

ADA

INTERNATIONAL



SUSTAINABILITY REPORT

2014 - 2015

ADA CARES. FOR PEOPLE AND NATURE.

CONTENT

Foreword 04

Short Portrait 05

Fiscal years 2014 / 2015 06

Sustainability at ADA 09

Raw Materials 12

Product Safety 17

Energy 20

Water 25

Waste 27

Employees and society 32

Legal notice 40

Page 8 - “We want to offer our customers only the best, both now and in the future.”



Page 16 - “Developers must be innovative but work sustainably.”



Page 19 - “Only by knowing your cosmetics very well can you judge whether they are safe and sustainable.”



Page 24 - “Thinking in new dimensions.”



Page 31 - “Packaging is a crucial topic for the future.”



Page 38 - “Being there is everything.”

FOREWORD

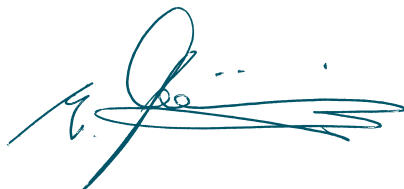
Ladies and Gentlemen,

Supplying good-quality products and services isn't enough these days. For a long time now, companies competing for both customers and the brightest and best employees have also been measured in terms of how their social and environmental actions are seen. This is why every two years – and this is the third edition – the ADA Group publishes its Sustainability Report on its corporate, environmental and social responsibilities. The report gives you a comprehensive overview of our developments, activities and our plans. You can read about what and how we are working now and how we will work in the future to improve the use of valuable resources, among other things, for a healthy environment and a future worth living in.

During the period the report covers, we faced some unique challenges. In 2015, ADA took over two European suppliers of hotel cosmetics: Scanamenities, in Denmark, and Pacific Direct in the United Kingdom. These acquisitions have strengthened our Group's performance and opened up a world of opportunity, bringing with them new offices and strong sales territories in the United Kingdom, the USA, and in the Middle East. This will allow us to considerably strengthen our international presence.

We are also rethinking, reorganising and re-coordinating our business as a result of this merger. At the same time we are creating and using synergies, integrating some 300 new colleagues from many different countries into our group and creating a new cohesion within the company. Part of this involves reconfiguring our efforts towards sustainability and continuing to develop them. We are fully engaged in rising to this challenge. Together with our employees, clients, and partners we are already on the right path to continue improving our business's sustainability.

Sincerely,



Wilhelm B. Könnig
CEO, ADA Group

“As one of the leading manufacturers of hotel cosmetics in Europe, we know only too well that our future depends on our ability to achieve more with less.”



Short Portrait

35 Years of Know-how, Creativity and Innovation

ADA International (ADA) is the company name of ADA Cosmetics International, Scanamenities and Pacific Direct. We are a globally active, high-end hotel cosmetics company. As a leading manufacturer we combine decades of skill with wide-ranging expertise to create modern, effective and highly compatible care products. We are known as idea generators and technological leaders in our fields, with numerous subsidiaries at home and abroad, an international sales and partnership network and our own production facilities in Germany and the Czech Republic. In our Luxury and Lifestyle categories we offer a uniquely varied range

of care collections including fashionable lifestyle concepts, renowned licensed or designer brands as well as lines focusing on wellness, certified natural cosmetics or products containing Fairtrade essences. As pioneers in personalised hotel cosmetics, we also create bespoke, distinctive private labels for the hospitality industry. We also created the idea of economical and environmentally friendly dispensers, which are now accepted as standard in the hospitality industry. Today, we are world leaders in this sector and offer a wide range of dispensers offering high quality, functionality and design strength in equal measure.

For **37** years
we have had success with high-quality cosmetic brands

There are around **22**
high-quality lifestyle and luxury brands in our range

In 2015,
ADA exported to around **50** countries

Ecologically friendly
products make up around **24%** of our total sales

Over
20,000 renowned customers worldwide

For
3,574
hotel clients from every hotel category,
we have personalised many individual cosmetic ranges in
2015 alone

Globally
we employ **526** people

€98.2 million in sales in 2015

To date
we have installed **1.6 million**
dispenser systems, which is around 90,000 dispenser
systems a year

We have the most recent 2015
ISO 9001
+ ISO 14001 certifications

FISCAL YEARS 2014/2015

The amenities market in the hotel cosmetics sector has consolidated considerably in recent years. Renowned suppliers grew as companies grew. At ADA the reporting years were also shaped by laying foundations for the future. One big step we took was in acquiring two leading hotel cosmetic producers.

At the beginning of 2015 we acquired the Scandinavian producer Scanamenities. In mid-June 2015 we went on to acquire the leading British provider of hotel cosmetics, Pacific Direct, a company comparable to ADA in terms of both sales and number of employees.

ADA INTERNATIONAL



Cosmetics International

Pacific Direct
CREATIVE LUXURY SOLUTIONS

SCANAMENITIES

Our product portfolio expanded rapidly to include many successful luxury brands. Since then, we have established two development centres. In London we are developing and estab-

lishing top retail brands for the luxury hotel sector, and in Kehl we are working on innovative lifestyle concepts. Sustainable innovation is one of our central criteria for development.

Variety makes life colorful



Around 13 new licensed brands like the British label Elemis have been integrated into ADA's range since we acquired Pacific Direct.

Aesthetics meets design



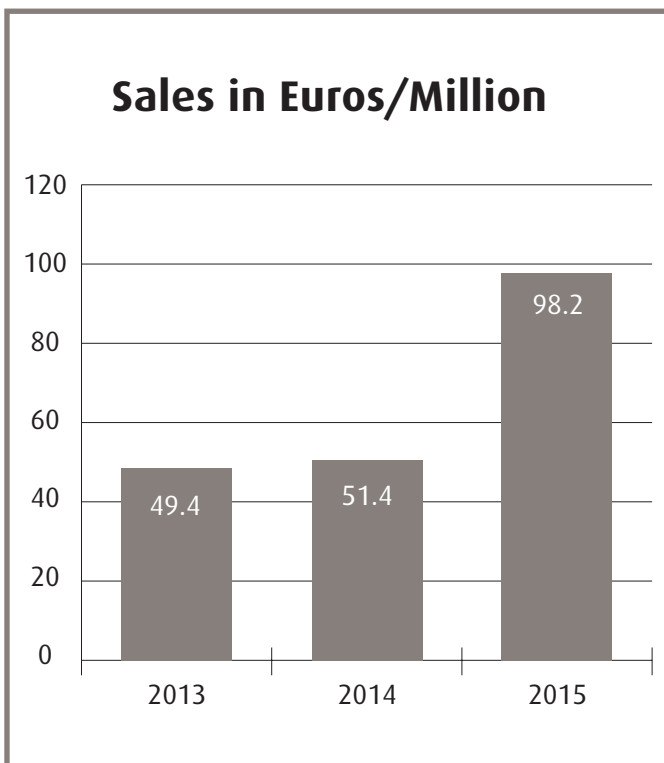
Our portfolio of environmentally friendly dispensers has expanded to include the brilliantly designed ILLI System products since we acquired Scanamenities.

Furthermore, we have been able to greatly expand and globalise our sales network. We now have new companies in the USA, Dubai/UAE, the United Kingdom, Hong Kong and Singapore, along with big-name clients like the international Jumeriah Group and The Ritz-Carlton. For ADA this was our leap from being the leading European manufacturer to being on the global stage.

During the reporting period, the most important challenges the cosmetic industry faced included renewed strong pressure in terms of price and competition, not only in the low-price segment but in luxury brands too. We have stood our ground in this area thanks to the strong products and services we offer. At the same time, smart production methods have allowed us to exploit savings potentials without compromising on quality or our environmental obligations, as a result of which our turnover increased by two million euros between 2013 and 2014. From 2015 onwards our figures are recorded under the new company structure.

OUTLOOK

Our goal is to strengthen our position as the supplier of choice for high-quality hotel cosmetics, particularly in 3- to 5-star hotels. The future lies in continuing to establish ADA in Asia and expanding our activities in the USA. More production and distribution sites in these regions will be our main drivers for future growth.





“We want to offer our customers only the best, both now and in the future.”

Sylvia Jensch, CMO & CSO International Sales;
Managing Director ADA UK

Sylvia Jensch has been with ADA since the very beginning. Her focus is on change.

Ms Jensch, what does change mean to you?

Jensch: To me it means that the company always has its goal in mind, but is still open to constantly reinventing itself, is innovative, and facilitates progress.

Was acquiring two leading cosmetics manufacturers part of this progress?

Jensch: It was a step towards growth. Given that the markets have changed, it was a good decision to help ensure our ability to capture new markets in the future; above all, though, it was a way to be able to fully meet the changing needs of our hotel clients in the immediate future too.

What happens now?

Jensch: Now it's a case of focusing our talents, skills, innovation and technologies, and recognising and exploiting opportunities, with the necessary caution. Our starting point is the right one: we can proudly say we offer our customers the very best hotel cosmetics available today.

How does sustainability fit into this?

Jensch: We're asking the right questions and focusing our efforts on problems like scarce resources, fair pay for raw materials, and environmentally friendly production while maintaining high quality. We are proud of being one of the most sustainable producers of hotel cosmetics today. That will not change in the future.

SUSTAINABILITY

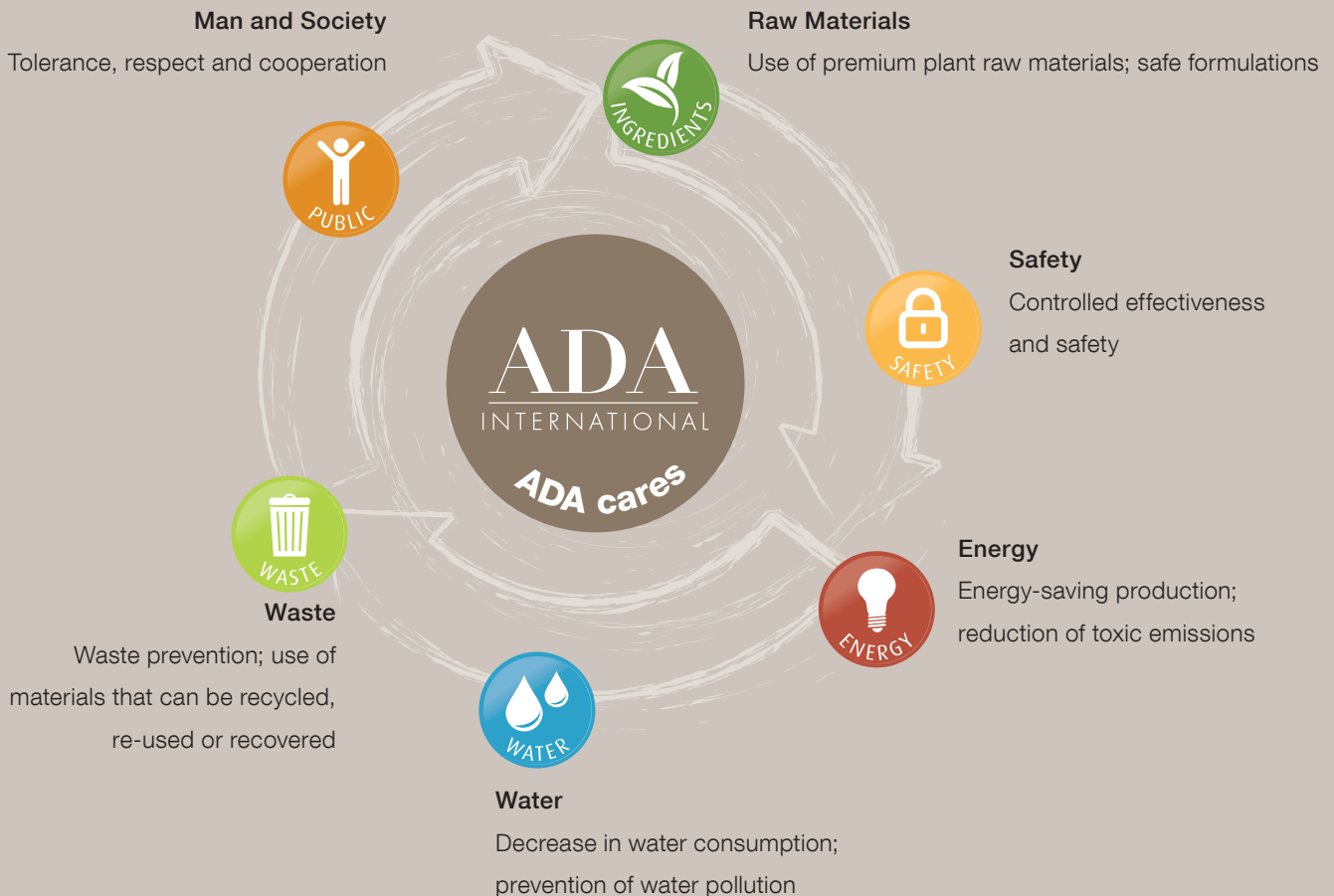
Living Responsibly: Today and Tomorrow

Sustainability has been one of ADA's central themes throughout the company's history. In the last decade environmental policy has become ever more central within our company. On the one hand this is because it has opened up a range of new opportunities, and it continues to do so – for example, in Research & Development, throughout the entire production chain and in logistics. This is partly because when our clients decide what to buy, the supplier's environmental and social competence are increasingly important factors.

In terms of sustainability, ADA has always been a pioneer in the industry: from the use of natural renewable raw materials, to fair trade raw materials, developing formulations that do not use potentially harmful substances, to resource-efficient pro-

duction and environmentally friendly packaging concepts. In 2013 we became the first cosmetics company to be certified by the internationally recognised environmental organisation Green Globe for sustainability. In April 2016 we took the next step of obtaining DIN EN ISO 14001:2015 certification. This international standard is the best-known standard for environmental management systems across the globe. This way we consciously took a further step in the right direction. Moreover, our products and services contribute to sustainable economic models and ways of living, and offer our clients tangible added value throughout the entire value chain.

We have developed strong sustainability policies as a model for our corporate actions.



Showing our Stance

Protecting the environment is part of ADA's corporate culture. It thrives on employee engagement. Our "Mach mit" ("Join in") campaign is an example of this; it gives tips on saving energy, avoiding waste and waste separation, and on saving water. This environmental initiative was launched in 2013 and continued throughout the reporting period.

Moving Forward Consciously

On the basis of the criteria above, we have developed strategic goals and measures for a cross-sectoral environmental management system. Acquiring Scanamenities and Pacific Direct (and a new large production facility in the Czech Republic as a result) means that in 2015 we were in a completely new situation. Goals we had previously set are no longer relevant or comparable in the reporting period. It is therefore now crucial

for us to set ourselves new, measurable goals and timeframes for adopted measures and ecological and social improvements. This task lies ahead, and we will engage with it fully.

A first important step towards a more sustainable future was in creating a new role within our company in January 2015: Stefan Becherer was employed as Head of industrial Safety, Environment, Energy and Fire Protection. He is an experienced environmental expert who held the same role within the world leader in tunnelling technology for over seven years before joining ADA, and knows the key environmental issues faced by companies.

What economic, social and environmental challenges will affect cosmetics companies like ADA in particular in the future? Becherer will look at this question and many others within interdisciplinary working groups. Results and knowledge gained from these groups will form the basis for an assessment of the current situation and a re-evaluation and reworking of our strategic sustainability focus.



In our public spaces, posters are displayed with different environmental designs based around environmental and ecological awareness. Monthly competitions are an incentive for employees to come up with ideas, for instance, to reduce CO₂.

“Sustainability is the only way.”

Stefan Becherer, Head of Industrial Safety, Environment, Energy and Fire Protection



“Transitioning to a sustainable economy is one of the biggest challenges of the 21st century. Cosmetics manufacturers face particular scrutiny from consumers. Their products have to be effective and gentle on the skin, but also be produced in a socially sustainable way using resources sparingly – with natural raw materials, of course, and no animal testing.

When I became ADA’s environmental management officer in January 2015, the company already had a firm grounding in sustainable development. Standards had been set. However, as with everywhere, there is still work to be done; we want to continue to develop. Acquiring two European cosmetics manufacturers means we now face new challenges. Processes have to be merged, operations have to be adapted. On top of this, we’re also facing the challenge of globalisation, which has led to more international competition and price pressure.

This means environmental protection cannot be limited to our sites. We want to achieve better efficiency and savings throughout our entire value chain through eco-friendly management. To do this we have to get our suppliers on board, exerting our influence as a medium-sized company so that our suppliers, especially those located abroad, accept economic and social responsibilities. This isn’t always easy. But we will do everything we can to emphasise our demands.

One thing is certain. To boost our eco-effectiveness, we have a lot of work to do on many fronts. Environmental and climate protection requires, above all, consistency in our actions, right here, right now.”

RAW MATERIALS

Innovations in raw materials, formulations and applications reinforce the sustainability of our cosmetic products.



Good cosmetic products are made from prime raw materials. Here: Aloe Vera; rich in vitalizing ingredients, it has a soothing effect on hair and skin.

As an international manufacturer, our high-quality care lines are based on over 35 years' experience in research and development. Our resource field comprises almost 300 valuable ingredients: they go through a rigorous selection process involving experts from a range of specialist functions. Our aim is to sustainably produce high-quality, safe products that are good for people and for nature.

High-Quality Raw Materials

The most important thing for us at ADA is the quality and purity of our raw materials. We favour renewable, plant-based raw materials wherever possible.

Environmentally sound production plays a central role in our selection process. We only turn to synthetic substances if there is no plant-based alternative. Despite this, they comprise less than 10% of the total raw materials we use. The quantity of almost entirely natural raw materials has constantly increased; however, it has decreased in percentage terms because the quantity of near-natural raw materials has increased considerably.

Successful business performance in the reporting period is reflected in the development in quantities of processed raw materials, which has almost doubled since 2013.



Good raw materials must be processed carefully to ensure they stay fresh. To this end we follow modern protective extraction procedures.

Raw Material Classification in kg	2013	2014	2015
Total	1,466,839	1,621,408	2,747,156
Natural	160,502	158,887	201,514
Natural, Fairtrade	1,038	4,296	16,655
Natural, certified organic	1,775	2,959	2,963
Near-natural	1,186,827	1,332,744	2,399,106
Synthetic	116,696	122,522	126,918

Explanation:

Natural = Plant Extracts. Natural Fairtrade = Plant Extracts from certified Fairtrade. Natural certified organic = Plant Extracts from certified organic agriculture. Near-natural = surfactants and emulsifiers from natural feedstocks. Synthetic = perfume oils, preservatives

Raw Material Quantity Percentages in %	2013	2014	2015
Natural	10.94	9.8	7.34
Natural, Fairtrade	0.07	0.26	0.61
Natural, certified organic	0.12	0.18	0.11
Near-natural	80.91	82.2	87.33
Synthetic	7.96	7.56	4.61

Explanation:

Natural = Plant Extracts. Natural Fairtrade = Plant Extracts from certified Fairtrade. Natural certified organic = Plant Extracts from certified organic agriculture. Near-natural = surfactants and emulsifiers from natural feedstocks. Synthetic = perfume oils, preservatives

Ingredients with an Environmental Factor

Sustainability is an important factor in our development work. Organic optimisations take centre stage here. We are always seeking to minimise the environmental impact of the raw materials we use. This involves:

- not using animal-based raw materials
- using degradable surfactants
- strongly reducing the use of dyes (even when FDA-certified)
- no parabens, silicone oils and formaldehyde donors
- not using diethanolamine, triethanolamine and monoethanolamine
- only using fragrances of highest quality, according to IFRA guidelines

WE REFRAIN FROM USING MICROPARTICLES

Non-degradable polyethylene beads, used for their skin exfoliating properties in the past, are contributing to the environmen-

tal burden in rivers and oceans. ADA has replaced polyethylene micro particles over the last years with natural abrasive materials like vegetable wax, nut shells and cellulose. They have the same gentle effect on skin and are fully biodegradable.

PALM OIL

Palm oil has become almost unavoidable in our day-to-day lives. It is being used in margarine, chocolate, milk products, cleaners and detergents, to name but a few products. Palm oil derivatives are also common ingredients in cosmetics. They are used as surfactants to make shampoos foam and as emulsifiers in body lotions. However, palm oil plantations are causing huge environmental damage in Asia. That's why ADA only works with suppliers which cooperate with the Round Table for Sustainable Palm Oil (RSPO) an international organisation promoting responsible sourcing of palm oil.

NANOPARTICLES

The cosmetic industry is a particularly sensitive sector when it comes to the use of nanoparticles. ADA does not use nanoparticles and has no plans to start doing so.

Focus on Nature

At ADA we aim to increase our use of high-quality raw materials. The ranges from our "Green Collection", in particular, aim to be 100% natural. These products are developed from verified renewable ingredients.

Eco by Green Culture has EU environmental seal certification, and Floraluxe carries the EcoCert seal. These seals are only awarded to those who comply with strict regulations and pass inspections. They do not contain any silicone, paraffins, parabens or other potentially harmful ingredients whatsoever. "Naturals" contains certified organic essences and "FairCosmEthics" contains fairtrade plant-based raw materials. This makes FairCosmEthics the only European hotel cosmetic range which carries the Fairtrade mark.



As one of the first German cosmetics manufacturers, ADA has introduced hotel cosmetics with EU environmental certification.

Over **250**
different raw materials are used at ADA

Over **90%**
of our raw materials are plant-based

30% of our raw materials with 'green chemistry' principles

Responsible Purchasing

We want to use raw materials grown and produced with respect for nature. This is why we want to know precisely where the raw materials we use come from and know the conditions under which they were produced. We therefore took the decision to draw up purchasing guidelines for our buyers and introduce sustainability guidelines for all our domestic and foreign suppliers. These guidelines state that all our partners must comply with the ecological and social requirements we apply to ourselves. Furthermore, we only work with suppliers which have ISO quality standard certification.

Our raw materials mostly come from European suppliers. Around 2/3 of the raw materials themselves are from Europe and the re-

100%
of our plant-based raw materials are tested for biological safety and biodiversity

100%
of our raw materials are from quality-certified suppliers

100%
of our raw materials are tested again in-house in addition to coming from certified suppliers

maining 1/3 come from across the globe. This includes, for instance, sandalwood from New Caledonia, ylang-ylang from the Comoros and roses from Bulgaria.

In the future we shall continue to scrutinise our suppliers and develop the idea of a "sustainable supply chain" further. Our most important aims include improving and expanding processes involving our suppliers, particularly those in China. To deepen cooperation here we are currently establishing audits on sustainable purchasing. We are also pushing for alternative purchasing solutions when it comes to transitioning towards sustainable raw materials, as is the case with palm oil.



“Developers must be innovative but work sustainably.”

Tatjana Hägele,
Qualified graduate biologist, Research and Development

"Developing a new cosmetic is always a bit like creating a little work of art", says Tatjana Hägele. The experienced graduate biologist is proudly holding the colourful bottle from a new product line created especially for lifestyle hotels catering to young, active guests. For months Hägele and her colleagues have been working to identify the best ingredients for this new concept. It's a good thing that ADA's R&D team is keen to innovate and has a sixth sense for trends, meaning it is constantly discovering interesting new combinations of active substances.

Despite this, the path from an initial idea in the lab to production is a long one. Once the ingredients have been specified, the team moves on to looking at cosmetic performance. Developing natural cosmetics presents unique challenges. "It takes a lot of expertise and experience to strike the most suitable balance of precious essential oils, plant extracts and other active ingredients," says Hägele. And striking the right balance is crucial.

Keeping existing formulations up to the latest standards is equally as challenging. Cosmetic development never stops. New active ingredients capture the market, legal requirements change, and synthetic substances are replaced by natural, sustainable alternatives. "Innovative care formulas work when they are just as beneficial and sustainable for people as they are for nature. We're only happy if we achieve that, and if the customer is happy," Hägele concludes.

SAFETY

For many years, ADA consistently has been achieving 100% product safety.



Tight chain of control: from purchasing to development, from production to after-sales.

We go to great lengths to ensure our products are high-quality, effective, durable and compatible. We apply strict control criteria throughout the production process, from the selection of raw materials to the finished cosmetics product.

Quality and Safety Marathon

As soon as goods arrive we test every batch of our raw materials using an established test plan. Similarly, our semi-finished and finished products each undergo a specified, clearly defined testing process. These tests include chemical-physical and microbiological parameters. All the tests are documented and reserve samples are stored in-house. ADA's strict safety and testing requirements also apply to our packaging.

During product development we carry out comprehensive application and compatibility tests in addition to tests on the safety of our raw materials. Safety controls take place successively during all stages of development until the end product is launched with the required INCI declaration. Even once our products have been launched to the market we continue to monitor them.

Our requirements for quality and safety focus on the European cosmetics regulation, country-specific cosmetic legislation in force and our own quality requirements. Our products and production undergo regular quality controls in accordance with certified ISO DIN 9001:2015 quality standards, guaranteeing their quality. And our GMP (Good Manufacturing Practice) standards production processes speak for themselves. These guidelines take into consideration requirements for staff, premises, technical equipment, industrial hygiene, raw materials,

intermediate products and the unpackaged end product, manufacturing, and quality inspections. Alongside comprehensive documentation this ensures our products reach our clients in perfect condition and in compliance with GMP for cosmetics.

In 2014 and 2015 we also recorded the percentage of quality complaints per charge/bulk produced as well as the number of bulk batches released and produced in the first batch. The outcome was a happy one: All our products met our test's high requirements.

Test Results Product Safety	2013	2014	2015
Percentage of complaints requiring reports per bulk batch	0	0	0
First time pass rates	100	100	100

The Egyptian empress Cleopatra used make-up made from tallow, chicken fat and powdered minerals. “Of course, we don’t do that any more. No-one wants to put animal fat and heavy metals like lead or cadmium which can be found in mineral rocks on their skin,” says Matthias Moeren, Head of Quality Assurance at ADA. That’s why raw materials and the composition of cosmetics are subject to legal regulation.

ADA’s cosmetic developers therefore continued with their initial product ideas. All raw materials generally undergo strict controls, and further suitability tests must take place in the laboratory. This also applies to our formulations. Emulsions, gels and crèmes are mixed, shaken, vibrated and must withstand extreme heat, cold and sunlight without being damaged. This shows whether the composition is stable. Products must be effective, they have to be safe to use and have no microbiological flaws. The Research and Development department only gives the go-ahead for production if a product receives positive ratings for application, effectiveness, stability and microbiological quality.

“It’s a complex process and takes between one and two years from the initial idea to the finished product,” says Moeren. Manufacturing different quantities to meet the smaller requirements of private hotels and large orders for hotel chains is also a challenge. On top of this, there are customer-specific and country-specific requirements. Moeren and his colleagues therefore painstakingly test every raw material, every formulation and finally the end product.

“In 2015 alone we carried out around 9,000 microbiological tests in-house and 1,000 were carried out externally,” Moeren adds.



“Only by knowing your cosmetics very well can you judge whether they are safe and sustainable.”

**Matthias Moeren,
Food Technologist and Head of Quality Assurance**

ENERGY

Good climate:
High-tech facilities
for production and
bottling help us to
preserve energy and
to reduce CO₂.



ADA's bottling facility is
state-of-the-art and uses little
energy.

Reduction of Greenhouse Gas Emissions

For ADA, environmental and economic performance do not contradict each other; they go hand in hand. This is why we are working on an ongoing basis to reduce the greenhouse gas emissions from our activities. Resource and energy efficiency are being examined. As a result, we are making investments in renewable alternative raw materials and in the most modern production technology, with an eye to the future. At the same time we are also preparing our company for long-term future challenges.

The Parliament of Germany concluded the Energy Services Act on 6 March 2015, and sets out, among other things, which companies must carry out energy audits. This resolution transposed the EU Energy Efficiency Directive 2012/27/EU (EED) into national law and seeks to establish uniform energy standards within the European Union. This should ensure that energy consumption within the EU is reduced by 20% by the year 2020.

ADA is one of the companies affected, and so in mid-2015 we began carrying out the necessary energy audits in accordance with DIN EN 16247-1. We did this promptly, through an external energy auditor accredited by the Federal Office for Economics and Export Control. We will implement the results and suggestions for improvement which arose from the audit in the following years.



State-of-the-art production and filling machinery ensure low energy consumption.

Energy Consumption and CO₂ Emissions

Energy production and, consequently, the demand for energy are among the main sources of greenhouse gas emissions and are partly responsible for the accelerated speed of climate change. The single biggest source of energy consumption within our company comes from production. We are increa-

singly promoting renewable energy and energy efficiency to reduce fossil fuel consumption. This is why we switched to hydroelectric power in 2012. Our aim was to reduce energy consumption by 5%. Thanks to technological improvements we have managed to achieve energy savings of over 10%.

Power Consumption	2012	2013	2014	2015
in kWh/100,000 production units manufactured	2,010	1,949	1,917	1,760

Heating Energy

Due to higher production figures and an almost complete switch to stainless steel tanks at our production site in Kehl (which are steam-cleaned), we have consumed considerably more heat energy. A welcome side effect is that we are saving a huge amount of disinfectants using this new cleaning method.

Natural Gas Consumption	2012	2013	2014	2015
in m ³	99,437	125,115	116,512	128,996

In 2014 and 2015 our production volumes increased significantly (in 2014 to 72 million units, in 2015 to 87 million units), and therefore our total CO₂ emissions also increased (35 tonnes). In order to give a measurable comparison, we have calculated the value per 100,000 units produced. The result was that, thanks to modernising our production, our emissions have dropped slightly despite higher production volumes.

Operational CO ₂ Balance Sheet	2013	2014	2015
in tonnes per 100,000 units	1.26	1.08	0.93

Zertifikat 2015

PRIMAKLIMA -weltweit- e.V.



Der gemeinnützige Verein PRIMAKLIMA -weltweit- bescheinigt, dass die

ADA Cosmetics International GmbH

einen vorbildlichen Beitrag zum Klimaschutz geleistet hat:

Die durch

den Gasverbrauch 2015

freigesetzte CO₂-Emission in Höhe von

232 Tonnen*

wird durch Aufforstungen **zweifach** kompensiert.

Eine 100 %-Kompensation erfolgt durch die Pflanzung von neuen Wäldern in Bolivien und ist durch Zertifikate (GoldStandard) belegt.

Zusätzliche neue Wälder in Südafrika werden in den kommenden 50 Jahren mindestens weitere 232 Tonnen CO₂ einbinden.

Bergisch Gladbach, den 05.06.2015

Karl Peter Hasenkamp, Dr. rer. silv. h.c.
Vorsitzender

Accounting in accordance with the Greenhouse Gas Protocol. This is an internationally recognised instrument used to calculate Corporate Carbon Footprints, i.e. to collect information on operational greenhouse gas emissions. These figures relate to Kehl/Germany.

Savings targets have not been met yet. As we have acquired Pacific Direct, and new production facilities in the Czech Republic, we have been redistributing our production since mid-2015. We are planning to move part of production which currently takes place in Germany to the Czech Republic, and move part of production from the Czech Republic to Kehl, Germany. This way we can be sure that we are using the most economical and sustainable production methods in each respective location.

Trees instead of CO₂

For CO₂ emissions caused by our gas consumption we purchase recognised carbon offset certificates for reforestation programmes.

Transport

To reduce transport emissions, we check our logistics concepts on an ongoing basis so we can identify optimisation approaches.

SHIPMENTS TO CLIENTS

Approx. 50% of our shipments within Europe are sent through UPS. In cities, suppliers already deliver goods to the recipient using electric cars. The remaining 50% are sent through a forwarding company from our factory in Germany. We are working closely with partners which use low-emission vehicles and have European emission classifications of 5 or 6. In 2015 we also converted our own small fleet of vehicles.

Shipment by air freight make up well below 2% of our shipments. The exception is the UK. We have a large warehouse there which directly delivers to customers across the Channel. In countries outside of Europe we normally also have large local storage facilities. This reduces the number of shipments made from our production sites in Germany and the Czech Republic. For our customers in the Middle East we keep stock in Dubai. Trade partners from the US source products from our German factory and have storage facilities in their respective states. All goods are shipped by sea freight. The proportion of air transportation is well below 2%. Our customers in Asia are supplied directly by our local supply partners.

SHIPMENTS TO ADA

We prefer to buy local raw materials wherever possible (see the chapter on "Raw Materials"). Most of our liquid production comes from Germany. However, some plants we use do not grow at these latitudes. This is why as much of our procurement is as destination-oriented as it can be, to keep transport routes as short as possible. For these deliveries we prefer to use shipping routes and avoid air freight. When purchasing from China (usually bottles and accessories) we now use container ships which dock in Rotterdam and are transported inland directly to Kehl along the Rhein.

STAFF BUSINESS TRIPS

For business trips our colleagues in Germany use the Deutsche Bahn (German Federal Railways) Green Card wherever possible. We only book ecological train journeys, meaning that Deutsche Bahn guarantees the amount of energy for each trip

is 100% renewable and is fed into the supply grid. When we buy company cars we make sure we purchase fuel-efficient vehicles.



Fuel-free driving

Unfortunately electric cars are still rare in Germany. In 2014 we acquired a BMWi3 – mostly for short journeys. Its reduced fuel consumption saves thousands of litres and tonnes of CO₂. Our employees are thrilled. It's a real pleasure to drive, as well. Our new AUDI A3 e-tron with plug-in-hybrid is equally environmentally friendly.



“Thinking in new dimensions.”

Nicki Eberle,
Project Maintenance Manager

“Palletising, weighing, feeding, filling, capping and labelling – these are all processes I work on on a daily basis. As Project Maintenance Manager my job is, among other things, to define, analyse and optimise these production processes. The fewer resources and energy our plant uses, the better it is for the environment. Of course, there are also economic considerations. In order to stay competitive we have to offer our customers good prices. The challenge lies in the fact that we distribute different quantities of a diverse range of liquids into dozens of different bottles, tubes and sachets. Then there is also client-specific labelling, which must be high-quality but also be done efficiently.

To meet these requirements, we just invested over two million euros in a new, fully automated tube filling system, to give just one example. A total of six different specialist companies worked on developing a system tailor-made to our needs: a fully automatic 40-metre TU4. The system works with up to 200 tubes per minute.

We're bringing in further changes too. At our factory in the Czech Republic we can now produce bottles ourselves. We are now working to separate our production procedures between our two production sites to ensure optimisation. This will allow us to supply our customers with more flexibility and more sustainably.”

WATER

Water, a most precious raw material, is the main ingredient in our products.



Water Consumption

For ADA, water is a valuable commodity, and is one of the core ingredients in our liquid toiletries. Our freshwater consumption therefore depends on the quantity of cosmetics we produce.

Water Consumption in m ³	2012	2013	2014	2015
Freshwater from the municipal water supply	8,443	12,462	18,328	16,741

The rest of the water we use is used on production processes themselves, mostly for cleaning and disinfecting production plants, containers, mixing tanks and pipelines. With each new batch we take special care to strictly apply high standards of hygiene. Due to increased production quantities and an increase in small batches, our water consumption increased in the reporting years.

ADA takes care to use the vital element of water as efficiently as possible. Since mid-2014, for instance, we have gradually moved away from using hard-to-clean plastic containers towards using stainless steel ones to store finished mixed products. Our transition to stainless steel containers was completed by mid-2016.

The advantage of these new stainless steel containers lies in their durability and in the fact that they can be cleaned and disinfected in one process using steam. Previously, containers had to be cleaned with freshwater before being disinfected, which was a cumbersome process. Not only does our new procedure save water, but it also means we do not have to use chemical disinfectants at all.

Our residual water flows into the municipal sewage system and to the local treatment plant in Kehl. As we no longer need disinfectants or other pollutants, our waste water is harmless to people and to the environment.

Water intensity	2013	2014	2015
This figures show the quantity of water in litres consumed per kilogram of manufactured product	2.4	3.7	2.8

WASTE

Reduction,
modernization,
recycling, re-using:
this is our operating
principle.



Our SMART CARE
SYSTEMS cartridges are
made from polypropylene,
a material which is not only
environmentally harmless
but also renewable.

Reducing material input and waste

The amount of waste produced globally is constantly increasing. To prevent the amount of waste growing in parallel with the economy, targeted measures must be applied to prevent waste. To this end we are striving to reduce material input and waste from our production processes to a minimum, without compromising on our products' safety or quality. Furthermore, more attention must be paid to recycling to create new materials from waste. So, whenever we can't avoid producing waste, we focus on reuse and recycling. This means we can achieve both cost-efficiency and sustainability.

Waste intensity	2013	2014	2015
Quantity of waste created in kilos per tonne of finished manufactured product (without packaging)	51	58	59
Production and Packaging Waste			
Total quantity in tonnes per 100,000 units produced	0.35	0.39	0.41

Most of our waste comes from secondary packaging (paper, cardboard, wooden pallets) in which our raw materials are delivered. Whenever possible our suppliers use reusable raw material containers when supplying us with materials. Other suppliers take their packaging away with them when they deliver materials. Still others supply their products or raw materials in reusable transport packaging such as pallets and crates or boxes on one-way pallets.

In 2015 there was a slight increase in the amount of waste we produced per 100,000 units of manufactured product. The main reason for this: in production, our tubes are now delivered on pallets. On the one hand this optimises tube filling, but has also led to an increase in packaging materials consumed. We plan to create a modern tube filling system to be able to produce the quantities we require. We expect this will lead to a further slight increase in packaging material consumption.

Along with our employees and partners we are working on reducing our waste volumes. Here we are striking a fine balance between the advantages of production technology with economic and environmental criteria.

Trial batches and product provisions also contribute to the amount of waste produced, albeit only slightly.



CEOs Pro Recyclingpapier - Initiative für Ressourcenschutz

Not all paper is equal

Since 2015 we have been a member of the CEO Initiative for recycling paper and have begun using a product made entirely from recycled paper. Our aim is to reduce paper consumption for 600,000 units in 2015 by 10%. Our first step is to apply sustainability standards to our printers. Meanwhile, we will print on both sides of each sheet of paper.



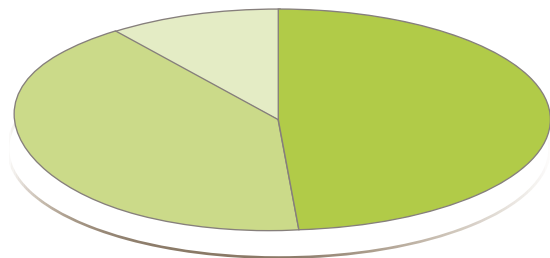
We were able to reduce around 370 tonnes of greenhouse gases by recycling our paper / cardboard / glass and light packaging waste.

ADA is introducing a waste diagram for the company. A clear waste separation system will also be introduced to make it easier for employees to dispose of certain kinds of waste. Everyone will be given appropriate training.

Silicone-coated label backing paper, for instance, will be disposed of separately and recycled. The same applies to wood, paper, and glass. Non-separated waste will be burned by the disposal company and turned into energy. Non-separated waste increased only slightly from 2014 to 2015, despite the fact we produced significantly more units and for various reasons we have produced more production-related waste.

Waste Balance in t	2014	2015
Mixed paper	85.68	137.54
Plastic	5.24	38.38
Label carrier film	5	15
Wood waste recycling	14.1	24.24
Scrap metal	13.88	6.98
Flat glass	0.10	0.18
Electrical appliances used	0.98	./.
Total Quantity Recycling	124.96	222.32
Waste for recovery	147.01	158.73
Substitute fuel	24.14	23.02
Total Quantity Recycling (Energy Production)	171.15	187.75
Unspecified waste	1.02	4.16
Special packaging, e.g. spray cans	1.02	0.012
Production-related waste and raw material scraps	36.748	47.714
Dry batteries	0.053	./.
Scrap wood A2	./.	11.24
Total Amount	38.841	57.126
Total	334.971	461.196

Waste 2015



- Recycled
- Used for energy production
- Rest

OUR AIMS:

- To continue to increase our share of recycled waste
- To reduce energetic recycling accordingly



The recycling of silicone-coated paper allowed us to reduce another 35 tonnes of CO₂ emissions.

Product Packaging

Be it plastic, cardboard or paper - we're pushing for a reduction in the use of materials in our product packaging. Packaging that uses fewer materials helps to limit our consumption of raw materials and CO₂ emissions for production and transport.

ADA filled some 63 million cosmetics bottles and dispensers in 2015, 84% of which were made from PET and 12.4% from recycled materials. The percentage of PVC has decreased. In upcoming years our company wants to continue to increase the percentage of environmentally friendly packaging materials we use.



Smart Innovations

Developments like our SMART CARE SYSTEM dispenser solutions show that aesthetics, functionality and environmental awareness can go together.

Production Bottles and Dispensers in %	2012	2013	2014	2015
PET as a percentage of the total	71.4	77.8	83.4	84
Percentage of recycled PET	11.9	12.4	11.8	12.4
Percentage of PVC from the total	16.7	9.8	4.8	3.6

We use folding boxes of various board qualities to transport our cosmetics. They contain between 87-100% recycled material. We do not print on our boxes for environmental reasons. In 2015 we switched from repackaging with stretch blown film – i.e. film made from thermoplastic polymers – to a product known as fibre film. This makes packaging weight 30% lighter and also saves on waste.



“Packaging is a crucial topic for the future.”

Alexander Rauer,
Product Engineer Packaging Development

Mr Rauer, what does "environmentally friendly" packaging mean?

Packaging has many different functions: It guarantees hygiene, protects products from external influences, gives space to include important information for consumers, and space to include an attractive packaging design. In order to reduce the quantity of waste produced, our packaging developers are constantly working on intelligent packaging solutions – using as few materials as possible, and using materials that can be recycled easily.

Does ADA already need fewer raw materials for manufacturing?

Yes, for example, developing new bottles and caps by optimizing their shape. This means fewer materials are required to achieve the same mechanical properties.

ADA uses PET. Why?

Because it's a particularly environmentally friendly yet high-quality material. It's extremely hygienic and can be recycled after use, meaning it can be reused for many different products.

Are bioplastics an option?

No. For one thing there is a question mark over whether a material produced using a foodstuff like corn is ethical. It takes a lot of energy to grow corn, for example (fertiliser, CO₂ emissions, etc.). To my mind bioplastics aren't yet an alternative to PET.

How do you aim to continue reducing your packaging footprint?

We are equipping our new production sites in the Czech Republic with machinery we can use to produce bottles ourselves. This will allow us to promote the use of bottles made from environmentally-friendly PETG. It will also allow us to replace the few formats we still make from PVC with environmentally friendly alternatives. Furthermore, we'll save on transport for bottles filled at that site, meaning a drop in CO₂ emissions. At ADA we're very clear in our determination to continue to work intensely on the growing requirements for packaging.

EMPLOYEES & COMMUNITY

The well-being of its employees is a top priority for ADA.



Alexandra Meister and Özay Kabakli, two of our chemistry technicians. They enjoy working as a team and celebrating joint successes.

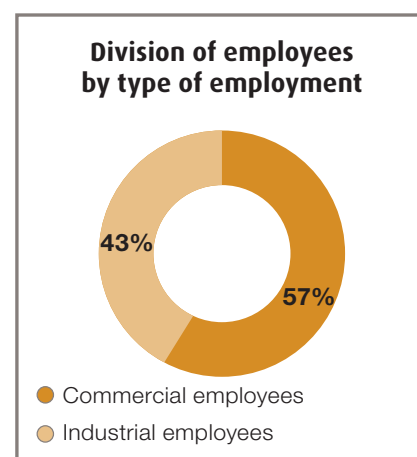
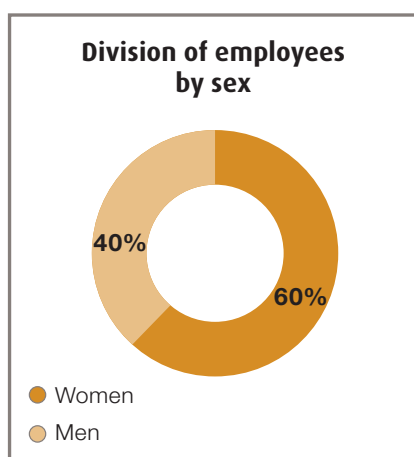
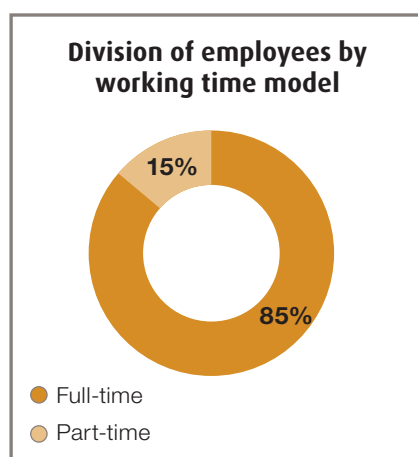
Corporate Culture

ADA offers a safe working environment for around 530 employees working under fair conditions and offers a range of voluntary corporate services. Thanks to our international presence we work with people from many different nations, religions, ethnicities and backgrounds. We embrace this variety as an opportunity. We promote a corporate culture which not only tolerates and respects multiculturalism, but considers it something to value. Our corporate culture is centred around trust, fair cooperation, an open culture of communication, and equal opportunities. We also take our social responsibilities seriously and offer support to local social projects.

Employment

In the reporting period the number of people we employ increased slightly. In terms of our workforce, in the next few years we expect employees to leave us due to a generational change. Many of our employees have worked with us for a number of years and will therefore retire soon. In order to maintain our skills and our values we must work in a targeted way to build up a new employee base.

Employees	2015	Germany	UK	Czech Republic	China/Asia	Other
Total number		258	26	172	32	38
Industrial employees		97	./.	128	./.	./.
Commercial employees		161	26	44	32	38
Women		131	21	119	23	23
Men		127	5	53	9	15
Full-time		186	25	171	32	34
Part-time		72	1	1	./.	2
Trainees		15				





Over **50%**
of our employees are women

49%
of our managers are women

Designing Ourselves

Corporate culture (and therefore identity and credibility) has become a crucial factor in determining the success of a business, making it attractive to customers or to employees. To keep a business culture alive, constant renewal and support are needed. Acquiring Scanamenities and Pacific Direct in 2015 put us in an entirely new situation in this regard. Lots of discussions were held and information exchanged. Following intensive analysis many new technical, organisational and staffing structures have been developed.

We paid particularly close attention to integrating the employees we acquired, which we believe means more than just technical training. We believe it is just as important to integrate new staff

personally, defining roles and recognising and implementing corporate knowledge. We quickly established productive co-operation with the seven former ScanAmenities employees. With Pacific Direct we acquired 268 new employees. Most of these employees work at the main production site in the Czech Republic; in the UK there are almost 30 members of staff. The rest are divided between China, the United Arab Emirates and the USA. Since the companies were acquired we have launched an intensive integration process. We're learning from each other, learning to trust one another and to work together. Meanwhile, our integration process has made good progress and the new ADA "family" is on the right track.



Pacific Direct main production facility.

Holice/Czech Republic. Around 170 people are employed here. They work closely with our production site in Kehl/Germany. We identified common "best practices" through intensive dialogue. Thanks to our new Czech colleagues we have been able to optimise many operational processes. We plan to roll out the "best practice" structures and processes in production, logistics and purchasing across the whole company.

Continuing to Develop

In 2015 we launched our new training programme and increased our training budget. 70 (out of what was at the time 300) employees underwent a comprehensive structured training programme. They were trained in "hard skills," i.e. professional qualifications related to their jobs, such as project management, financial management, or topics like self-organisation. To do this it was crucial to bring more employees to the same level to be able to divide responsibilities between more individuals. This relieved the burden on key staff while opening up new career paths and areas of responsibilities to more employees. Employees were also trained in "soft skills" – personal, methodological and social skills in things like leadership and communication.

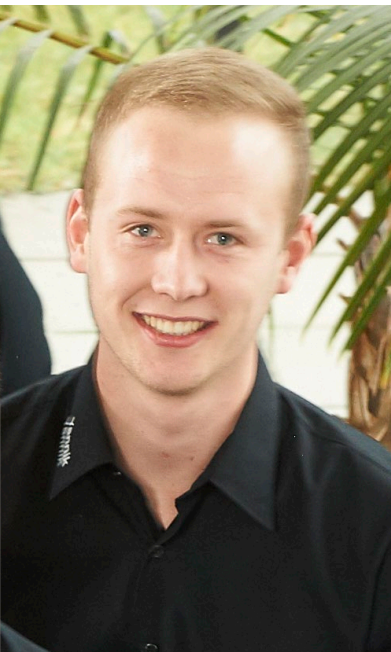
Education and Training in euros	2012	2013	2014	2015
Expenditure	72,000	95,181	112,447	163,635

We plan to continue this training programme which was well-received by the staff, and to build on it, with a particular focus on our new colleagues, of course.

Offering Opportunities

Our employee development activities start with thorough training. The jobs we offer cover almost every business sector, which helps us meet our future need for skilled workers by offering qualifications to our own junior employees.

We regularly appear at events like regional education fairs and have conversations with interested young people. We also open our doors to young interns, offering internships for DHBW students and to train French young people as part of the dual Germany/France system. Female students can take a look at our business during our well-known "Girls' Day". We also engage in targeted media coverage for training courses in the region which are regularly initiated by the local press.



Enthusiastic participation

Thanks to his vocational diploma in business Yannik was able to go straight into the second year of training to become an industrial management assistant. He wants to finish his training next year. He may then start working in our sales department. The 19 year old enjoys speaking directly with clients. "I like working with people," Yannik says. The working atmosphere is good, too. "People just really seem to enjoy going to work there," says Yannik, who enjoys playing football in his spare time.

ADA currently offers training courses for the following careers:

- Industrial Manager
- Chemical Technician
- Industrial Mechanic
- Machine and Plant Operator
- Specialists for Warehouse Logistics
- Media Designer
- Mechatronic Technician
- IT Specialist in Applications Development
- IT Specialist in System Integration

Our collaboration with the Dual University of Karlsruhe:

Degree in Business Administration with specialism in: International Business

Inclusion

Inclusion literally means "making part of, bringing in". In an inclusive society, being different is normal. Everyone is welcome, which is to everyone's benefit. ADA has a keen interest in integrating people into the labour market who are disadvantaged or handicapped for various reasons.

For example, during the current refugee situation we have sought ways to integrate asylum seekers into our workplaces. This has had little success so far because of the asylum seekers' limited language skills. But this will change over time. We are still in close contact with the relevant employment agency officers. And we will continue to take steps so we can welcome new colleagues from a refugee background into our business soon.



Enrichment

Individuals with learning difficulties often need specific support to gain a foothold in the education or labour market. In 2015 we took on two new colleagues who now have the opportunity to get used to the challenges of the "normal" labour market and find their own career paths.

Focus on Health

Maintaining and promoting our employees' health is a core part of our business philosophy and one of our central missions. Both internal and external experts look after health and safety within our business. We regularly offer our employees various health and

prevention programmes. In 2012 an in-house health management programme was launched offering the following services:

- Basic medical care with the company doctor
- In-house preventative measures like flu vaccinations etc.
- Ergonomic consultations at the workplace
- External confidential consultation with experts for professional, personal or family problems
- Healthy eating initiatives like "healthy breakfast" and "fruit basket"
- Regular "veggie days" in the canteen
- Free workouts and back training in the gym

We have succeeded in strengthening knowledge and awareness of personal and occupational health during the reporting period. This is shown by the following figures:

Employees	2013	2014	2015
Total number	165	88	99
Workstation pre-ventative check-ups G37	./.	./.	./.
G20, G24, G25	70	30	53
Healthcare consultations	45	58	46

In 2015 we undertook a special venture by introducing climate control in our buildings in Kehl. Kehl is located in the upper Rhine plains near Kaiserstuhl. This is the area of Germany with the highest average temperatures. It's not unusual for summer temperatures here to be over 35° C for long periods, which is hard for our employees and our equipment. This is made even more difficult by the fact that employees in production have to wear long work trousers and work coats for hygiene reasons. We therefore set ourselves the goal of creating an indoor climate which would help our employees feel good and stay healthy and productive. We spent a six-figure sum to install climate control in our filling departments and offices.



Feel-good climate over 9,000 m³

Modern systems ensure fast, flexible cooling and an optimum temperature. It has the advantage of silently, evenly cooling the air and distributing it throughout the space without causing a draught. This means that extensive air exchange can take place. Evenly distributing air throughout the site makes energy use efficient.

"Zero" Accidents

Our employees' safety is our top priority at ADA. Part of this means ensuring our workspaces are as safe as possible, and also optimising work processes and purchasing work machinery and equipment which make work easier. All processes and procedures are regularly checked, and if necessary improved, in accordance with standards on improving workplace safety, in order to identify and avoid hazard risks.

For example, in the chapter "Safety", the decision to switch the cleaning process to stainless steel containers in production was not a purely environmental one. It was also a question of employee safety. They are now able to use pure steam to clean containers without using disinfectants.

Furthermore, we regularly train all our employees in occupational safety and hygiene and hold safety training sessions. Thanks to our comprehensive health and safety programme, we rarely have accidents. Most of them are minor. All safety incidents are systematically recorded and analysed. Our occupational safety specialist analyses the cause of accidents, takes measures to prevent them and provides information for employees.

We have succeeded in significantly reducing the frequency of accidents from five to two during 2015. The LITR* fell from 12.6 to 4.4. This figure represents 4.4 accidents with at least 1 lost day of work per million accepted hours remunerated. In 2015 a total of 15 days were lost due to accidents involving ADA employees, compared with 72 days lost in 2014.



Take a walk on the safe side

At ADA we're light on our feet. In 2015 we introduced special safety shoes with orthopaedic insoles across the entire company. Our shoe safety level was increased from level 1 to level 2, because in the laboratory, during production and bottling you need comfortable shoes which also offer effective protection. High hygiene requirements and the existence of wet areas or heat sources add extra challenges for footwear.

Accidents at Work	2014	2015
Incidents	5	2
Days lost	72	15
Reportable	5	2
Thousand worker quota	21.7	7.41



“Being there is everything.”

Isabelle Scheeck,
Coordinator and Company Running Team Member

Running for Colleagues, Health and Fun

“It all kicked off again in June 2015. The hoch³ Business Park company race launched eleven years ago was back on. This event isn't just important for our town, but also for our company. Over 1,100 runners competed on the 5.6-km-long route in teams of three. ADA was represented by 21 colleagues in bright green shirts. Our colleague Oliver was the best. He ran a time of 0:23:52, coming in a respectable five minutes behind the winner who came in with 0:17:28 minutes.

We have set ourselves the ambitious target of improving and inspiring more colleagues to run with us. So, every Friday from now on at 16:30: get out of your office clothes and into your running gear! A professional trainer the company has provided helps enthusiastic runners to achieve new personal bests. We're all highly motivated and really get into it. Running with a group is much more fun anyway! Training, competitiveness and fun all go together. You get to see your colleagues from a different angle and meet colleagues from other departments. Even though I'm unlikely to run 5.6 km in under 24 minutes, I'm still looking forward to beating my personal best time soon. Shall we place a bet?”

Social Responsibility

For ADA, social responsibility above all means that we take care of our region and its people. In 2014 and 2015 we were involved in the following local projects, among others:



Getting children interested in "nature's classroom"

One of the projects we support is the "natur + mensch" (nature + people) society. It is committed to wildlife and biodiversity. Its main activity is in setting up mobile and fixed-location forest schools for children. This is a place for them to understand and experience nature with all their senses. They are given the opportunity to get to know forest plants and animals better. The foundation also supports engagement through a "nature suitcase" which is being made available to social studies teachers in schools.

Against dropping out of school

We promote "Riverside Kustomz", a union which promotes and integrates socially disadvantaged youth. Its work includes working with young long-term unemployed people and young school drop-outs with the aim of integrating them into the first level of the labour market.



Lighting children's eyes up

Oberlin House has offered individual, flexible help to children, young people and their families since 1967. Their work includes day and residential groups as well as parent and family work. For the fourth consecutive year, ADA employees have been making Christmas parcels for Oberlin House. Every

year a Christmas tree is set up in the canteen with children and young peoples' wish lists. ADA employees look forward to this initiative every year. The ADA Christmas elves collect countless beautifully wrapped packages and take them to Oberlin House. They hope to see children's eyes light up, and everything from Lego blocks to CDs to vouchers and perfume are donated.

The Table is "Booming"

The "Dörflädle" Kehl food bank currently feeds more than 1,100 hungry mouths. They needed more storage space and a wider range of products. For several years ADA has been supplying the Kehl and Offenburg food banks with toiletries. They "go like hot cakes", according to representatives from the institution. We couldn't be happier.

Donations for Social Projects	2012	2013	2014	2015
Donations in kind (pallets)	98	39	52	67
Donations in euros	18,796	24,592	24,000	28,000

LEGAL NOTICE

This report is available in English and German. It is published every two years.

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