

Sustainability
Report
2020



CHEMYUNION

Inspiring Innovation





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Introduction

Welcome to the first Chemyunion Sustainability Report!

This document addresses the combination of social and environmental resolutions that we followed in 2020, regarding the Sustainable Development Goals advocated by the United Nations (UN).

It also includes our results, lessons learned, and challenges undertaken. During this unusual, challenging, and transformative time, historically marked by the COVID-19 pandemic, the Chemyunion group reiterates its principles, vision, and values by maintaining our mission of always seeking to move forward.

We believe that by managing changes in the way we think, by being sensitive to the complex scenarios we face, is the key to the longevity of our business. On the following pages we will demonstrate our continued commitment to generating value and positive impacts in our relationships with all our stakeholders.

Message from the CEO

A milestone for us. Our 2020 Sustainability Report is a milestone - not just for being our first, but for clearly demonstrating our corporate purpose through initiatives that resulted in effective contributions to the Environment and Society.

To make this happen, we created an environment of Good Business Management Practices and aligned our business practices with several of the Sustainable Development Goals, advocated by the United Nations (UN). Our goal is to improve Chemyunion by increasing the sustainable value of our operations for our customers, employees, suppliers, and the world in which we live.

Our company connects nature and science in a way that promotes the benefits of health, beauty, and well-being. Through the adoption of innovative ideas, we have progressed by using Biotechnology, Plant Extractions by Supercritical CO₂, syntheses that follow the precepts of green chemistry and other technologies that are globally recognized under the principles of Sustainability. In our management strategy, we highlight eco-efficiency, waste control, and recycling. Through the latter, we generate income for social actions.

Respect for others is part of our fundamental principles. We agree with the Universal Declaration of Human Rights, emphasizing that they must be applied equally and without discrimination, honoring the dignity and value of each individual. Thus, we make sure that our Code of Conduct is the main instrument for the continuity of our relationships.

In addition, Chemyunion unconditionally resolves that its business environment shall



Marcelo Golino
Chemyunion Group CEO

be guided by healthy, transparent, and legal bonds. With respect to these principles that we seek in our Compliance Program, we encourage sharing practices, methods, and processes based on ethical commitments, and by supporting our negotiations in the fight against corruption.

With the support of our stakeholders, we believe we are on the right path when it comes to caring for the planet, perpetuating healthy relationships, and adopting good business practices.

You will learn more about our achievements, contributions, and sustainable advances on the following pages. I invite you to follow us along this exciting and challenging path.

Happy reading!



About Chemyunion Group

Chemyunion is a chemical company that produces cosmetic ingredients, pharmaceutical excipients, raw materials for the veterinary market and food, and active ingredients for hygiene and cleaning products.

Founded in Brazil in 1992, Chemyunion has followed a continuing process of international expansion and currently exports to more than 50 countries through its affiliates in the United States, Colombia, Europe, and Mexico, and its extensive network of distributors.

Our Personal Care, Life Sciences, and Home Care business units operate based on the open innovation model - combined with training on delivery systems, plant extractions, peptides, and organic synthesis – for the development and manufacture of innovative and sustainable products. We use natural raw materials and work closely with our customers to provide finished products that are recognized for their high efficiency, value delivery, and connection to the latest trends and desires for beauty, health, and well-being.



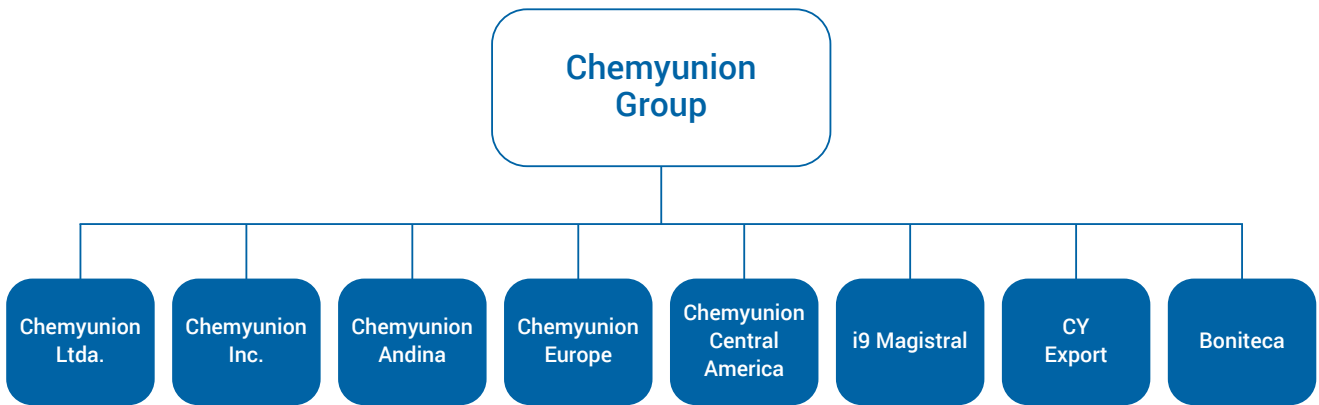
In 2016, an organization of corporations, of which Chemyunion is a member, created i9 Magistral as an important channel of communication and business generation for this segment. It fulfills the need to reach prescribing professionals and compounding pharmacies with our portfolio in an agile and efficient manner.

In 2017, a new business was created: CY Export, which is a commercial export company that promotes greater operational dynamism for international dealings.

In 2020, Boniteca was created: a new company of the group focused on providing services to support and advise Customers in product and brand development, including regulatory aspects, portfolio guidance, productive partners selection, and sales staff training among other services.

With different business and operational fronts around the world, Chemyunion group remains focused on innovation and development for the segments in which it operates.

Structure of Chemyunion Group





Our Products

Innovation for care, beauty, health, and well-being inspires us!

We work with our Clients to make their new product ideas possible through the intersection of our technologies.

The benefits obtained by our ingredients have been proven by highly qualified professionals, through the use of globally recognized methods. As a result, the analysis of the effectiveness of our performance systems has made us stand out worldwide.

We provide innovation for skin, hair, health, and the well-being of people and animals. Our portfolio is comprised of raw materials used in products ranging from basic care to intensive treatments for face, body, scalp, hair, and food supplements, among others. Our expertise and abilities are also present in products for everyday life at home. Each one created to optimize the manufacturing process, practicality, versatility, and excellence of formulations. We also offer the development of customized solutions through projects in partnership with our customers.



Mission, Vision, and Values



MISSION

Through our technological expertise and constant investment in innovation, we seek to provide our Customers, who operate in the personal, health and home care industries, with high-performance ingredients and unmatched service that are closely aligned with market trends, add perceived value to the finished product, and generate good will with their consumer.



VISION

To be recognized as an innovative, high-tech company that accepts challenges, solves customers' problems, and seeks to be at the top of their minds.



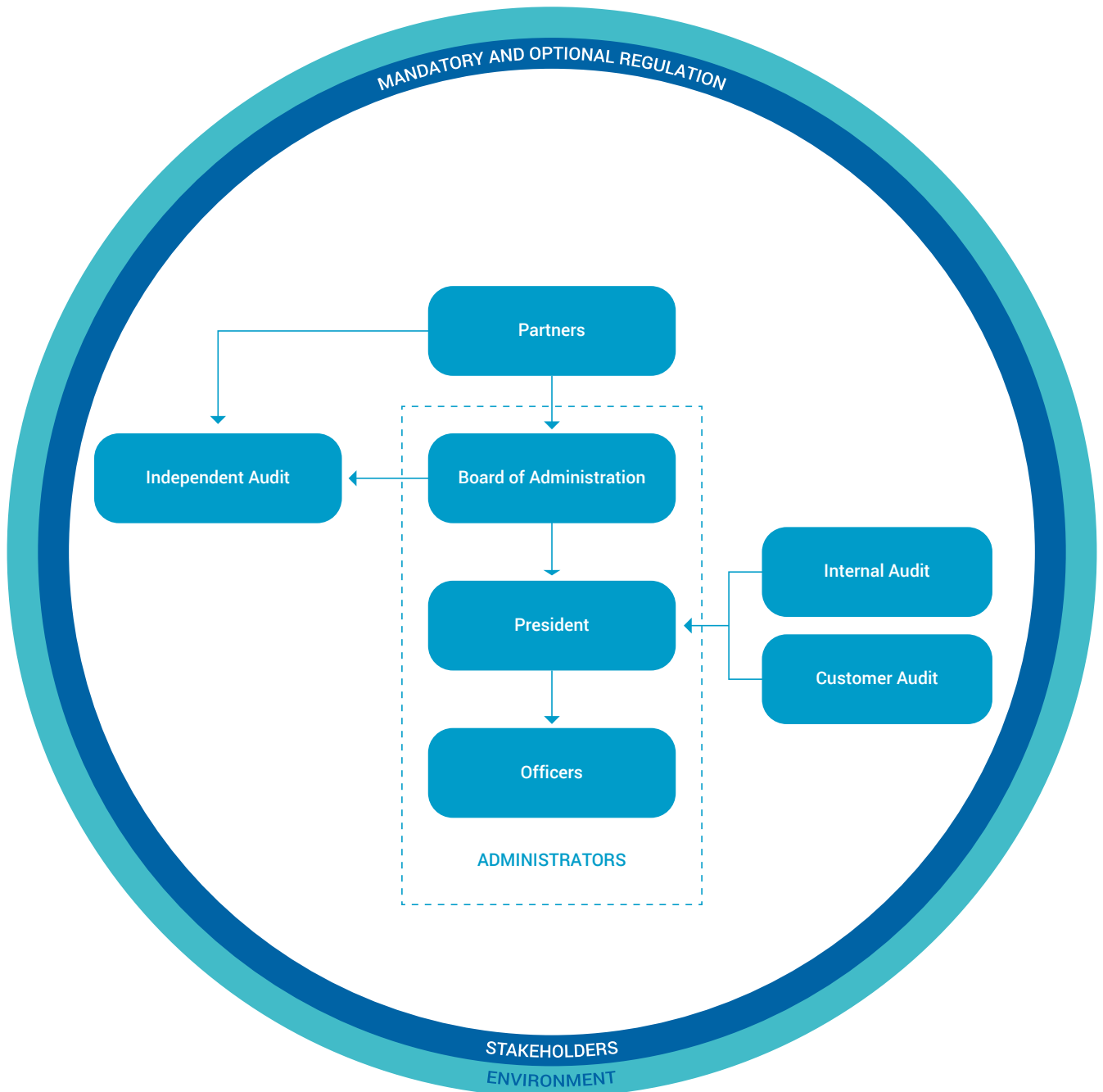
VALUES

- To be enthusiastic about the Customer
- To inspire innovation through everything we do
- To be ethical and transparent in our relations
- To respect and protect the environment
- To be socially responsible
- To seek continuous improvement for our operations, quality, and processes
- To attract the best people and make them even better
- To be committed to learning and solving issues
- To share success

For clarification, the companies i9 Magistral, CY Export and Boniteca have their own mission and vision, and can share values given the nature of their business.

Corporate Governance

Chemyunion adopts the following structure as their Corporate Governance model:



Corporate Governance is directly connected to one of the strategic guidelines and is intended to mitigate risks in the expansion process. Therefore, the company will always create restrictive methods of access to services, if any Business Unit, subsidiaries, branches, or company linked to the economic group to which Chemyunion is part do not comply with governance rules.



Ethics and Transparency

Aligned with global concepts of best business practices, Chemyunion recognizes and values the conduct of its business based on compliance policies and guidelines, and enforcing legal and regulatory standards established in its commercial relations and operations, in order to avoid, detect and deal with any deviation or non-conformity that may occur.

We believe that the adoption of these compliance practices minimizes legal risks and optimizes the reputation of our businesses, thus strengthening our commitment not only within the law but also with responsible and transparent management, conducting our environmental, social, and governance negotiations with ethics and integrity. Compliance reflects the employee's behavior with the norms of conduct. It also comprises the behavior of the entire chain to protect the interests

of customers, employees, suppliers, partners, public bodies, and general society from occasional fraudulent practices and misuse of information.

In line with these and other values that we believe are fundamental to the creation and continuation of healthy business relationships, we have implemented an ethical communication service represented by our whistleblowing channel, conducted by an independent and internationally recognized company in compliance services.

Thus, the reporting of any suspicious acts may be carried out in an impartial, confidential, and secure manner, whether they are about corruption, or of a moral, sexual, or other nature that goes against Chemyunion's values and policies. Chemyunion reinforces that whistleblowers must make their reports in good faith and keep in mind that the reporting of false information can generate irreparable losses, and it shall be considered as a legal infringement.

Transparency in relationships, equity, trust, and respect are the pillars of our operations.

Accountability Program

Chemyunion's purpose is to consolidate a culture of Accountability as part of our behaviors, habits, practices, and roles.

Accountability is a concept that refers to a form of ethical responsibility and initiative – a transparent attitude that is at the same time committed to obligations and results.

A company that integrates these values is capable of overcoming the traditional sense of the regular employee, who just follows orders. With this culture embodied, the employee is considered an important part of the “final result”, actively participating in the business and most importantly, well aware of their participation and value for the company.

In practice, the difference between regular employees and employees with these kinds of attitudes takes place in constructive behaviors with:

- Focus on reality
- Individual and collective accountability
- Initiative in the face of challenges
- Self-confidence
- Awareness of their role.

Once aware of these behaviors, it is clear that in order to build a culture of accountability, the presence of effective leadership is crucial.



At this point, the leader must be capable of providing the conditions to develop this positive attitude among their professionals and teams, which shall be disseminated through processes and expected behaviors.

In addition to having leaders prepared to deal with people, based on ethical values above what is usually seen, there are important steps to take. The purpose of these steps is to structure the construction process of an accountable culture in the company.



Sustainable
Commitment



Certifications and Audits

ISO Certifications

The Chemyunion Sustainability Program is composed of actions and goals based on accountability and commitment to the environment and society. Seeking to reaffirm these commitments, we follow the principles of ISO 14001:2015.

Our processes and resources are based on Good Manufacturing Practices, with ISO 22716:2008 and ISO 9001:2015, which allows us to take a definitive step towards our goals of innovation, quality, and respect for the environment, in an effort to build and maintain trust and promote a positive reputation with our stakeholders.

Integrated Management System Policy (Quality and Environment)

We seek to develop our business with a permanent focus on meeting the needs of our customers, offering innovative products and services through the continuous improvement of our processes, and following the policies that make up our Integrated Management System:

- Constantly innovate, seeking inspiration in the needs of our customers;
- High-performance products that are in line with market trends, generating perceived value to our Customers;
- Relationships based on ethics, compliance with legislation and respect for the customer, society, the environment, employees, and suppliers;
- Minimize and eliminate environmental impacts and health risks that may be generated by our activities whenever possible;
- Encourage professional development of our employees.

ECOCERT AND COSMOS

Chemyunion's portfolio has validated ECOCERT and COSMOS products, whose main objective is to ensure production and environmentally correct and safe processes for human health. In compliance with this goal, we seek the maximum traceability of the ingredients adopted and use them in processes that reduce or eliminate the use or generation of substances that are potentially harmful to human health and the environment.

Organic Certification

This certification aims to ensure organic management standards, such as optimizing the use of available natural and socio-economic resources, respecting the culture of rural communities, economic and ecological sustainability, maximizing social benefits, and protecting the environment.

Our portfolio has 2 products with organic certification: Melscreen Coffee EL DEO ORG and Melscreen Coffee ORG.

SMETA Audit

SMETA is an audit methodology that provides a compilation of the best ethical auditing techniques. SMETA is designed to help specialized professionals carry out high-quality audits, covering all aspects of responsible business practice, considering the four pillars of SEDEX (Supplier Ethical Data Exchange): Work, Health & Safety, Environment, and Business Ethics. The SMETA methodology uses the ETI (Ethical Trading Initiative) code and local law as a measurement tool.

Chemyunion constantly seeks to meet legal, environmental, and social requirements, using the SMETA audit to confirm our commitment to ethics. This practice allows us to earn respect and trust from customers and partners worldwide.

The information in this section refers to the company - Chemyunion Ltda.

Results and Performance

Eco-efficiency

Chemyunion has implemented an Environmental Management System that directs its strategic guidelines and environmental management program.

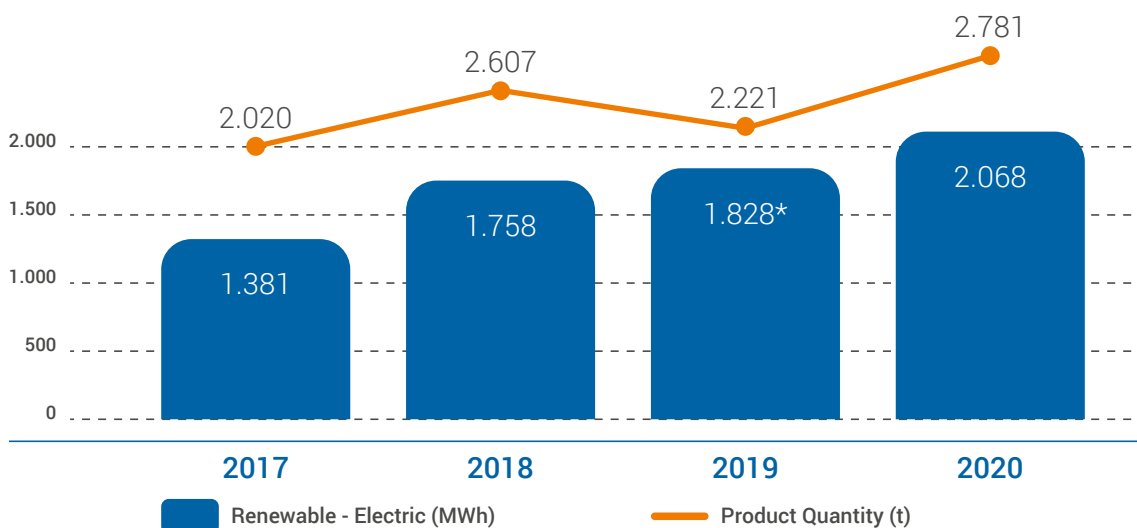
Eco-efficiency is a part of our management strategy, seeking to combine economic and ecological efficiency to produce more, while using fewer resources, generating less waste, and minimizing the impact on the environment.

Our Environmental Management System serves as a basis for expansion strategies of Chemyunion's businesses, in an effort to prevent and minimize the impacts of our operations on society and the environment. To this end, we promote sustainability at all levels of the company through indicators and initiatives focused on eco-efficiency.

The graphs below reflect the increase in the consumption of natural resources and the generation of waste from 2017 to 2020, following the expansion of the manufacturing structure (quadrupled in the period), an increase of 38% in the volume of production and 45% in human capital, in addition to expanding the portfolio, yet still in a planned, controlled manner.

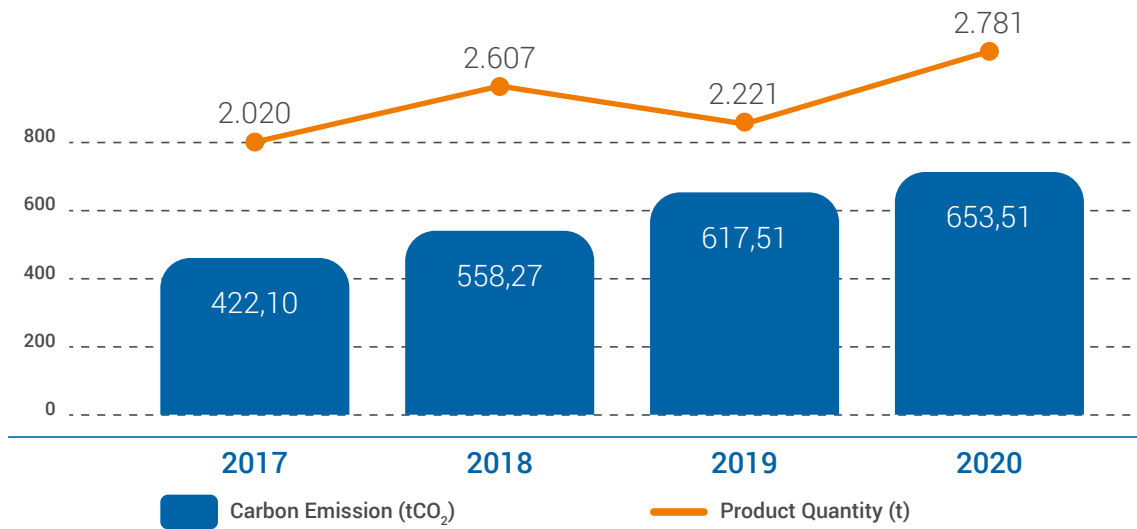
Total Electricity Consumption

*Start of operation of a new plant within the Manufacturing Unit.



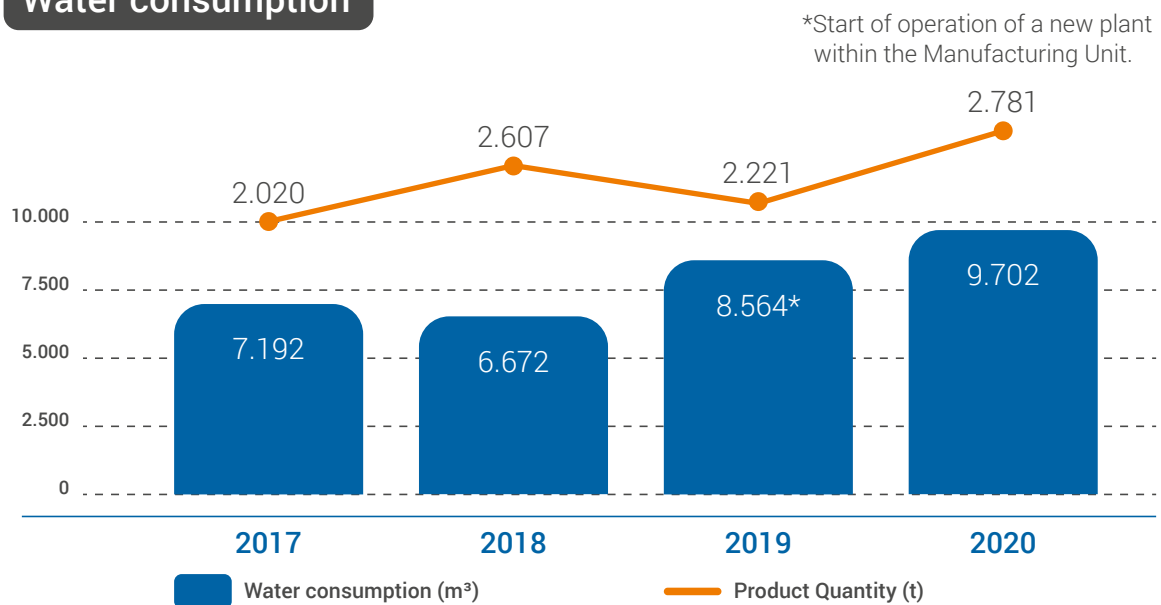
Chemyunion acquires electricity from renewable sources, encouraging the generation of clean energy in addition to promoting improvements in the eco-efficiency of its processes.

Carbon Dioxide Emission



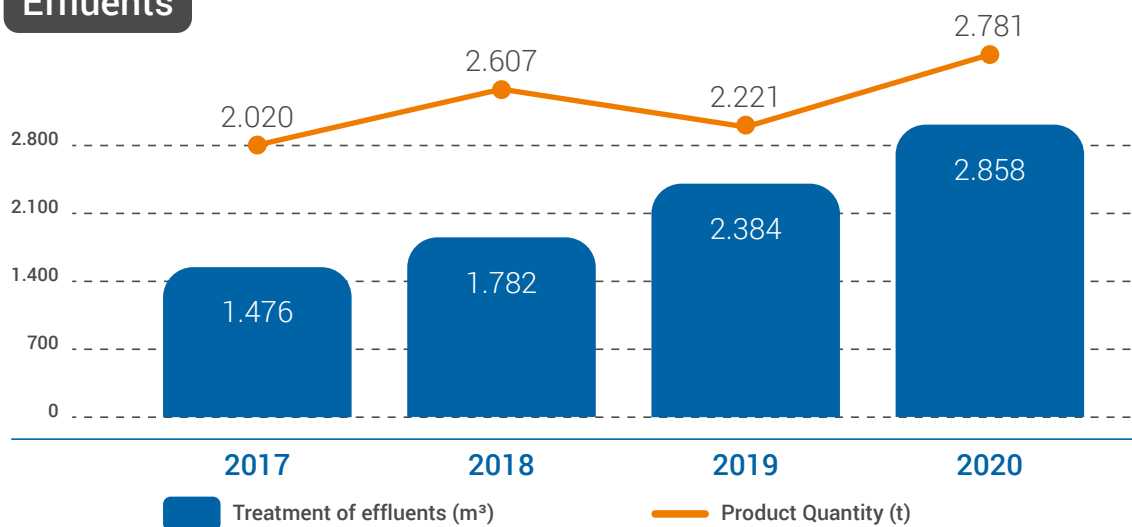
Chemyunion's carbon dioxide emissions are calculated according to the tool provided by the Brazilian GHG Protocol Program, which considers as Scope 1 emissions those from diesel-powered equipment; and as Scope 2 emissions from electricity consumption.

Water consumption



The water used in our processes comes from an artesian well, located in an area belonging to our headquarters. As a result, we have effectively contributed by making this resource available, in greater quantity to the local community, through the public network.

Effluents



Chemyunion uses a compact and efficient treatment system for effluents, which reduces the emission of Greenhouse Gas (GHG). This system allows the effluent to be treated, following the current regulations.

Waste and Recycling



To create as minimal of impact on the environment as possible, we continuously search for alternatives that reduce the production of waste and we maintain strict control over this, correctly designating each type of waste according to the legislation. Within this chain, we foster the development of the local community by prioritizing the collection, recycling, and disposal service providers in the Sorocaba region whenever possible.

The income obtained from recycled materials is then allocated to social projects developed in partnership with the community. In this way, we are able to align the environmental benefits of recycling with the economic and social ones.

A photograph of two young girls, one with dark hair and one with blonde hair, both wearing white t-shirts and blue jeans, and white gardening gloves. They are kneeling on a grassy area, planting a small tree. The girl on the left is using a small shovel to dig in the soil, while the girl on the right holds the tree steady. The background shows a park setting with other trees and a building in the distance. The lighting is warm, suggesting late afternoon or early morning. A blue decorative shape is visible in the top right corner.

Environment and
Society

Innovation and Technologies

By Wagner Vidal Magalhães
Research & Development Director

Chemyunion's history is based on its connection with nature and the transformation of many of its resources into innovative solutions that are capable of conferring beauty, health, and well-being to consumers through the formulations of our Customers. This ongoing relationship with the provider of countless natural resources demands our respect and is represented by our commitment to the sustainable practices of extraction and rational use of resources, in addition to waste minimization.

This care begins with the first stages of product development, the area of Innovation. The best example of our attention to this topic is the harvesting of ingredients using sustainable extractive processes such as Extraction by Supercritical CO₂. This technology is considered a "green" activity since it does not require the use of organic solvents to obtain fractions concentrated in highly bioactive compounds.

Another important example of our respect for the environment is the reduction of water used in new products. One way to achieve this goal is to create and offer concentrated solutions, which can be prepared by final product



companies or even by the consumer (just like the Powderfeel and Emulfeel® DIY products). These solutions also reduce the expenditure of resources, such as fossil fuels, for transporting water.

Biotechnology is an area of knowledge that also plays a key role in the way we use natural resources. Chemyunion currently develops projects involving recombinant DNA technology to enable the large-scale production of proteins (originally from animal sources) from microorganisms.

The transformation of synthetic products and processes is believed to be associated with the formation of residues that harm the environment. Part of our effort contribute to changing this view, Chemyunion adopts Green Chemistry precepts in its synthesis processes, that is, processes without the use of toxic organic solvents, with low energy consumption, through renewable sources and efficient processes that minimize environmental impacts, generating biodegradable ingredients.

Finally, we recently created a platform for the identification of bioactive properties, grown out of residues of natural sources from processes such as extractions from the food chain or fermentation processes. This program is aimed at identifying the value and potential in materials that would be discarded or could generate some environmental impact.

Supply Chain

By Cleunicia Maria de Oliveira Bramante
Purchasing Manager

In the Supply area, our goal is to build an ethical and transparent relationship with our business partners. We seek competitiveness, quality, speed, and sustainability in the chain, through the implementation of procurement strategies and collaborative negotiations with a focus on mutual gain and motivation towards social and environmental awareness.

In addition, the inherent demand of our segment leads us to the continuous search for partners capable of, and

committed to, delivering not only quality raw materials but those that meet the pillars of sustainability, being produced mainly from vegetable sources and with proven traceability. In logistics, we seek the necessary optimization to minimize environmental impacts.



Care from the Origin

Some of our vegetable raw materials, such as *Physalis angulata* (cut leaf groundcherry) and *Thymus vulgaris* (thyme) are originated from GMO-Free seeds and Organic Management Practices, reaffirming our environmental commitment. Cut leaf groundcherry is a fruit known for its calming effects and antioxidants, rich in vitamins A and C, phosphorus, and iron, as well as alkaloids and flavonoids. Thyme is a powerful regulating agent for adipocyte differentiation, widely used for skin treatments.

These species are carefully cultivated on a century-old farm, close to our headquarters. While this farm is very rich in biodiversity, we are most thankful to the dedicated workers and are inspired by their experience in the care of uncommon plants.

Chemyunion constantly seeks improvements, respecting the culture of rural communities, economic and ecological sustainability, maximizing social benefits, and protecting the environment.



Biodiversity

Legal Reserve

Located in the City of Sorocaba, in the countryside of São Paulo, Brazil, Chemyunion's HQ has a total area of 110,000 m², which has a manufacturing unit of approximately 9 thousand m², sharing space with a Legal Reserve area of 42,000m².

The Legal Reserve has extensive vegetation

coverage, serving as a shelter for native fauna and flora, reinforcing our commitment to the preservation of the ecosystem. The biome has typical species of the Cerrado, generalist species, and also some exclusive forest species, indicators of the transition physiognomy of Cerrado - Atlantic Forest.

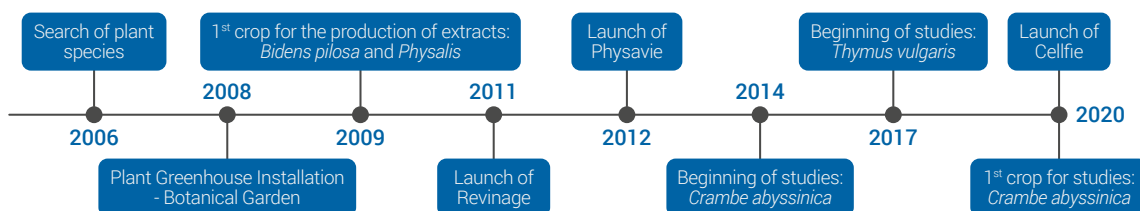
Botanical Garden

The sustainable origin of a plant-based ingredient is a strong indication of its quality, as it requires planning and careful cultivation, beginning with seed selection, to obtain the finest extract.

At its headquarters, Chemyunion has a botanical garden used as a laboratory for analysis, collection of data, and development of species used in the manufacture of its products. Cultivated through Organic Management practices, the plants are monitored by specialized

professionals and are under the management of our Environment group.

In the botanical garden, we create ideal conditions for growing useful and valuable plants. Some examples of this are the *Bidens pilosa* (from which we extract the active ingredient for our retinol-like Revinage®), *Physalis angulata* (an ingredient that gives Physavie® soothing and anti-aging properties, suitable for sensitive skin), *Thymus vulgaris* (Cellfie ingredient that promotes remarkable natural-looking rejuvenation) and *Crambe abyssinica* (used in a diverse range of products in our portfolio).



Respect for the environment and sustainable practices is a value that we are proud to share.

Raw Material

In the development of its products, Chemyunion uses plant-based raw materials from many different species that carry the richest backgrounds. These natural substances are extracted sustainably from the exuberant Brazilian biodiversity, fulfilling all the requirements of access to the genetic heritage, and allowing numerous bioactive substances to be used in high-performance products.

Along with the diversity of technological challenges, sustainable processes in the supply chain, and the importance of storytelling in our business environment, Chemyunion also uses plant species from the African, American, Asian, European and Oceania continents. We continuously adapt our strategy of obtaining materials from multiple sources, to reflect our respect and admiration for heterogeneous cultures and customs.



Species	Common name
<i>Bidens pilosa</i>	Beggarticks
<i>Astrocaryum murumuru</i>	Murumuru
<i>Coffea arabica</i>	Coffee
<i>Jasminum officinale</i>	Jasmine
<i>Mauritia flexuosa</i>	Buriti
<i>Orbignya speciosa</i>	Babaçu
<i>Rosa gallica</i>	French Rose
<i>Theobroma grandiflorum</i>	Cupuaçu
<i>Crambe abyssinica</i>	Crambe
<i>Physalis angulata</i>	Camapú
<i>Piptadenia colubrina / Anadenanthera colubrina</i>	Angico
<i>Glycyrrhiza glabra</i>	Licorice
<i>Physalis pubescens</i>	Cut leaf Groundcherry
<i>Lilium candidum</i>	Lily
<i>Zingiber officinale</i>	Ginger
<i>Thymus vulgaris</i>	Thyme



Respect for Animals

Supported by justice and ethics issues, the defense of animal rights is a subject of major importance worldwide and cruelty-free products are gaining more and more relevance. A few years ago, animal testing for cosmetic purposes was banned in many of the ingredients and finished products industries.

Chemyunion reaffirms its position of respect for animals by using internationally-recognized alternative protocols in its experimental models used for proving the safety and effectiveness of

its products, such as in silico, in vitro, ex vivo, and clinical. Rigorous assessments of regulations allow our ingredients to have a global reach, allowing use in the most respected global brands.

Social
Awareness



Diversity

No person - partners, officers, employees, customers, third parties, or any other interested party with whom Chemyunion has a relationship, including the surrounding community – may be discriminated against based on their sex, race, age, origin, sexual orientation, or gender identity, religion, physical condition, health conditions, etc.

Child and Slave Labor

The work must always be carried out under contracted, safe, and healthy conditions. Any form of forced, compulsory, or child labor will not be tolerated.

Thus, Chemyunion is against child labor, forced and slave labor, sexual or moral harassment. The company's commitment to fighting such practices is expressed in its Code of Conduct.

Chemyunidos

We understand that Social Responsibility is the sum of internal and external actions taken for the common good and the well-being of a more equitable society and that we have a joint responsibility for the development of society and the environment. For this reason, we encourage employees to carry out volunteer work; we allow them to take time from their shift to work on projects aimed at these causes. To that end, Chemyunion created the CSR (Corporate Social Responsibility) program, named Chemyunidos.

The Chemyunidos program is based on three pillars that rule social and environmental actions, namely:

1. Environment

Respect for the environment is part of our identity. We focus our efforts to make this value one of our priorities. Chemyunion is always committed to promoting sustainability! This pillar aims to promote actions to preserve the environment and minimize the impact that our activities may generate.



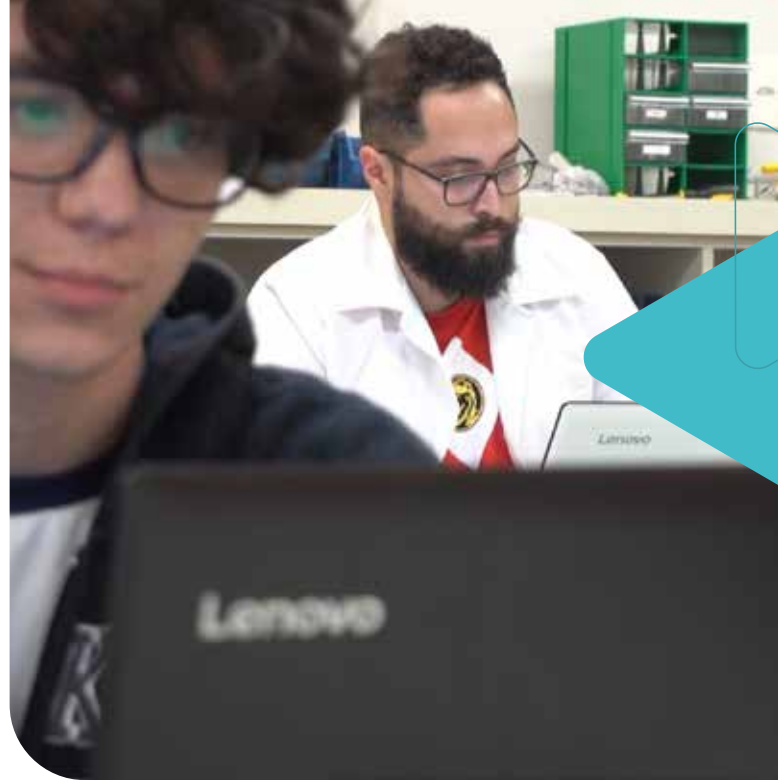
Our recycling program, in addition to directly contributing to changing the way of thinking, also allows Chemyunidos to develop social projects along with the community.

2. Education

The enthusiasm for learning and creating solutions is also part of our values. Actions that promote education are prioritized in our CSR. This pillar works to promote the sharing of knowledge.

3. A better world

Contributing to the formation of a more equitable society is one of our greatest wishes. This pillar targets greater involvement of our employees in social actions, sharing experiences in the search for a better quality of life and interaction with society.





Acknowledgments

We would like to express our gratitude to all employees who have been, and are part of, Chemyunion's story. Thank you for your contribution to the growth of this company in an ethical, responsible, and sustainable way. Finally, our sincerest recognition to those responsible for preparing this first Sustainability Report.

This document allows us to share and formally spread the word of Chemyunion's commitment to caring for the planet, strengthening the relationship with our stakeholders, and inspiring our surroundings through good practices and a continuous search for improvement.

**Being your
first choice
is what
inspires us!**

Credits

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Fábio Curcialeiro | Occupational Safety Technician

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