directly. Moreover, the wastewater from our beauty production line is discharged into a 25,000-liter tank. The next step is to feed the wastewater collected there to a biogas plant where it is used for energy generation.
	Waste Management	Reducing the amount of non-recyclable waste is an important component for a sustainable future. In the long term, the majority of waste generated by LR should be either recyclable or compostable.	In 2022, the percentage of compostable or recyclable waste approached 90%.
	Carbon Emissions	Greenhouse gas emissions must be reduced in the long term. One building block on the way to achieving this aim is to precisely measure and analyze one's own carbon footprint.	On the basis of the calculated carbon footprints for 2021 and 2022, we have already been able to prepare analyses and derive measures for reducing our carbon footprint. In the long term, we intend to expand the scope of these calculations and also include the upstream and downstream supply chains, allowing us to gain further insights and derive targeted measures.
	Energy Consumption – Gas in the Production Process	Reducing energy consumption in the form of gas is a key element in reducing our carbon footprint.	In our production process, a large proportion of the gas consumed is attributable to a gas-fired steam generator. In order to significantly reduce the level of consumption, an electrically-powered steam generator will be purchased next year and integrated into our production process.

## GOALS & ENGAGEMENT

SDG	TOPIC	GOAL / ENGAGEMENT	COMMENT
	Energy Consumption – Electricity	Increasing the use of green electricity to reduce and replace fossil fuels.	The more electricity generated from renewable energy sources, the more the consumption of other energy sources can be reduced and replaced. Examples, such as the increased charging of electric and hybrid company cars and the use of an electric instead of gas-powered steam generator, lead to an increase in the consumption of electricity. Overall, however, increasing our electricity consumption can result in a reduction in our carbon footprint.
	Sustainable Fishing	The manufacture of LR products should not contribute to overfishing.	All marine raw materials used in our products are obtained in a sustainable manner. We ensure this by relying on certified suppliers. Here we have chosen the “Friend of the Sea” seal of approval, which is granted by the World Sustainability Organization.
	Paper	Sustainable forestry methods and sustainable use of the key resource of wood is important to us. In terms of paper and cardboard consumption, we strive to obtain a high proportion of material from sustainable cultivation or recycled goods. Our medium-term goal is to achieve a share of sustainable materials of over 90% of total consumption.	In the case of materials obtained from sustainable cultivation, we rely particularly on global market leader, the FSC®, or Forest Stewardship Council. LR’s consumption of paper and cardboard is measured in the areas of product packaging, catalogs and magazines, and other paper consumption. In the product packaging area, FSC-certified and recycled material is predominantly used, but it was not possible to precisely calculate the proportion for 2021 and 2022. We intend to do this next year. In the area of catalogs and magazines, 98% of the material used is already recycled or certified, and in the area of other paper consumption the figure is already 64%.

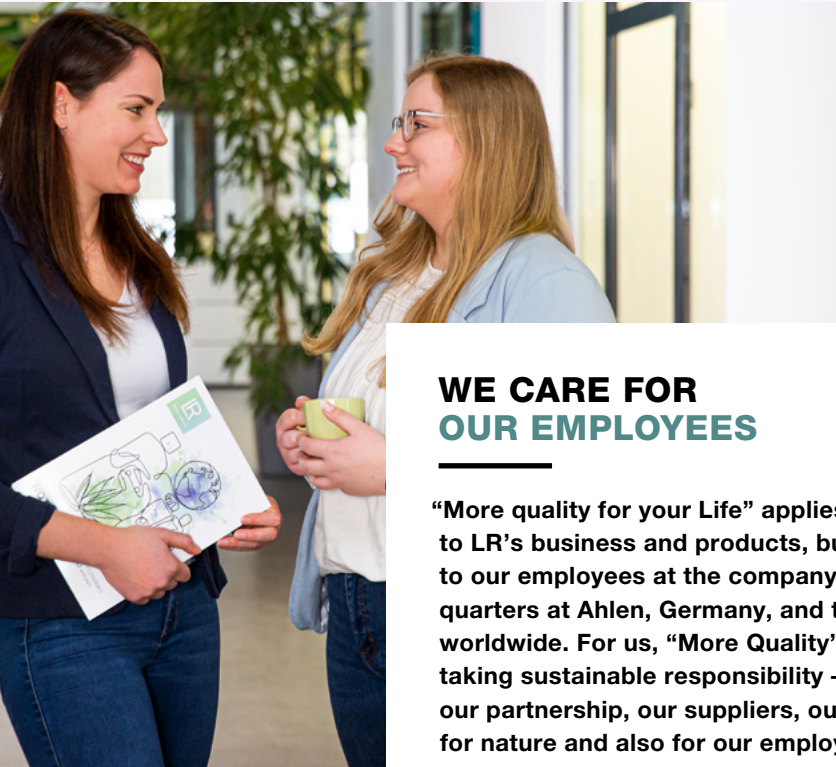


# 02

## ACTING IN A SOCIALLY SUSTAINABLE WAY


For us, acting in a socially sustainable manner means creating a respectful, fair and exemplary working environment in which everyone can develop individually and freely. And at LR, we care about the well-being of every individual.





# 1,236 Employees

in 32 companies  
(as of December 31, 2022)

 **59 %**  
female

 **41 %**  
male

## WE CARE FOR OUR EMPLOYEES

**“More quality for your Life” applies not only to LR’s business and products, but also to our employees at the company’s headquarters at Ahlen, Germany, and those worldwide. For us, “More Quality” means taking sustainable responsibility – for our partnership, our suppliers, our region, for nature and also for our employees.**

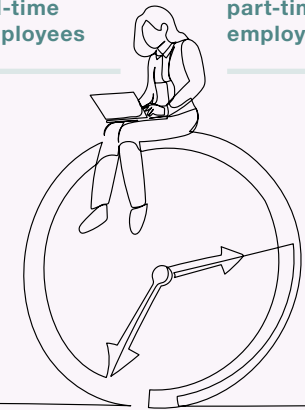
In 2022, the LR Group took sustainable responsibility for a total of 1,236 employees at 32 companies across 28 countries. Of these LR employees, 41% were male and 59% were female. This breakdown has hardly changed compared to the previous year. The distribution into FTE, Full Time Equivalent (this reflects a mathematical factor for measuring working hours), was as follows: In 2022, FTEs amounted to 1,107, while in 2021 there were 1,175 FTEs. Analogously with the headcount (HC), there was a slight decrease compared to the previous year. The gender distribution among FTEs in 2022

was 44% male and 56% female, resulting almost in parity with the previous year.

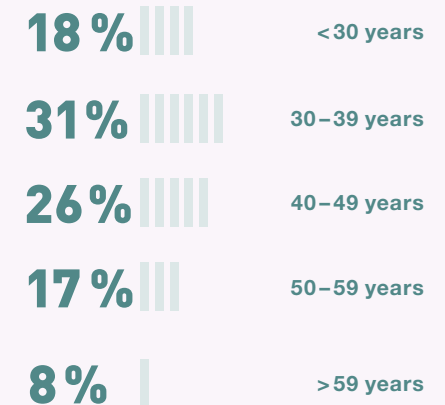
At LR, full-time employees represented the largest share of the workforce (HC) in 2022, at 86% – while part-time employees accounted for 14%. The distribution has therefore changed only slightly compared to the previous year (83% full-time and 17% part-time). In terms of “age groups,” those aged between 30 and 39 took the lead at 31% (HC). They were followed by the 40 to 49 age group at 26%, then those under 30 at 18%, closely followed by those aged between 50 and 59 at 17%. The oldest age group, those aged over 59, accounted for 8% of the workforce. In comparison with 2021, it is apparent that the under 30 age group saw a decrease of 5%, accounting for 23% of the workforce in the previous year. This residual 5% was evenly distributed among the four remaining age groups in 2022. The average age of the overall LR workforce in 2022 was 41 years, up by one year compared to the previous year.

**86 %**  
full-time  
employees

**14 %**  
part-time  
employees



### Age groups



### Average age

# 41 yrs

**20 %**  
Sales**46 %**  
Operations**7 %**  
Marketing**21 %**  
Administration**220**

employees held a position with management responsibility, of which

**47 %**  
are female.**PROFESSIONAL POSITIONS AND DEPARTMENTS**

At year-end 2022, a total of 220 employees held a position with management responsibility at LR. Alongside Managing Director and Vice President, this also includes many other employees with management responsibility such as Heads of Department or Managers. In the previous year, the figure was slightly higher at 243 employees. The top two management levels, Managing Director and Vice President, accounted for a total of 13 employees. On these two management levels, the proportion of women is over 30%, a figure that is above the average for Germany. At 47%, the proportion of women was even higher across all LR management levels.

LR employees are divided into the following categories: Administration, Sales, Marketing and Operations. The percentage distribution of all employees in the aforementioned categories

was as follows: At 46%, almost half of all employees held positions in Operations departments. This is due to the fact that we are a company that produces in-house and manufactures over 90% of our products in Germany. True to our “Made in Germany” quality principle. A balance is maintained between the number of employees in the Administration and Sales departments, at 21% and 20% respectively. At the end of 2022, the smallest employee share was attributable to Marketing, at 7%. The previous year’s distribution was practically the same. In terms of gender distribution, female employees were far more strongly represented in the Sales and Marketing departments, at 74% and 80% respectively. In the other two departments, Administration and Operations, the distribution was more homogeneous.

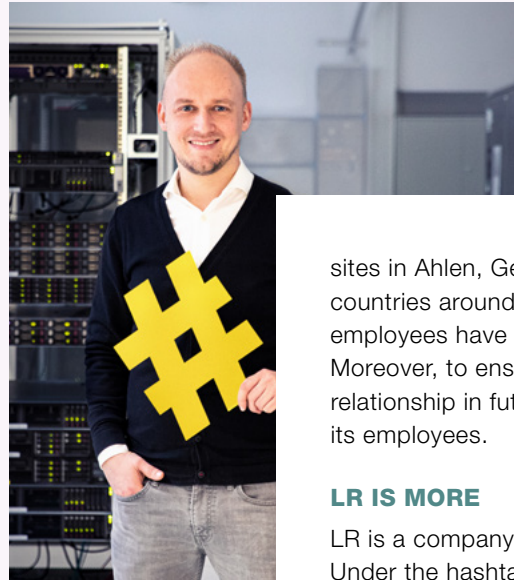
**LR IS INTERNATIONAL**

LR is an international company. This is apparent not only in the number of LR subsidiaries that reflect our worldwide operations, but also in the number of different nationalities. Forty different nationalities are represented at multiple

**“ Quality is teamwork**

**For us, quality means more than products that meet defined standards. Our concept of quality includes in particular the qualification, competence and interaction of our employees. Through excellent teamwork, we master every challenge by everyone contributing their different skills & strengths.**

Stefanie,  
Laboratory Manager Analytics



#WEAREMORE



sites in Ahlen, Germany, and in a total of 28 countries around the world. On average, these employees have worked at LR for over 8 years. Moreover, to ensure a sustainable working relationship in future too, LR has plenty to offer its employees.

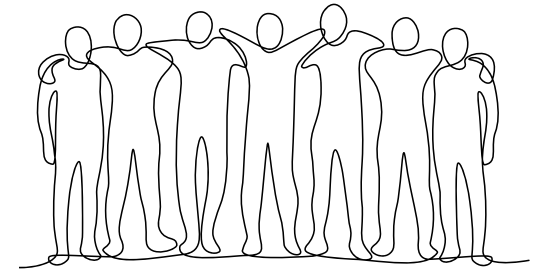
**LR IS MORE**

LR is a company for everyone who wants more. Under the hashtag #WEAREMORE, LR launched an employer branding campaign last year to establish LR as an employer brand, boost its reputation and build a better perception of LR as both a company and as an employer. LR is the employer for everyone who wants “more”. Greater opportunities, more openness and creativity in a culture that embeds mutual appreciation in its values.

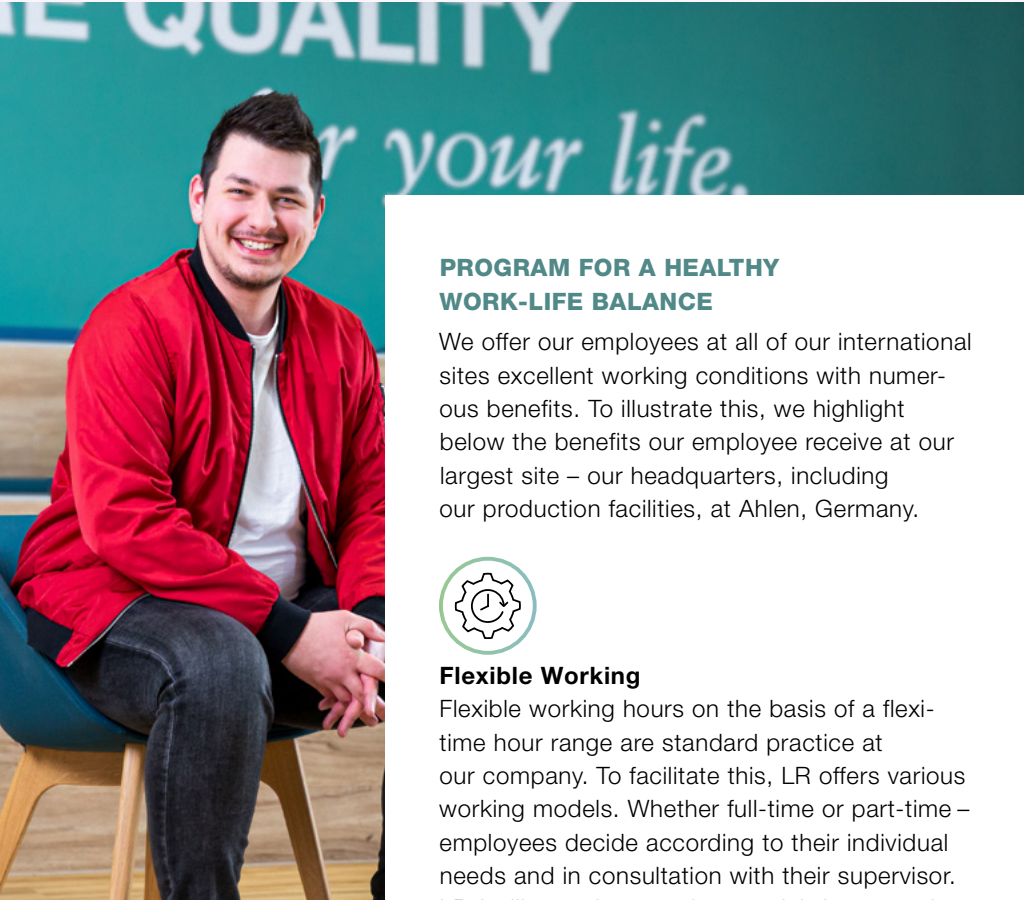
**EVERY EMPLOYEE BENEFITS – EVEN NEW HIRES**

Whether flexible working hours, diverse working models or career opportunities – our employees already benefit from numerous additional services such as occupational health management, company pension schemes and many other benefits. With our “mobile working” program, we also encourage our employees to

take responsibility for their own work and place our trust in them. The key pillars of our corporate culture are a pleasant working atmosphere, team spirit, solidarity and a healthy work-life balance. To ensure that this is also the case for new employees right from the start, every employee undergoes a fully comprehensive onboarding program – tailored to the respective position – at the beginning of their LR career path. Furthermore, each employee is assigned a personal mentor during the first few months. An introductory seminar and a tour of the company are an ideal way to round off the induction phase. Right from day one, this concept is thoroughly beneficial to employees in terms of orientation and integration into the company.







### PROGRAM FOR A HEALTHY WORK-LIFE BALANCE

We offer our employees at all of our international sites excellent working conditions with numerous benefits. To illustrate this, we highlight below the benefits our employee receive at our largest site – our headquarters, including our production facilities, at Ahlen, Germany.



#### Flexible Working

Flexible working hours on the basis of a flexi-time hour range are standard practice at our company. To facilitate this, LR offers various working models. Whether full-time or part-time – employees decide according to their individual needs and in consultation with their supervisor. LR facilitates the part-time model, for example, so that employees can achieve a better work-life balance. Part-time work is ideal for employees who want to look after their children or take on the care of relatives (family care time). The job sharing model, where possible, is also already practiced at LR.



#### Hybrid Work Model with Mobile Working

Depending on the field of responsibility, LR offers the option of working flexibly from home for up to 3 days per week. This – in combination with the flexi-time model – allows a good balance between private and professional life.



#### 30 Days of Vacation

LR offers a total of 30 days of vacation as well as Christmas Eve and New Year's Eve as company holidays. From the 5th year of employment, and then every 5 years thereafter, each employee receives an additional vacation day.



#### Occupational Health Management

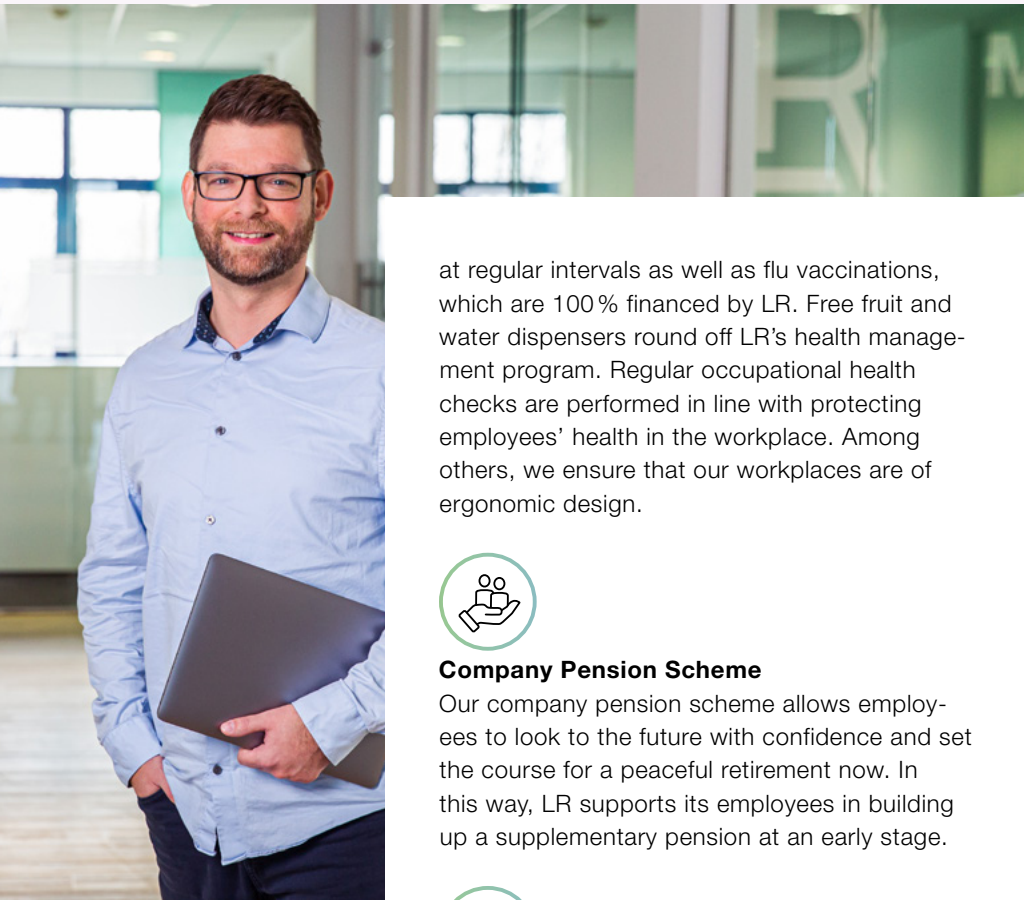
LR offers a broad range of diverse health measures to make a sustainable contribution to maintaining the health of all employees. In addition to regular on-site medical consultations, LR offers comprehensive medical check-ups



### “Balancing work and family – no problem at LR!”

**I love giving my all on the job. Since the birth of our daughter, however, I've been doing this part-time and sometimes mobile at my desk at home. That's a great way to balance my job and my family life.**

Pia, PR Manager



at regular intervals as well as flu vaccinations, which are 100 % financed by LR. Free fruit and water dispensers round off LR's health management program. Regular occupational health checks are performed in line with protecting employees' health in the workplace. Among others, we ensure that our workplaces are of ergonomic design.



**Company Pension Scheme**

Our company pension scheme allows employees to look to the future with confidence and set the course for a peaceful retirement now. In this way, LR supports its employees in building up a supplementary pension at an early stage.



**Bike & Car Leasing**

Bike leasing is an environmentally friendly and healthy form of mobility and is particularly attractive for employees thanks to tax and social security breaks. Overall, 151 bikes are currently leased to employees. This equates to a total value of some €449,000 or around €2,974 per

bike. Of these, 63 leasing contracts were concluded in 2020, 41 in 2021 and 47 in 2022. Alongside bike leasing, LR also offers its employees a car leasing program. Thanks to the company's cooperation with Mercedes, every LR team member can also enjoy attractive special leasing conditions for certain models from the car manufacturer.



**Even more attractive extras**

Our in-house canteen offers discounted meals and ensures the physical well-being of our employees. Moreover, water, fruit and ice cream, together with a variety of our LR products such as the popular Aloe Vera Drinking Gels, Figuactive soups and shakes are available to our employees free of charge on site every day. Those who wish to use LR products themselves also receive an exclusive employee discount. On top of this, a merchandise voucher is issued annually.



**“ No fear of change**

**To help shape the digital age and be equipped for it, you need people with the courage to change, creativity and confidence. Flexibility and mobility combined with a culture of collaboration play an increasing role in this.**

Rene, Teamleader  
Data Center & Cloud



### IDEAL CAREER OPPORTUNITIES FOR YOUNG PEOPLE

One of LR's concerns is to promote and develop young talent and offer them promising future prospects. In this connection, LR offers a comprehensive training program that covers theoretical and practical subjects in a total of nine different occupational fields to date. Whether commercial, creative or technical – we have a diverse range of apprenticeships. We focus not only on professional qualifications, but also on promoting social and personal skills such as self-confidence, creativity and openness. Close cooperation with the respective manager and the HR department is an key pillar of the training program. In 2022, a total of 14 apprentices participated in a training program and laid the foundation for their careers. The underlying plan is to offer them employment once they have successfully completed their training.

Our trainee program for the young “managers of tomorrow” combines theory and practice in a meaningful way, successfully launching young peoples’ careers. Over a period of 24 months, trainees gain a comprehensive insight into the various company departments and are entrusted with responsibilities right from the start. This gives them an ideal grounding, regardless

of the field they decide to work in later. As an international company, our trainee program naturally includes foreign assignments at one of our 28 international sites. Our trainees are therefore able to experience LR's international operations at first hand and help shape and further expand their social networking. In 2022, we handed ten trainees the opportunity of completing their trainee program with the intention of transferring them to their target departments.

Furthermore, the company offers young people the opportunity of completing a program of dual study at LR. Overall, four students took up this opportunity at LR in 2022. Interns, such as student interns, are also always welcome at LR. They are able to experience everyday working life and get to know the various departments. LR therefore offers numerous opportunities to launch a successful career.

### ALWAYS UP TO DATE

What's new internally at LR, who actually works in which department, and what event will soon be taking place? Our social intranet “L-AIR” – the bulletin board for employee information – answers all these questions, and much more. And speaking of events: The management also takes every opportunity to keep employees

“ All for one, one for all is what counts at LR – with respect and tolerance.

informed and, in addition to holding regular “town hall meetings”, also arranges CEO breakfast meetings for direct exchanges with the workforce. Digital coffee breaks allow employees to network and remain abreast of current topical issues from their respective departments. In this way, LR offers its employees numerous opportunities to be always up to date.

### ALL FOR ONE, ONE FOR ALL!

Doing more, creating great things. This is what LR wants to accomplish together with its employees – as a team and always hand in hand. Gender, age, religion, nationality and sexual orientation are irrelevant. “All for one, one for all” is what counts at LR – with respect and tolerance. And the common goal of acting sustainably and continuing to grow always remains in focus.





## OCCUPATIONAL HEALTH & SAFETY EVERYDAY PRACTICE AT LR

**LR has always been concerned with issues regarding employee health and protection. But what does occupational health and safety actually mean? For us, occupational health means protecting employees against occupational hazards and stresses. Occupational safety, on the other hand, means enabling employees to perform their jobs without exposing them to hazards.**

### HEALTH COMES FIRST

Ensuring that all employees remain healthy – in the workplace too, of course – is very important to LR. This specifically means physical, mental and social health. To ensure physical health, workplaces are subjected to occupational health inspections at regular intervals. Among others, we ensure that our workplaces are of ergonomic design. Alongside physical health, mental health also plays a major role in the workplace. Therefore, LR also takes its responsibility in this area seriously and offers employees a number of benefits, such as “flexible working”, the “hybrid working model with mobile working” and much more, in order to prevent mental stress, among others (see also chapter 02. Social / Employees). The company’s health management system comes into play for the social aspect of employees’ health. This gives every employee

an opportunity to participate in various health measures. Regular on-site medical consultations are offered, as well as our popular medical check-ups and flu vaccinations, which are 100% financed by LR. Free fruit and water dispensers round off LR’s health management program (see also chapter 02. Social / Employees).

### HEALTH AND SAFETY IN HARMONY

LR offers its employees a safety concept that ensures the best possible protection in the workplace for everyone – in both operational and non-operational spheres of activity. During 2022, which was still characterized by the coronavirus pandemic, offering employees the greatest possible level of protection was particularly important to LR as an employer. Where possible, employees were able to work from home as part of our “mobile working” program. However, if circumstances necessitated an employee’s presence on site, this was arranged in consultation with direct colleagues. Employees are now able to work flexibly from home for up to 3 days per week, depending on their field of responsibility. Our high standards of safety in production and logistics, together with the regular safety training courses we hold, have, among others, led to a distinct reduction in the number of days lost due to occupational

accidents among the workforce – from 89 days (2,145 hrs) in 2021 to 35 days (842 hrs) in 2022. In comparison, the number of absolute sick days for all employees increased from the previous year’s figure of 5,750 (138,000 hrs) to 6,708 (161,000 hrs). However, this increase should be viewed in the context of the massive spread of coronavirus in 2022, among other factors. The regular training courses for employees and the workplace inspections have proved effective to date: The number of work-related accidents fell from 28 in 2021 to 17 in 2022.

A range of disparate reasons, such as maternity leave, parental leave, illness, vacation and a reduction in flexi-time, is behind the number of absolute absences among the workforce as a whole. The number of such days has hardly changed for 2021 and 2022 and amounts to 21,437 (515,000 hrs). Finally, we can report that, thanks to our high standards of safety, we did not record any work-related accidents that resulted in fatalities.



## WHAT WE OFFER OUR SALES PARTNERS

LR offers its Partners a fantastic opportunity of becoming financially independent and the associated chance of gaining a greater sense of freedom. The career options are the same for everyone – regardless of age, gender, origin, sexual orientation or professional training. Digitization enables people to work in a particularly flexible manner. Many of our Partners run their businesses online and are therefore not tied to office hours or specific locations. An LR Partnership can be ideally combined with a wide variety of life situations. For example, it is always possible to earn additional income with LR in addition to a full-time job, studies or even during childcare leave. This option is especially appreciated by women – some 79% of our Partners are female.

But the option of a full-time Partnership is also always available. True to our motto “More Quality for your Life”, we support our female and male Partners in writing their own personal success stories.

“ Coming together is the beginning. Keeping together is progress. Working together is success.

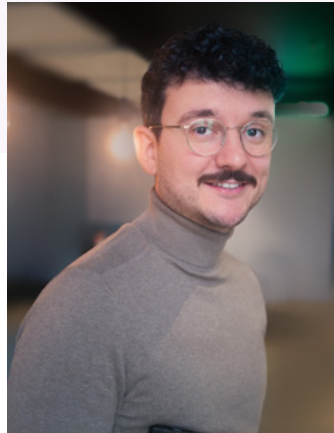
Henry Ford

### SO HOW DOES THIS WORK?

With every LR product sold, a Partner collects “PV” (Points Value). The higher the PV the at the end of a month, the higher the bonus level earned. In addition to such financial opportunities, Partners are welcome to participate in our attractive car plan and earn other incentives, such as trips and special events.

### PARTNERS WITH PASSION

LR also offers you the opportunity of expanding your own business and building a team with new LR Partners. Many of our Partners are so



“ Our long-standing Partners with large teams stand out in particular for their loyalty and trust.

Nenad Kolar,  
Sales Manager

convinced of the high quality of our products and the excellent earning opportunities they offer, that they also infect other people with their enthusiasm. Moreover, thanks to LR’s Newcomer Concept and the possibility of a guaranteed income (Fast Track Bonus) during the initial period, it is easy to build up your own communities.

**SO WHAT DO WE GET IN RETURN?**

We are, of course, delighted that we can offer our Partners an opportunity to enjoy a better quality of life. But we also benefit from it at the same time: Because our Partners are our most important communicators. They are in close contact with customers – both theirs and ours – offering explanations and advice. Partners provide us with the most important feedback and are a significant factor in social selling. Which products are in particular need of explanation and detailed information material? Which products are characterized by a special demonstration effect? Engaging in direct conversation, our Partners discover precisely why someone decides in favor of one product or against another. This, in turn, has a major influence on deciding on our strategic measures. “Our long-standing Partners with large teams stand out in particular for their loyalty and trust.



Their enormous wealth of experience and contact with their own community helps us meet the needs of our customers. We place a lot of trust in them,” emphasizes Nenad Kolar, Sales Manager. “For our company they are the glue that holds everything together.”






**18**  
**Children's  
Charity  
Projects**

The LR Global Kids Fund e.V. is active in over 18 countries & is a registered association founded in 2009.

**LR GLOBAL KIDS FUND:  
IN ACTION FOR THE SMALLEST  
AND WEAKEST ...**

**BECAUSE EVERYONE DESERVES  
A HAPPY CHILDHOOD AND BRIGHT  
PROSPECTS FOR THE FUTURE.**

The LR Global Kids Fund (LRGKF) is a registered association founded in 2009. The association is based on the joint commitment of the company, its employees, sales Partners and customers. It supports projects in the countries where LR is active. The special characteristic of the LRGKF is that the association was founded by the employees themselves – from hearts for (children’s) hearts.

When selecting projects and cooperation partners, the aspect of sustainability is of particular

importance. Therefore the aid organization attaches a high priority to supporting the respective projects not only in the short term, but over the longest possible period. Here, the LRGKF cooperates with well-known and reliable aid organizations such as the “Stiftung RTL – Wir helfen Kindern” (RTL Children in Need Foundation) and the “SOS Children’s Villages worldwide” organization. Every cent donated goes straight into the projects, because the association’s administrative costs are covered by LR corporate donations. Overall, the LRGKF was able to support 18 children’s aid projects in 18 countries in the past year.



LR GLOBAL KIDS FUND  
initiated by LR Health & Beauty



### OUR COMMITMENT IN 2022 SHOWN BY SELECTED PROJECTS

#### **THE NETHERLANDS: CliniClowns – Happy, carefree moments for little hospital patients.**

Sick children often find their stay in hospital particularly stressful. So, in 2022, the LRGKF supported the CliniClowns Netherlands “Bed Time Visits” project. CliniClowns sends funny clowns to visit young patients at bedtime – when the little ones often miss their parents more than ever and find it correspondingly difficult to fall asleep. A funny clown interlude makes them forget all their worries and illnesses for a moment: it’s just what the doctor ordered! In 2022, the CliniClowns put a smile on the faces of more than 95,000 children – a fantastic result to which the LRGKF was pleased to contribute.

#### **ITALY: “L’Albero della Vita” – Protecting Minors Comes First**

Children and adolescents growing up under difficult family conditions need special protection and affection. In 2022, the LRGKF therefore sponsored the Italian organization “L’Albero della Vita”, which focuses on children up to the age of six. The children they care for have often experienced physical violence and need extensive support to enable them to process their

traumatic experiences. Specialist staff provide them with all-round care, thereby giving them a real chance of positive personal development and a promising future. The organization has used funds donated by the LRGKF to provide educational activities and a variety of recreational pursuits during vacation periods, such as a 14-day seaside vacation.

#### **FRANCE: “Etoiles des Neiges” – Valuable Support for Dealing with Cystic Fibrosis**

The LRGKF-funded sports camps run by the French organization “Etoiles des Neiges” provide support for children and adolescents who suffer from the hitherto incurable genetic metabolic disease cystic fibrosis. The aim is to give them and their families a helping hand to deal with the disease. Sports coaches highlight to the children the importance of “exercise” and “proper nutrition”. The LRGKF’s donation to this project therefore helps both alleviate symptoms and boost self-confidence.



“ It is important for us to improve the future prospects for disadvantaged children & young people through our corporate philosophy – “More quality for your Life” –

at LR we are socially responsible. This is a part of our corporate culture. Donations from our employees, partners and the company are what make the valuable help in the children's aid projects possible in the first instance.

Kirsten Ueckmann, Chairwoman of the Board, LR Global Kids Fund e.V.

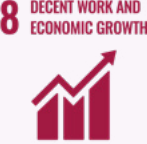
## GOALS & ENGAGEMENT

SDG	TOPIC	GOAL / ENGAGEMENT	COMMENT
	Health Products	Naturally, as a company operating in the health industry, the health of our customers, our sales Partners and our employees is close to our hearts.	LR offers a wide range of products that support health and well-being. This includes a wide range of Aloe Vera products and, with FiguActive, an entire product line devoted to weight management.
	Employee Health Management	The physical and mental health of our employees is a valuable asset and ultimately also ensures that the entire LR Group is able to perform so well.	LR offers a broad range of health measures to make a sustainable contribution to maintaining the health of all employees. In addition to regular on-site medical consultations and flu vaccinations, which are 100% financed by LR, free fruit and water dispensers round off health management at LR. Regular occupational health checks are performed in line with protecting employees' health in the workplace.
	Women in Management Positions	Equal opportunities when filling management positions is an important concern for LR.	Among the 220 employees at LR with management responsibility, 104 are women, which corresponds to a share of 47%.





## GOALS & ENGAGEMENT

SDG	TOPIC	GOAL / ENGAGEMENT	COMMENT
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<p>Health and Safety in the Workplace</p>	<p>With high safety standards and a comprehensive range of safety training courses, we intend to keep the number of accidents in the workplace to at a low level.</p>	<p>There were only 28 occupational accidents in 2021 and 18 in 2022 (with no fatal accidents), so LR was able to meet this target. Our aim is to maintain the high level of safety standards and safety training and stay up to date with them.</p>
 <p>10 REDUCED INEQUALITIES</p>	<p>A Business Model for All</p>	<p>We respect equal rights and equal treatment of all people and actively apply this within our large LR family.</p>	<p>Our business model and marketing plan allows us to offer all our sales partners, regardless of age, gender, origin or sexuality, the same earning opportunities, the same opportunities for additional benefits such as the car concept, the opportunity for teamwork and recognition within the team.</p>



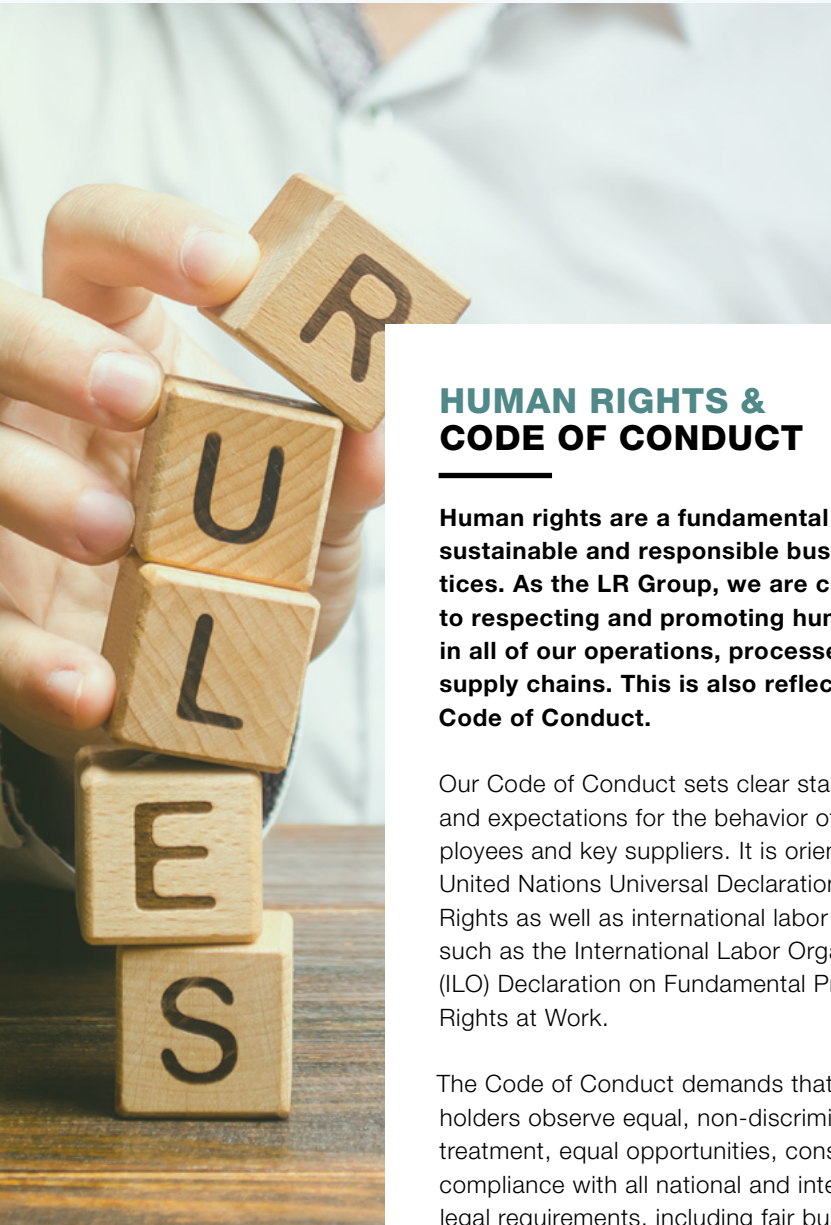
# 03

## ACTING IN AN ECONOMICALLY SUSTAINABLE WAY

For us, acting in an economically sustainable way means finding an economic approach that is based on fair dealings with all parties involved. In addition, we are looking to be economically sustainable in the long term to ensure a bright future.







## HUMAN RIGHTS & CODE OF CONDUCT

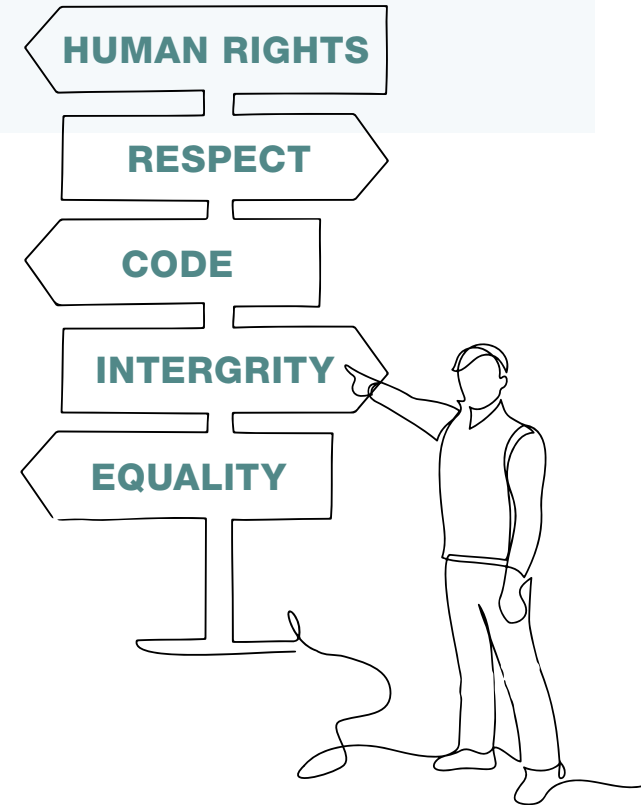
**Human rights are a fundamental aspect of sustainable and responsible business practices. As the LR Group, we are committed to respecting and promoting human rights in all of our operations, processes and supply chains. This is also reflected in our Code of Conduct.**

Our Code of Conduct sets clear standards and expectations for the behavior of our employees and key suppliers. It is oriented on the United Nations Universal Declaration of Human Rights as well as international labor standards such as the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work.

The Code of Conduct demands that all stakeholders observe equal, non-discriminatory treatment, equal opportunities, constant compliance with all national and international legal requirements, including fair business

practices and competition rules, prevention of bribery, corruption and money laundering, and integrity in business dealings. We are moreover committed to respecting employees' rights and ensuring healthy and safe working conditions.

A certified Compliance Management System ensures adequate and systematic implementation of compliance requirements. This includes regular training and communication with employees as well as regular audits and assessments of our operations and supply chain. We communicate our Code of Conduct to key suppliers and reserve the right to terminate relationships with them in cases of corruption and bribery as well as non-compliance with human rights legislation or our Code of Conduct in general. Thanks to careful selection of our suppliers and regular exchanges including the submission of our Code of Conduct, there was no need to terminate a supplier relationship in either 2021 or 2022.



Overall, our Code of Conduct provides an important tool to help us respect and promote human rights at all of our sites and throughout our supply chains. This is how LR demonstrates its commitment to responsible and sustainable business practices.



## WORKS COUNCILS – FEEDBACK CULTURE

**At our German headquarters, works councils have been established for the companies LR Global Holding GmbH, LR Health & Beauty Systems GmbH and LR Deutschland GmbH, which work together to form a Group Works Council. These serve as platforms for communication and cooperation between management and employees.**

The works councils comprise elected representatives from the respective companies and are tasked with representing the interests and opinions of employees on various subjects, including issues such as working conditions, training and development. The works councils hold regular meetings with management to discuss these and other subjects and to provide feedback and suggestions for improvement.

We believe that works councils are a key factor in promoting employee satisfaction, motivation and well-being, and for creating a positive and productive working environment. They also help ensure that our business practices meet the expectations and needs of our employees.

In addition to the works council, we also engage with our employees through regular feedback and promote open and transparent communication through various channels such as our social intranet. We are convinced that such two-way communication is essential for building trust, boosting collaboration and promoting sustainability and responsible business practices.

### Group Works Council

as a further platform for communication and cooperation between management and employees.



**Works Council of  
LR Global Holding GmbH**



**Works Council of  
LR Health & Beauty  
Systems GmbH**



**Works Council of  
LR Deutschland GmbH**



## COMPLIANCE COMPREHENSIVE SET OF RULES

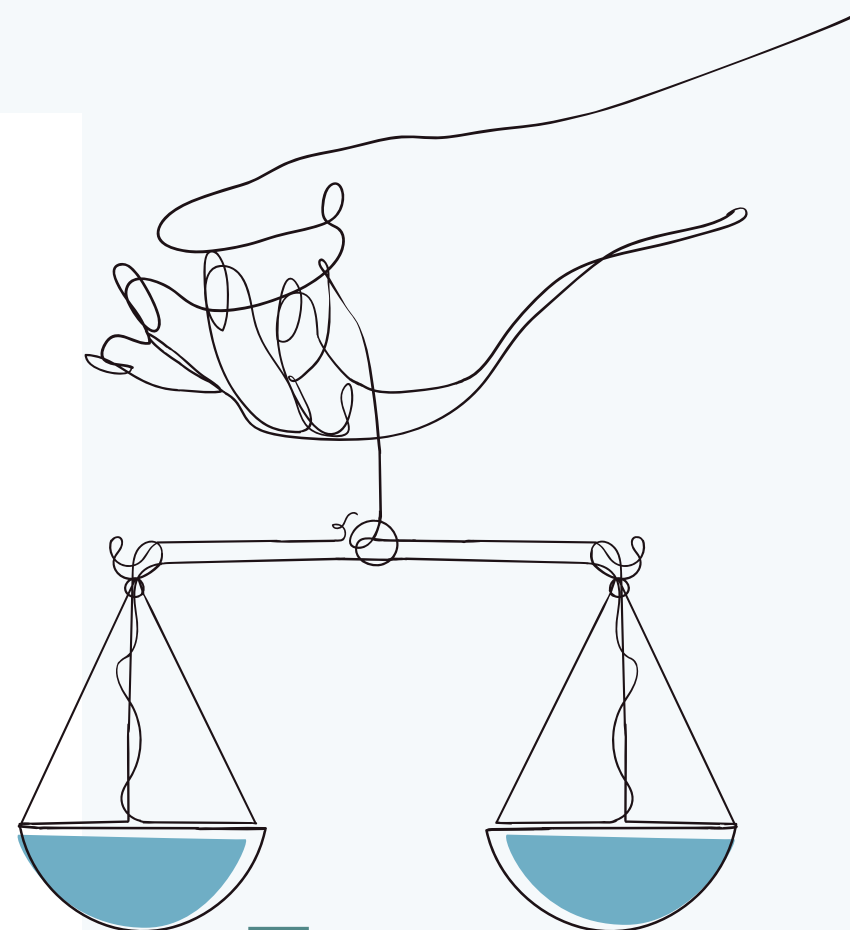
**Our company is committed to conducting its business with the highest level of integrity and in compliance with all relevant laws, regulations and standards. To guarantee this, we have established a comprehensive Compliance Policy.**

This policy is overseen by a Chief Compliance Officer (CCO), who is responsible for ensuring that our business practices comply with all relevant laws and regulations as well as our own ethical standards. The CCO is supported by so-called Compliance Delegates, who are responsible for implementing and monitoring our Compliance Policies and procedures in the different regions. All managers serve the company as “Compliance Ambassadors” and are given regular training which allows them to assume this role for their departments and employees. So-called Compliance Committee meetings are held on a quarterly basis, at which representatives from the Legal, Human Resources, Operations, Finance and Audit departments, as well as the CCO and the Compliance Delegates, consult on current and general compliance issues. In addition, the CCO is also responsible for a dedicated Sales Compliance department, which focuses specifically on ensuring that our Sales Partners comply with

legal requirements and our own ethical standards. The Compliance Management System is based on ISO 37301 and has been certified by TÜV Rheinland Cert GmbH.

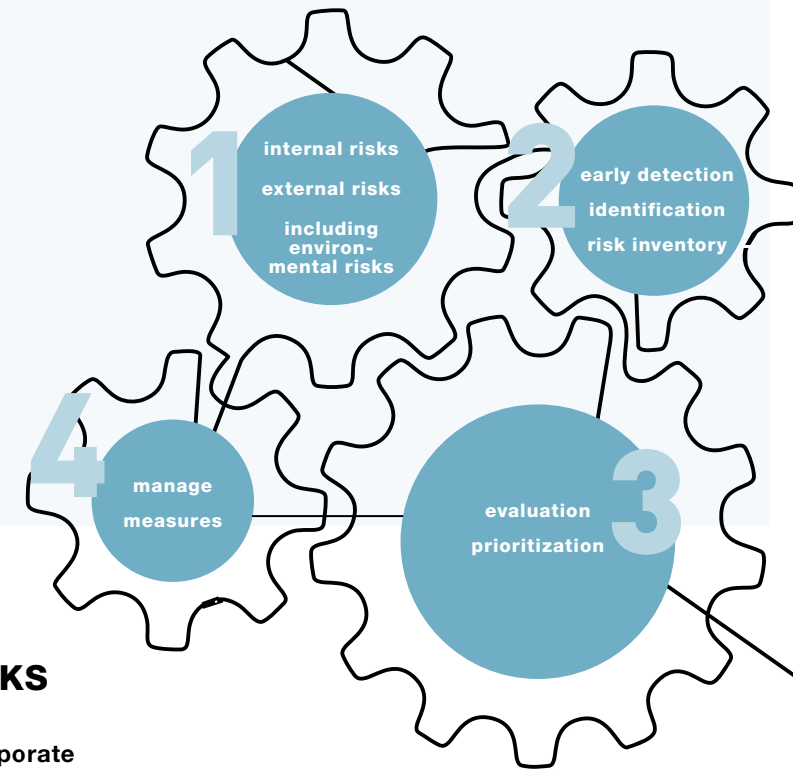
To guarantee the effectiveness of our Compliance Policy, our own internal Audit department conducts regular audits to assess the effectiveness of our compliance guidelines and procedures at our headquarters and all of our subsidiaries. These audits serve to identify areas for optimization.

A whistleblowing management system was set up back in 2021 and provides our employees with a confidential, secure and, if desired, anonymous channel to report potential compliance violations. We take all reports seriously, investigate them thoroughly and take appropriate action to resolve the issues identified. In the past two years, two and six reports respectively have been received, responded to and dealt with within the deadlines set by the EU Whistleblower Directive.



## Compliance Policy

**Helps the company to operate the business with the highest level of integrity and in compliance with all relevant laws, regulations and standards.**



## **RISK MANAGEMENT INCLUDING ENVIRONMENTAL RISKS**

**Sustainable and responsible corporate governance also necessitates a comprehensive risk management system that explicitly takes into account environmental risks in addition to operational, legal, financial, market and IT security risks<sup>1</sup>.**

At the LR Group, risks are identified by the Compliance department, while involving those operationally responsible, as part of a system-based risk management process. It serves to identify, assess and manage internal and external risks at an early stage. An important building block is to identify risks in line with a risk inventory, which determines the primary risks on an annual basis. These include environmental risks

such as the climate impact on the cultivation of certain raw materials, changes in customer behavior and customer requirements, climate impacts on global logistics and transport costs, potential costs for CO<sub>2</sub> emissions, and new or amended legislation and directives. Once risks have been identified, weighted, evaluated and prioritized, they are discussed with the management and at Supervisory Board meetings of LR Health & Beauty SE as the parent company of LR Global Holding GmbH, and any necessary control measures are adopted.

<sup>1</sup>A detailed description of the key risks can be found in the Management Report in the LR Group Annual Report 2022. This can be found at [ir.lrworl.com](http://ir.lrworl.com).



## SUSTAINABILITY WITHIN THE COMPANY'S ORGANIZATIONAL STRUCTURE

At the LR Group, we are committed to sustainable corporate governance that promotes long-term value creation and supports the responsible management of our business.

In this respect, we are currently in the process of developing a comprehensive Sustainability Strategy to guide our efforts and activities in an even more targeted manner. Previously, the issue of sustainability was anchored in the various departments of our company. This means that sustainability had already been taken into consideration in all decisions, developments and innovations. The many advances and individual measures implemented by LR were – and continue to be – monitored through an annual Sustainability Report to our investor Quadriga Capital. A further-reaching general and comprehensive Sustainability Strategy will help us target our sustainability activities even more specifically, guide them in the desired directions and identify and focus on individual, especially important subjects. In an initial step on this path, the company has already appointed a sustainability officer and a decision has been taken to develop a corresponding process of strategic implementation.

In recognition of the importance of ESG issues, we have also included sustainability targets in our management's compensation scheme. In this way, the interests of our management team are brought into line with our broader sustainability targets and our commitment to incorporating ESG considerations into our business strategy is underscored.

We are convinced that sustainable corporate governance practices are critical to the long-term success and sustainability of our business, and are committed to continuously improving our approach in this area. Integrating ESG considerations into our business strategy and decision-making processes allows us to create value for our stakeholders and support the responsible management of our company.



**GOALS & ENGAGEMENT**

SDG	TOPIC	GOAL / ENGAGEMENT	COMMENT
	Human Rights/Employee Rights	Our Code of Conduct, which sets clear standards and expectations for the behavior of our employees and key suppliers, is oriented on the United Nations Universal Declaration of Human Rights as well as international labor standards such as the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work. Regular communication of these standards is intended to prevent violations of these fundamentally important requirements.	In 2021 and 2022, we neither had to instigate labor law measures against employees nor did we need to terminate any supplier relationships prompted by violations of our standards and expectations.
	Combating Corruption	Prevention of corruption at all levels and at all LR Group companies.	We observe a comprehensive set of compliance rules, a Compliance Management System (certified to ISO 37301), regular training on this system and monitoring of it by a Chief Compliance Officer, several compliance delegates, regular compliance meetings and internal audits, to create all of the conditions necessary for preventing corruption in the best possible way.
	Whistleblower System	This reduces potential obstacles to employees passing on information about potential compliance violations. It also allows us to process and respond to all incoming information within the deadlines set by the EU Whistleblower Directive.	A confidential, secure and, if desired, anonymous channel for employees to report indications of potential compliance violations was introduced in 2021. The system was used to report two indications in 2021 and six in 2022, all of which were processed and responded to within the specified deadline.
	Anti-discrimination	Prevention of discrimination at all levels and at all LR Group companies.	Our Code of Conduct, with its clear rules of conduct, plays a key role here too. Moreover, LR promotes exchanges between 40 different nationalities among its employees in 28 countries and, via the social intranet for instance, various cross-national meetings or onboarding and exchange programs. This is a major factor in preventing prejudice and discrimination.



# 04

## ESG IN NUMBERS





[Environmental](#)[Social](#)[Governance](#)

## KPI'S ENVIRONMENTAL

	Unit	2021	2022
<b>WATER</b>			
<b>TOTAL WATER WITHDRAWN</b>	in m <sup>3</sup>	<b>22,594</b>	<b>18,788</b>
thereof total water consumed in production process	in m <sup>3</sup>	5,291	4,264
thereof total water discharged	in m <sup>3</sup>	17,303	14,525
<b>PAPER</b>			
<b>TOTAL PAPER USAGE</b>	in kg	<b>1,559,024</b>	<b>1,281,522</b>
<b>Paper product packaging</b>	in kg	<b>512,810</b>	<b>491,899</b>
<b>Catalogue and magazine paper</b>	in kg	<b>1,008,641</b>	<b>751,656</b>
thereof from certified sources (FSC™ / PEFC)	in kg	930,152	705,408
thereof from recycled materials	in kg	37,250	31,390
thereof from non-certified sources	in kg	41,240	14,858
<b>Other paper, e.g. copy paper</b>	in kg	<b>37,573</b>	<b>37,967</b>
thereof from certified sources (FSC™ / PEFC)	in kg	20,557	12,155
thereof from recycled materials	in kg	6,557	12,071
thereof from non-certified sources	in kg	10,459	13,740
<b>ENERGY</b>			
<b>TOTAL CONSUMPTION ELECTRICITY</b>	in kWh	<b>4,081,675</b>	<b>3,466,671</b>
thereof from renewable sources	in kWh	3,246,364	2,692,028
thereof from non-renewable sources	in kWh	835,311	774,643
<b>TOTAL CONSUMPTION GAS</b>	in kWh	<b>4,475,830</b>	<b>4,090,612</b>
thereof heating	in kWh	3,518,979	3,198,671
thereof for production process	in kWh	956,851	891,941



## KPI'S ENVIRONMENTAL

	Unit	2021	2022
<b>WASTE</b>			
<b>TOTAL WASTE PRODUCED</b>	<b>in tons</b>	<b>839</b>	<b>1.826</b>
thereof recycled	in tons	591	511
thereof composted	in tons	80	1,117
thereof incinerated or landfilled	in tons	168	198
<b>TRAVELLING</b>			
<b>Fuel combustion of LR owned vehicles</b>	<b>in litres</b>	<b>205,936</b>	<b>229,466</b>
thereof Petrol	in litres	128,125	152,924
thereof Diesel	in litres	77,812	76,542
<b>Charged electricity of LR owned vehicles</b>	<b>in kWh</b>	<b>35,519</b>	<b>51,010</b>
thereof at LR owned charging stations	in kWh	35,519	49,159
thereof at public charging stations	in kWh	0	1,851
<b>Employee business travel</b>	<b>in km</b>	<b>565,386</b>	<b>1,128,853</b>
thereof by car (not company cars)	in km	8,864	33,205
thereof by train	in km	48,478	79,151
thereof by airplane	in km	508,044	1,016,497
<b>Partner air travel to international conferences</b>	<b>in km</b>	<b>5,709</b>	<b>266,532</b>
<b>CARBON FOOTPRINT<sup>1</sup></b>			
<b>TOTAL CO<sub>2</sub> EMISSIONS</b>	<b>in tons CO<sub>2</sub></b>	<b>6,044</b>	<b>6,440</b>
thereof Scope 1	in tons CO <sub>2</sub>	529	583
thereof Scope 2	in tons CO <sub>2</sub>	1,344	1,275
thereof Scope 3 <sup>1</sup>	in tons CO <sub>2</sub>	4,172	4,581

<sup>1</sup>The carbon footprint / scope 3 is currently calculated without considering upstream and downstream supply chains.



Environmental

Social

Governance

**KPI'S SOCIAL**

	Unit	2021	2022
<b>EMPLOYEES<sup>1</sup></b>			
<b>TOTAL EMPLOYEES (HEADCOUNT)</b>	<b>in HC</b>	<b>1,314</b>	<b>1,236</b>
thereof male	in HC	528	509
thereof female	in HC	786	727
thereof diverse	in HC	0	0
<b>TOTAL EMPLOYEES (FTE)</b>	<b>in FTE</b>	<b>1,175</b>	<b>1,107</b>
thereof male	in FTE	498	484
thereof female	in FTE	678	623
thereof diverse	in FTE	0	0
<b>Employment type: full-time</b>	<b>in HC</b>	<b>1,093</b>	<b>1,061</b>
<b>Employment type: part-time</b>	<b>in HC</b>	<b>221</b>	<b>175</b>
<b>Age group: &lt; 30 years</b>	<b>in HC</b>	<b>302</b>	<b>221</b>
<b>Age group: 30-39 years</b>	<b>in HC</b>	<b>394</b>	<b>383</b>
<b>Age group: 40-49 years</b>	<b>in HC</b>	<b>316</b>	<b>324</b>
<b>Age group: 50-59 years</b>	<b>in HC</b>	<b>221</b>	<b>215</b>
<b>Age group: &gt; 59 years</b>	<b>in HC</b>	<b>81</b>	<b>93</b>
<b>Global average age of employees</b>	<b>in years</b>	<b>40</b>	<b>41</b>
<b>Job position: Managing Directors</b>	<b>in HC</b>	<b>3</b>	<b>3</b>
thereof male	in HC	3	3
thereof female	in HC	0	0
thereof diverse	in HC	0	0
<b>Job position: VPs</b>	<b>in HC</b>	<b>10</b>	<b>10</b>
thereof male	in HC	6	6
thereof female	in HC	4	4
thereof diverse	in HC	0	0

<sup>1</sup> Figures as of reporting date December 31, 2021 and December 31, 2022.





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Social

Governance

**KPI'S SOCIAL**

	Unit	2021	2022
<b>Job position: Head-Ofs / Manager and other executives</b>	<b>in HC</b>	<b>230</b>	<b>207</b>
thereof male	in HC	119	107
thereof female	in HC	111	100
thereof diverse	in HC	0	0
<b>Departments: Administration</b>	<b>in FTE</b>	<b>267</b>	<b>248</b>
thereof male	in FTE	n.a	131
thereof female	in FTE	n.a	116
thereof diverse	in FTE	n.a	0
<b>Departments: Sales</b>	<b>in FTE</b>	<b>250</b>	<b>233</b>
thereof male	in FTE	n.a	61
thereof female	in FTE	n.a	172
thereof diverse	in FTE	n.a	0
<b>Departments: Marketing</b>	<b>in FTE</b>	<b>89</b>	<b>84</b>
thereof male	in FTE	n.a	17
thereof female	in FTE	n.a	67
thereof diverse	in FTE	n.a	0
<b>Departments: Operations</b>	<b>in FTE</b>	<b>569</b>	<b>543</b>
thereof male	in FTE	n.a	274
thereof female	in FTE	n.a	268
thereof diverse	in FTE	n.a	0
<b>Global avg. Tendure of employees</b>	<b>in years</b>	<b>7,4</b>	<b>8,4</b>
<b>Number of nationalities represented in our global workforce</b>	<b>in numbers</b>	<b>44</b>	<b>40</b>
<b>Number of apprentices</b>	<b>in HC</b>	<b>16</b>	<b>14</b>
Apprentices takeover rate	in %	100.0%	74.3%
<b>Number dual students</b>	<b>in HC</b>	<b>2</b>	<b>4</b>
<b>Number of trainees</b>	<b>in HC</b>	<b>10</b>	<b>5</b>
Trainees takeover rate	in %	n.a.	85.7%



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**KPI'S SOCIAL**

	Unit	2021	2022
<b>OCCUPATIONAL HEALTH AND SAFETY</b>			
<b>Recordable work-related injuries</b>	<b>in numbers</b>	<b>28</b>	<b>17</b>
thereof Operations	in numbers	21	13
thereof Non-Operations	in numbers	7	4
<b>Illness time of employees</b>	<b>in hours</b>	<b>137,912</b>	<b>161,416</b>
thereof Operations	in hours	91,286	108,297
thereof Non-Operations	in hours	46,626	53,120
<b>Occupational injuries time</b>	<b>in hours</b>	<b>2,145</b>	<b>842</b>
thereof Operations	in hours	1,440	620
thereof Non-Operations	in hours	705	222
<b>Total absenteeism time</b>	<b>in hours</b>	<b>514,492</b>	<b>515,330</b>
thereof Operations	in hours	266,763	271,140
thereof Non-Operations	in hours	247,730	244,189
<b>Fatalities as a result of work-related injury</b>	<b>in numbers</b>	<b>0</b>	<b>0</b>
thereof Operations	in numbers	0	0
thereof Non-Operations	in numbers	0	0
<b>CHARITY</b>			
<b>TOTAL AMOUNT RAISED FOR CHARITY PROJECTS</b>	<b>in EUR</b>	<b>530,160</b>	<b>572,436</b>
thereof LRGKF	in EUR	523,578	567,996
<b>Number of LRGKF members</b>	<b>in HC</b>	<b>1,613</b>	<b>1,355</b>
<b>Number of supported projects by LRGKF</b>	<b>in numbers</b>	<b>17</b>	<b>18</b>



Environmental

Social

Governance**KPI'S GOVERNANCE**

	Unit	2021	2022
<b>HUMAN RIGHTS AND CODE OF CONDUCT</b>			
<b>Business relationships with suppliers terminated due to human rights breaches or systematic cases of corruption and / or bribery</b>	<b>in numbers</b>	<b>0</b>	<b>0</b>
<b>Signatures of the Code-of-Conduct by suppliers</b>	<b>in numbers</b>	<b>27</b>	<b>27</b>
<b>WORKS COUNCIL</b>			
<b>Number of works councils</b>	<b>in numbers</b>	<b>2</b>	<b>4</b>
<b>Members of works councils</b>	<b>in numbers</b>	<b>17</b>	<b>27</b>
<b>COMPLIANCE</b>			
<b>1st and 2nd management levels completed the compliance training</b>	<b>in numbers</b>	<b>34</b>	<b>34</b>
<b>Quota of 1st and 2nd management levels completed the compliance training</b>	<b>in %</b>	<b>97.0%</b>	<b>100.0%</b>
<b>Number of whistleblower notices</b>	<b>in numbers</b>	<b>2</b>	<b>6</b>
thereof answered / processed within 3 months	<b>in numbers</b>	<b>2</b>	<b>6</b>



