

Progress report 2022/2023

Reporting period 01 JUL 2022 - 30 JUN 2023

proderm is now part of **SGS** 

SGS proderm GmbH | Kiebitzweg 2 22869 Schenefeld | **t**+49 40 839 358-0 **f**+49 40 839 358-39 www.sgs-proderm.de www.sgs.com

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Geschäftsführerin: Dr. Sheida Hönlinger, Sitz der Gesellschaft: Schenefeld, Amtsgericht Pinneberg HRB 3706 PI

Statement by SGS proderm

This progress report has its aim to demonstrate how and to which extend we comply with human rights, labor standards, environmental protection and corruption and other social topics that are important in- and outside of our company. It has its purpose to motivate us to continue on the topic that we are good at but also to make us think how something can be improved and become better. The only constant is the progress...

Our sixth progress report documents our activities during 2022/2023.

As in July 2022 proderm became part of SGS and became SGS proderm GmbH, we write this report for our entity only.

Society

Human rights

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

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

We continued to be fully committed to upholding human rights according to the specifications of the United Nations as well as the definition from the Organization for Economic Co-operation and Development (OECD). Moreover, we always adhere to the Declaration of Helsinki when we conduct studies.

During the onboarding, our employees are required to read our ethics policy, which was updated in 2022. The ethic policy is also available on the employee-information page at all times. Additionally, our whistleblower policy (implementation of the EU "Whistleblower"- Policy, which went into effect in December 2019) is communicated to every new employee.

We reject child labor as a matter of principle and regularly have stakeholders review us on this matter. We have no incidents to report in relation to it.

Data protection

Data protection for employees. The employees refresh their knowledge of data protection regulations each year with data-protection training. We adhere to the EU General Data Protection Regulation (GDPR), which is a binding requirement. All employees attended the training last year and passed the subsequent test (100 % of staff).

Data protection for study participants. Our studies involve collecting, storing and analyzing participants' personal data. We use this data in accordance with legal regulations and require our study participants to provide a voluntary declaration of consent before they participate. We inform them of their rights resulting from the GDPR. The study participants' voluntary written consent within the meaning of GDPR Arts. 6(1)(a) and 9(2)(a) constitutes the legal grounds for processing personal data concerning them. Other legal grounds provided in GDPR Art. 6(1) may become relevant once studies begin.

Personal-data storage. Personal data is stored for up to 25 years after a study is completed or canceled. When this period has ended, the personal data is erased unless there are other legal retention periods or retention periods stipulated in contracts with the client.

Diversity and equal opportunity

For us, diversity means recognizing and valuing different political, ethnic, and sociodemographic backgrounds, world views, genders, and ages. Practicing diversity in our company means integrating these differences into our company and learning from each other.

Currently, 15 different languages are spoken from 13 nationalities. There has been no case of discrimination. We understand that entering new company can be stressful and challenging for new employees. Therefore we facilitate the new beginnings by assigning tutors to help them acclimate to the company more quickly.

We treat people of all genders equally and they get the same opportunities. For instance number of woman is 98 (out of 130-140 employees) and 4 (out of 9 employees) are in top management position. Age plays no role in our company as we have employees with less than 30 years, more than 50 years, and those in between which constitute 80 %. Kids are also welcomed here, employees who took parental leave have been all able to keep their positions in the company. The returning rate from parental leave for the employees that are still in the company 12 months after, for both man and woman is 100 %.

Each employee's salary is determined based on their qualifications. Salaries are equal in comparable positions regardless of gender. Flexible working hours that are used by 73 % of the employees, and reasonable pay contribute to the fact that fluctuation is kept at a constant level. The company pension plan is used by 34 % of our staff. What's more, every permanent employee receives a monthly subsidy of 15 euros for a public-transit pass or for the car park at the shopping mall.

Despite the 'insecure times' due to SARS-CoV-2, energy shortages and increased inflation, we have managed to open 3 new working positions.

The challenging SARS-CoV-2 year that started in 2020, continued in 2021 and 2022. During this time, 65 % of the employees stayed in home office. At the moment the trend is changing and more people are back in the office again.

Professional development

Employee training is held continually within a consistent framework. This covers both legally mandated training as well as training that the company designates as compulsory for relevant employees. Training takes place as relevant and as needed. In 2022, the number of internal trainings was 39 and external ones 11. The total portion of employee's that participated in the external and internal was 530.

In addition to the training that is offered for the entire team, there is also subject-specific training held for relevant sections of the company.

Language courses to improve the English but also make advances in German for the foreigners and are offered in which 10 people are participating.

Labor standards

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

Principle 4: abolishing all forms of forced labor,

Principle 5: abolishing child labor and

Principle 6: abolishing discrimination during hiring and employment.

As a partner for reliable clinical studies on the efficacy and tolerability of medicinal products, medical devices, and cosmetics, health is particularly important to us. One of our declared goals is to continue promoting and maintaining the health and well-being of our employees, and to actively apply ourselves to creating a healthy working environment. We support our employees' health with a range of health care programs, including an annual skin-cancer screening, eye check-up with the company doctor and vaccination against seasonal influenza.

We have various stress-management programs where the staff can learn various relaxation techniques to keep their own welfare in mind at work. We know that all employees are unique and therefore we take all the different personalities into account to offer a 6 relaxation programs (such as yoga, two progressive muscle relaxations, imaginary journeys, walk and talk, and steps challenge).

We came well through the 'corona time', thankfully to our SARS-CoV-2 pandemic plan which was regularly updated. It was aligned with the Robert Koch Institute's "Options for managing close contacts among medical staff [...] in doctor's offices and hospitals" (Optionen zum Management von Kontaktpersonen unter medizinischem Personal [...] in Arztpraxen und Krankenhäusern) and the German Social Accident Insurance's "Recommendations for suspected or actual cases at work" (Empfehlungen zu Verdachts-/Erkrankungsfällen im Betrieb). The pandemic plan regulated our procedures in the event of suspected or confirmed cases of SARS-CoV-2 among the staff, study subjects, or their close contacts. Moreover, this plan defined the responsibilities and ways of communicating with the relevant health office in such situations. Labor and Social Affairs, and local authorities and regulations issued by the Schleswig-Holstein state government and by the district of Pinneberg. The hygiene initiatives are divided into different sections and regulate the measures according to contacts and premises. In addition to regular ventilation, rooms without windows have been equipped with ventilators featuring special filters.

Even when the corona rules were not enforced anymore, we still provided rapid antigen tests and FFP2 masks for the interested people.

Employees' satisfaction

When a person can identify with the job, the job becomes a vocation! We are committed to maintain and improve employee' satisfaction. Because only when a person like what is doing and it is fulfilled by it – great results can be achieved! In our company, employee' reviews take place once per year. These reviews

aim firstly to find out how satisfied employees are with their working situation in general and with their particular role, the mood in their department and the company, and their supervisor. Secondly, supervisors give feedback about their employees' performance. This feedback is intended to be descriptive, nonjudgmental, objectively accurate, and understandable, and give employees the opportunity to improve. Supervisors and employees also discuss opportunities to develop the latter's potential. Joint target agreements are developed at the end of the review and include concrete deadlines along with suggestions for how the targets can be achieved.

The so called 'Pulse rate' was introduced as online survey to 'measure' the employees' satisfaction on different topics.

We also try to organize office activities to engage colleagues to come together. After works parties happen few times per year when the weather is nice at our terrace. Besides after work parties, we also invite employees on game—afternoon on the terrace, to play Bingo for instance. We visit together the Christmas market in the winter time, organize happy New Year event and have once per year team event.

Supporting others

We know that small monetary help can have big impact on someone who is in need. Therefore we have supported different causes in 2022. These include: Wikimedia, Better place/Ukraine, Alumni Uni Lübeck, and Plan International. Christmas shoebox is an initiative that is supported by our employees as well. We wrap shoeboxes with decorating paper and put present inside. Namely the idea is to make kids around the World happy to receive gift for Christmas so no child would feel left alone.

Environmental protection

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

Principle 8: take initiatives to create a higher sense of responsibility for the environment, and **Principle 9:** promote the development and use of environmentally friendly technologies.

Above all, we define sustainability as the responsible use of resources in all aspects of our work. By committing ourselves to environmental sustainability, we wish to inspire and motivate our employees, participants, partners, and clients to save resources where possible.

Electricity. For instance, all lighting in our company is with energy-saving LED lamps and motion sensors in order to reduce electricity consumption. For the purchase of the new technical devices, the energy-efficiency class on the EU energy label is considered. In 2022 new printers with minimum of power consumption replaced the old ones. The power consumption is ca. 1.750 W max., ca. 624/733/851 W in operation (4007ci/5007ci/6007ci), ca. 60 W in Stand by Modus, ca. 0,7 W in Sleep-Modus, TEC-Wert: 0,55/0,69/0,84 kWh/Week). The smaller printers use even less energy.

It is interesting to note that 8.277 pages were deleted instead of printed which can be compared that to approx. 0.5 trees saved. The overall number of printed pages increased from 2021 (201.173 pages printed from which 22.403 in color) to 2022 (345.428 pages printed from which 30.442 in color). This however is a result of the increased number of studies conducted between the years. We have also introduced electronic signatures to sign documents which further decrease the paper use and indirectly save trees.

When new devices for conducting studies are in question, we select devices in the A+++/A++ categories wherever possible. However, in case of prototypes, we cannot always meet this standard. Technical devices consume valuable resources even when they are on standby. To save resources, employees are instructed to shut down their computers completely instead of leaving them on standby.

Since 2020, we have been obtaining 100 % of our electricity from renewable energy sources, thereby reducing our carbon emissions. Moreover, we have implemented various measures to reduce emissions from transport, for example by offering employees an option to lease a "Job-bike". Since 2018, we have been mailing all packages and letters using carbon-neutral delivery services. In the medium term, we wish to offset all emissions that we cannot reduce.

Water. It is an important resource. We have been able to optimize all our hygiene facilities, installing water-saving buttons on toilets and sensors on taps. Our employees have each received a personal glass water bottle made in Germany to encourage them to buy less water in plastic bottles.

Recycling. We play by the rules – recycle and reuse. For us preventing and sorting waste are the most important measures in waste management. We have introduced consistent waste separation in highly frequented rooms and in study rooms. In our offices, only paper can be disposed of, which helps us to separate waste consistently. The remaining waste is collected at central points throughout the company so

that it can be properly disposed of. We try to replace disposable items with reusable ones wherever possible. For instance, to reduce the plastic packages for take away food, once per month soup lunch was offered. Big pot of warm fresh vegetable soup was brought to our company during the lunch break in which the employees' could enjoy while also gathering together in the kitchen. Part of the cost is paid by the employees and the other part from the company. Further in the same direction to re-use, we have bought glass lunch containers that can be used by the employees' to reduce the plastic food packaging. We also have a desk with unwanted items on which things that are not used anymore can be welcomed by someone else – someone's 'trash' is someone else's treasure.

CO₂ emissions. We have a team that dedicates itself to growing a number of edible plants and herbs on our terrace, which can be consumed by employees during breaks. With our urban gardening project, we have taken the first step towards contributing to fewer CO₂ emissions by harvesting our own-grown vegetables and herbs without the need for plastic packaging. In winter different herbs are growing using our hydroponic system.

Economy

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

Since our company's existence, there have been no incidents of corruption or legal processes based on anticompetitive conduct, antitrust breaches, or monopoly formation. We are a member of the United Nations Global Compact and have regularly submitted a progress report since 2014.

As an experienced and highly competent full-service partner for clinical trials that require authorization and must adhere to good clinical practice (GCP), we serve our clients with internationally recognized study protocols which meet the requirements of European and American regulatory authorities. We conduct our studies in compliance with relevant legal requirements, guidelines, and standards. We work according to international guidelines and their principles are embedded in our WIs and SOPs. Through audits and our WIs and SOPs we provide transparency for our stakeholders. Our study plans are compiled in accordance with legal requirements and many international specifications. The blinding of test products and statistical analysis of the results are part of our daily routine. We describe, analyze, track, and report on all the side effects observed in our studies.

Innovation

Optimizing our portfolio for future research is something we are constantly working on. We see ourselves as an innovative part of academia and regularly share our latest developments in test methods and some of our study findings in our free, open-access webinars. Last year we held 8 webinar on different topics (Male grooming, Neurosmetics, Broader protection, Skin microbiome, Raman spectroscopy in dermatology trials, Phase 1 dermal safety, Intimate Care Products - Evaluation of safety and performance in clinical studies and

Claim support for products containing CBD). Depending on the topic presented, between 70 and 150 people from around the world participate in our webinars.

We continue to develop new invasive techniques for routine use, in various studies of new products, drugs and medical devices to gain additional insights. These techniques include among others Raman and LC-OCT (Line-Field Confocal Optical Coherence Tomography). It is a device which combines the advantages of confocal microscopy and optical coherence tomography as it provides vertical slices as the OCT and horizontal images like confocal microscopy. It is a laser-based method and the amplitude of light backscattered from cutaneous microstructures measured. Vertical and horizontal images are combined into a 3D stack. The software of the LC-OCT also allows the evaluations on different levels. The first LC-OCT study was conducted from October 2021 to April 2022 with 100 participants.

Quality management

Reviews, improvements, and assessments are achieved by regular customer audits and internal audits. In this way, it can be ensured that regulations, guidelines, as well as laws are known and implemented within the company. We regularly write or update our standard operating procedures (SOP) and Work Instructions (WI). They describe our processes and thus enable optimal onboarding for new employees in various departments.

An internal quality-assurance unit (QAU) operates independently and monitors the compliance of our company quality management system. Our quality-management system has been ISO 9001-certified standard since 2001. We are also audited every three years (BVMA) and periodically by our clients. Our CSR-management system has achieved EcoVadis' Gold Standard.

SGS proderm GmbH

Kiebitzweg 2 22869 Schenefeld/Hamburg

Contact information: phone: +49 40 839 358 – 0 fax: +49 40 839 358 – 39

www.sgs-proderm.de