



LALIQUE
GROUP

**Sustainability
Report 2020**

Sustainability Report

Lalique Group takes responsibility for the environment and society at large, whether as a fair employer, as an actor in the luxury goods segment developing products without health risks for customers, or as a company helping to shape a sustainable future in a fast-moving world.

Sustainability is a key element of Lalique Group's corporate strategy. The company attaches importance to acting sustainably. The cornerstones of the sustainability strategy comprise:

- Product management and sourcing
- Employees
- Environment and resources

Lalique Group has strengthened the common understanding of sustainability priorities and initiated measures for increased environmental and social sustainability. The Group has set itself the goal of steadily developing its sustainability strategy along the entire value chain and is committed as a company to contributing to a sustainable future.





Lalique Group

1. About Lalique Group

Lalique Group is a niche player in the creation, development, marketing and global distribution of luxury goods. Its business areas comprise perfumes, cosmetics, crystal, jewellery, high-end furniture and home accessories, along with art, gastronomy, hospitality and single malt whisky. Founded in 2000, the company employs some 678 staff (FTE) in 9 countries and has its headquarters in Zurich. The Lalique brand, from which the Group derives its name, was created in Paris in 1888 by the master glassmaker and jewellery designer René Lalique. The registered shares of Lalique Group SA (LLQ) are listed on the SIX Swiss Exchange.

The following chart shows a simplified Group value chain—from the sourcing of raw materials to the end-consumer.

Consumer/Customer

Channels

Retail, Online, Wholesale, Own boutiques, Pharmacies and drugstores

Distribution

B2B and B2C

Production

Own manufacturing and production sites/suppliers and subcontractors



2. Sustainability strategy

As a responsible company, Laliq Group is committed to protecting its employees, customers, partners and the environment. The Group takes this responsibility seriously and faces up to the challenges in the realm of sustainability. To create the basis for its sustainability strategy, the Group identified the most relevant issues and defined the key areas of action.

In the sustainability strategy, the issues were divided into the following three fields:

3. Status quo

Laliq Group is doing everything it can to make an effective contribution to sustainability. Although the Group has made every effort for a number of years to operate sustainably and ecologically, up to now it has not issued a sustainability report, thus the reporting presented here is still in its early stages. The Group will continually set new goals that will be reflected in its future annual reporting.



Product management and sourcing

Laliq Group is committed to sustainable manufacture of environmentally friendly products that can be utilized and applied without risks to health. The focus is on products without potential health concerns.



Employees

Laliq Group strives to be an attractive employer for staff that is committed to social responsibility. To this end, the company focuses primarily on providing fair working conditions, occupational health and safety as well as the training and personal development of employees.



Environment and resources

Laliq Group takes account of its environmental impact and use of resources. The resources of primary concern are water, air and soil protection. The Group has also introduced radical recycling and waste disposal measures.

Product management and sourcing



TOPIC AREA I

- **Products without health concerns**
- **Sustainably and ecologically manufactured products**

Relevance and goals

Health and safety are top priorities at Lalique Group. The company makes every effort to ensure that its products do not cause skin irritations or allergies or pose other risks to health. The main focus is Ultrasun sun care products and perfumes, given that cosmetic and beauty products may provoke allergic reactions. Also, the chemical ingredients of such products may be harmful to the environment.

Lalique Group is pursuing the goal of developing its cosmetics range with products that offer added value, for example through certification. The company relies first and foremost on established industry standards that are in demand from customers and industry players. Lalique Group's cosmetic and beauty products have to meet minimum ecological and health standards and should enable a conscious consumer choice by both existing and prospective customers.

Measures

Product labels and memberships

Lalique Group is committed to supporting specific labels such as aha! Allergy Centre Switzerland, Natrue certification and membership of organizations like the International Fragrance Association (IFRA). That is why the company strives to continually improve and expand its range of label products wherever possible. The Group relies on fair and workable regulation that fosters the safe use and enjoyment of fragrances in accordance with IFRA guidelines. One of their stipulations is that no products or ingredients may be tested on animals and that no natural ingredients of animal origin used in the formulation of perfumes and sunscreens. Animal by-products customarily employed by the industry—of which beeswax is one example—are exempted from this rule for the time being.

For the production of its perfumes, Lalique Group works with renowned perfume houses, which strictly adhere to sustainability requirements. Wherever possible, the Group uses ingredients from environmentally and socially responsible sources through traceable supply chains.

Moreover, there are standards for cosmetic products which evaluate UV filters using neutral methods. The chemical company BASF has developed a new neutral method known as the EcoSun Pass which can be used in the sun protection field to test the environmental impact of UV filters in sunscreen products. The EcoSun Pass allows transparent evaluation of eight different parameters, from

biodegradability and aquatic toxicity to potential endocrine disruption. The system thus takes into account not only environmental factors for individual UV filters, but also permits a comprehensive environmental assessment of the filter systems—another step for BASF towards a more sustainable future. Ultrasun's product line for sensitive skin types was the first brand worldwide to be awarded the EcoSun Pass label by the BASF corporation. The label stands for particularly eco-friendly sunscreen protection.

Ultrasun is also marketing a product line with mineral-only, chemical-free filters that is certified by Natrue. Compared with its competitors, Ultrasun is the sun care brand that has the most sunscreen products certified by aha! Switzerland (the label of the Swiss Allergy and Asthma Association) within its line-up. aha!-labelled products and services offer customers added value by increasing their safety and simplifying their everyday life.



EcoSun Pass is either a registered trademark or a trademark of BASF SE in the European Union and/or other countries.

The entire perfume filling and logistics operation of Lalique Beauty Services is ISO 22717 certified (Cosmetic Good Manufacturing Practices). This standard assesses the safety and quality standards of perfume products. It takes into account all the relevant factors along the whole supply chain, including the processing of products and the date when they are first packaged.

Lalique Beauty Services and the Lalique crystal manufacturing site are committed to upholding national and international safety standards (R.E.A.C.H. Regulation). Reach is a European Union regulation which was issued to improve the protection of human health and the environment from the potential impact of risks posed by chemicals.

Assessment and outlook

The Group aims to empower consumers to take informed, environmentally compatible decisions. Survey findings show that consumers are willing to pay a premium for eco-friendly products. Lalique Group has set itself the goal of producing sustainable products with sustainable packaging at competitive prices and keeping consumers informed about these innovative products. For its fragrances, the Group wants to focus even more on sustainably sourced ingredients in the future.

Against this background, the Group is well on course to operating on a sustainable basis, developing appropriate products and further broadening the sustainability of its operations.



Employees



TOPIC AREA II

- **Fair working conditions**
- **Occupational health and safety**
- **Employee training and development**

Relevance and goals

Lalique Group is conscious of its responsibility—both towards its own employees and wider society. The Group places exacting requirements on the manufacture of top-quality products, be they beauty products or luxury goods. As part of this process, employees who take responsibility and make corresponding decisions are the key to success.

The Group focuses on the following issues:

- Acting responsibly as an employer and increasing its appeal by offering attractive working conditions and gender equality.
- Targeted personal development and continuing education as well as individual further training and internal succession planning. The retention of qualified personnel is relevant to the company's success as a manufacturer, particularly in regards to crystal glass products.
- Safeguarding employees' health, along with reduction of absences and downtime due to occupational accidents.
- Improving occupational safety and health protection: some employees at the production sites are performing physically demanding tasks.

Measures

Conditions of employment

The Group is committed to offering attractive conditions of employment, competitive pay and remuneration systems as well as welfare benefits, particularly at its two production sites in France (Lalique crystal in Wingen-sur-Moder and Lalique Beauty Services in Ury), as well as at its single malt whisky distillery in Scotland. The long-term retention of employees is important to Lalique Group. Staff turnover is monitored at all sites. If striking fluctuations are noted, structured interviews are conducted with departing employees and relevant measures considered. The various employee representative organizations are important stakeholders.

Occupational health and safety

Measures are focused on occupational safety and safeguarding health at all Group production sites. To ensure that employees remain healthy and motivated over the long term, Lalique Group promotes occupational safety measures and attaches great importance to prevention and early recognition.

All employees at the production sites—and particularly those newly recruited—are introduced to all relevant safety measures and regularly receive further on-the-job training

in safety matters. During this further training, they are informed about the sorting and handling of waste products at all the production sites.

Employees at all production sites are provided with the necessary safety gear, work and safety clothing, ear protectors and ergonomic equipment. All employees and managerial staff in production and administration receive training and awareness-raising coaching in health protection, ergonomics, occupational safety and hygiene. Company units have their own occupational safety manuals which are regularly updated to reflect changes in occupational health and safety regulations.

To protect employees in the production units from muscle strain and back pain, further ergonomic workplaces and implements are being installed on a continuous basis to make physically demanding tasks easier and less onerous. Employees also receive awareness-raising training and instruction on an ongoing basis to prevent muscle strains and back problems before they occur. Trained personnel make up part of the medical service at the production sites and are on hand with the necessary specialist knowledge.

All investments in new working equipment by the production units are in compliance with the latest CE regulations.

Nurturing young talent and training opportunities

Structured group-wide staff performance reviews are held once a year. These are used to plan individual training programmes. This measure is designed by the Group to reduce the turnover of local specialist staff and boost employee motivation.

Highly specific know-how and skills are required for the manufacture of crystal objects. To this end, the Group began over a decade ago to develop a dedicated internal training course (known as "École Lalique") in collaboration with the French government agency "Pôle Emploi" and other public training and employment agencies located in the Alsace region. The aim of this training course is to teach and pass on the highly specialized know-how required for handcrafting crystalware. At any one time, École Lalique will have up to ten young school-leavers training in the art and craft of glassmaking. This specialist training is very successful and has already borne fruit: one of the trainees was awarded the title of "Meilleur Ouvrier de France"—Best Craftsman of France. Altogether seven Lalique Group artisans bear this title for their exceptional skills in glass manufacture. For some years, the relevance of training young people has been growing in importance because some of the highly specialized glass artisans at the crystal factory in Wingen-sur-Moder are nearing retirement age.



Covid-19 sanitary measures

The first priority when the pandemic broke out was to safeguard the health and safety of all employees. Laliq Group took all necessary precautions in line with WHO (World Health Organization) and local government guidelines to protect its stakeholders. These measures included restricting access to the Group's premises, promoting physical distancing, restricting travel, and promoting good personal hygiene practices. In the production facilities, the Group spared no effort to ensure that employees and visitors were safe and protected from the risk of infection.

Assessment and outlook

To facilitate continuous monitoring of target achievement, the implementation status is reviewed on an annual basis. Performance indicators and information about headcount, sickness levels and occupational absences are recorded. Company units also conduct employee surveys to assess expectations and identify potential improvements. The Group is currently working on applying and standardizing these performance indicators across all Group segments and divisions.

Occupational safety and measures to protect health are largely decentrally organized and accordingly no measurable targets have so far been defined on a group-wide basis. Target attainment can be monitored and checked indirectly by means of performance indicators in the individual company units. This includes the number of occupational accidents and absences due to accidents and sickness. These performance indicators are recorded, collated and evaluated in the systems of the individual corporate units.

The thrust of Laliq Group's approach is to achieve continuous improvement of employee health and safety. The Group is striving by means of systematic accident prevention to further reduce the number of occupational accidents and rate of absences.



Environment and resources



TOPIC AREA III

- **Consumption of energy and resources**
- **Emission of air and water pollutants**
- **Recycling and waste disposal**

Relevance and goals

Lalique Group considers global climate change to be one of the key indicators of resource overexploitation and depletion today. The Group has therefore adopted various measures to promote climate conscious operations and environmentally aware product manufacture. The Group has a direct influence on the emission of greenhouse gases primarily through the energy sources used in the manufacturing facilities. Lalique Group can limit the output of greenhouse gases through the reduction of its reliance on fossil energy sources, thereby increasing energy efficiency.

Fresh water is a valuable resource that is coming under pressure due to increasing demand. The manufacture of crystal glass requires large volumes of water. Lalique Group is promoting sustainable practices in water consumption to preserve the quality and availability of this vital resource in the long term. Regulations to protect drinking water and conserve resources are steadily increasing in all the countries where Lalique operates. There are also increasing requirements regarding water abstraction and pre-treatment of wastewater.

The three Lalique restaurant-hotels in France also pay attention to sparing and efficient use of raw materials and foodstuffs in order to maintain the smallest possible ecological footprint.

The Group annually monitors implementation status and target attainment in respect of energy, greenhouse gas emissions, water and waste disposal at regular intervals. This will contribute to further optimization of the Group's energy and water management and the reduction of process water output.

Measures

Energy consumption

The production sites do everything to detect further sources of cost savings in energy consumption. Energy consumption is calculated at all sites and any discrepancies are rapidly revealed. In addition, an energy audit is conducted every four years, pinpointing possible sources of cost saving.

The efficient use of waste and process heat in the production centres is playing an increasingly important role. Waste heat recovery systems are already in operation.

At the Lalique crystal manufacturing plant in Wingen-sur-Moder, air compressors are deployed to improve the energy balance. They permit energy recovery for pre-heating of process water. A lot of heat is generated during the manufacture of crystal glass, and major investments have been made to enable warming of process water and heating of office space by using waste heat from furnaces, which will be implemented from mid-2021.

During operational maintenance of machinery and systems, the Group attaches great importance to a systematic approach. At the perfume production site in Ury, production machinery has been replaced by more efficient systems, LED lighting installed, and the building insulation improved. Further measures include renewal and extension of the air conditioning and ventilation systems.

The Group has set itself the goal of monitoring energy consumption more systematically going forward.

Left

Villa René Lalique has beehives on its property where it produces its own honey.

Water consumption

For the Group, sustainable water management means analysing and optimizing operations to ensure efficient water consumption. Operational cooling processes and also the sanding process in crystal glass manufacture entail large-volume water consumption and contamination.

The Group has set itself the goal of recording water consumption more systematically in the future. This will facilitate the timely recognition of fluctuations in consumption and adoption of appropriate measures.

Wastewater

The crystal manufacturing site has its own wastewater treatment plant which processes industrial effluents. A new treatment plant is under construction and will become operational in the current year. The new plant will reduce pollutants in the effluent water by a further 30%.

The new acid-polishing workshop which is due to come on stream in summer 2021 will lower the levels of water and acid consumption. The state-of-the-art installations allow constant automated monitoring of these levels. Additional external checks are carried out. The company invested a total of EUR 3.4 million in the renewal of the wastewater treatment plant and acid-polishing workshop.

The Group is working steadily to further improve wastewater values and reduce the consumption of process water.

Air pollution levels

The exhaust air from the manufacturing site at Wingen-sur-Moder contains some pollutants which have to be cleaned up. With the aim of reducing pollutant levels and purging noxious substances and airborne particles from the air, the Group has installed washing towers. Such washing towers are the most effective way of achieving a substantial improvement in the quality of exhaust air and reliably complying with legal requirements.

There are two washing towers currently operating in Wingen-sur-Moder; by the end of 2021 there will be 20. The facilities are subject to regular inspections by public authorities.

Recycling and waste management

Every production site has different requirements for waste disposal. Waste is sorted according to type and waste fractions disposed of through separate channels.

Auxiliary and operating materials are systematically used in a sustainable way. Crystal glass is recycled locally at the manufacturing site. Glass is sorted according to colour, melted down in different kilns and recycled. Other waste materials produced during daily operations, such as cardboard, wooden pallets, metal and plastic waste are disposed of sustainably in accordance with legal requirements. The same applies to industrial waste.

Food waste and regional cuisine

The kitchen teams at the Group's own restaurants make every effort to avoid wasting food. Whenever possible, they use regional and seasonal produce. Food waste is reduced to an absolute minimum. The restaurants have their own kitchen gardens growing vegetables and herbs. Lalique hotels and restaurants and the Lalique Beauty Services production plant work with regional beekeepers who have placed beehives on the Lalique properties. The honey produced is enjoyed by hotel and restaurant guests and used for employee gifts.

The restaurant operations do their utmost to keep food waste to a minimum. By-products and leftovers are not thrown away, but, if possible, further processed. In addition, defective and surplus production of dishes is avoided as far as possible by monitoring appropriate performance indicators and by the training of employees.

Chef Jérôme Schilling (Hotel Restaurant Lalique at the Château Lafaurie-Peyraguey domain in the Bordeaux region) is an ambassador of the Less Saves The Planet movement, which was founded in 2020 in France and has already attracted much attention. This label helps caterers and hoteliers operate their kitchens in accordance with sustainable principles.

Assessment and outlook

The Group monitors the implementation status and target attainment in the areas of energy, greenhouse gas emissions, water and waste disposal on an annual basis. The aim is to optimize energy and waste management across the Group and further reduce the consumption of process water. The company considers itself to be heading in the right direction with the measures already adopted.

Right

The Lalique restaurants have their own kitchen gardens growing vegetables and herbs.





Outlook

Lalique Group's goal is to make sustainability issues an even stronger part of its corporate strategy. It plans to launch new innovative products, focused on achieving sustainability and doing justice to increasing demands for sustainable products and packaging. Further discussions and joint projects with suppliers and partners are planned as a basis for realizing eco-friendly innovations together.

The present sustainability report will be expanded each year and will in future contain selected key figures.



Lalique Group

Grubenstrasse 18

CH-8045 Zurich

Switzerland

Tel. +41 43 499 45 00

Fax +41 43 499 45 01

investor.relations@lalique-group.com

www.lalique-group.com