



Ricola Group AG

Disclosure Report

Date Submitted: December 1st, 2023



Disclosure Materials

Certified B Corporations must complete a Disclosure Questionnaire to identify potentially sensitive issues related to the company (e.g. historical fines, sanctions, material litigation, or sensitive industry practices).

This component does not affect the company's score on the B Impact Assessment. If the company answers affirmatively to any items in the Disclosure Questionnaire that B Lab deems relevant for public stakeholders, then, as a condition of their certification, the company must:

- 1) Be transparent about details of the disclosure issues identified on the company's public B Impact Report
- 2) Describe how the company has addressed this issue
- 3) Demonstrate that management practices are in place to avoid similar issues from arising in the future, when necessary.

In all cases, the Standards Advisory council reserves the right to refuse certification if the company is ultimately deemed not to uphold the spirit and integrity of the community.

In addition to the voluntary indication of sensitive issues in the Disclosure Questionnaire, companies pursuing Certification also are subject to a background check by B Lab staff. Background checks include a review of public records, news sources, and search engines for company names, brands, executives/founders, and other relevant topics.

Sensitive issues identified through background checks may or may not be within the scope of questions in the Disclosure Questionnaire, but undergo the same review process and are subject to the same possible review by the Standards Advisory Council, including ineligibility for B Corp Certification, required remediation, or disclosure.

This document contains a copy of the company's completed Disclosure Questionnaire and related disclosure documentation provided by the company



Disclosure Questionnaire

Industries and Products

| | Yes | No |
|---|-------------------------------------|-------------------------------------|
| Please indicate if the company is involved in production or trade in any of the following. Select Yes for all options that apply. | | |
| Animal Products or Services | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Biodiversity Impacts | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Chemicals | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Disclosure Alcohol | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Disclosure Firearms Weapons | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Disclosure Mining | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Disclosure Pornography | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Disclosure Tobacco | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Energy and Emissions Intensive Industries | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Fossil fuels Gambling | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Genetically Modified Organisms | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Illegal Products or Subject to Phase Out | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Industries at Risk of Human Rights Violations | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Monoculture Agriculture | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Nuclear Power or Hazardous Materials | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Payday, Short Term, or High Interest Lending | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Water Intensive Industries | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Tax Advisory Services | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

Outcomes & Penalties

| | Yes | No |
|---|-------------------------------------|-------------------------------------|
| Please indicate if the company has had any formal complaint to a regulatory agency or been assessed any fine or sanction in the past five years for any of the following practices or policies. Check all that apply. | | |
| Anti-Competitive Behavior | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Breaches of Confidential Information | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Bribery, Fraud, or Corruption | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Company has filed for bankruptcy | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Consumer Protection | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| Financial Reporting, Taxes, Investments, or Loans | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Hazardous Discharges Into Air/Land/Water (Past 5 Yrs) | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Labor Issues | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Large Scale Land Conversion, Acquisition, or Relocation | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Litigation or Arbitration | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| On-Site Fatality | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Penalties Assessed For Environmental Issues | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Political Contributions or International Affairs | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Recalls | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Significant Layoffs | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Violation of Indigenous Peoples Rights | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Other | <input type="checkbox"/> | <input checked="" type="checkbox"/> |



Practices

| | Yes | No |
|--|--------------------------|-------------------------------------|
| Please indicate if the following statements are true regarding whether or not the company engages in the following practices. Check all that apply. If the statement is true, select "Yes." If false, select "No." | | |
| Animal Testing | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Company/Suppliers Employ Under Age 15 (Or Other ILO Minimum Age) | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Company prohibits freedom of association/collective bargaining | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Company workers are prisoners | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Conduct Business in Conflict Zones | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Confirmation of Right to Work | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Does not transparently report corporate financials to government | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Employs Individuals on Zero-Hour Contracts | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Facilities located in sensitive ecosystems | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| ID Cards Withheld or Penalties for Resignation | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| No formal Registration Under Domestic Regulations | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| No signed employment contracts for all workers | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Overtime For Hourly Workers Is Compulsory | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Payslips not provided to show wage calculation and deductions | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

| | Yes | No |
|--|-------------------------------------|-------------------------------------|
| Sale of Data | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Tax Reduction Through Corporate Shells | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Workers cannot leave site during non-working hours | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Workers not Provided Clean Drinking Water or Toilets | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Workers paid below minimum wage | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Workers Under Bond | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Other | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

Supply Chain Disclosures

| | Yes | No |
|---|--------------------------|-------------------------------------|
| Please indicate if any of the following statements are true regarding your company's significant suppliers. | | |
| Business in Conflict Zones | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Child or Forced Labor | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Negative Environmental Impact | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Negative Social Impact | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Other | <input type="checkbox"/> | <input checked="" type="checkbox"/> |



Disclosure Questionnaire Statement

Disclosure Questionnaire Category: Consumer Protection

| | |
|---|---|
| | |
| Issue Date | 2019-2023 |
| Topic | Company has received false advertising complaints about what is promoted on their labels. |
| Summary of Issue | One complaint alleged that consumers are misled by the language “naturally soothing” to believe that the product contains 100% natural ingredients. Four complaints allege that the label misrepresents the ingredients are active ingredients are herbal. One complaint alleges that the “max” strength lozenge misleads the consumer to believe it provides nasal decongestant action when it only provides temporary relief of minor irritation and pain associated with sore mouth and sore throat. |
| Size/Scope of Issue (e.g. \$ financial implication, # of individuals affected) | Between 2019 and 2023, the company has had 6 complaints. |
| Impact on Stakeholders | Ricola does not believe there is an impact on consumers because the label is not misleading, and, in all events, the label contains either the FDA-approved Drug Facts panel or Supplement Facts panel which provides information regarding ingredients, uses, dosage and other information. |
| Resolution | The two “naturally soothing” lawsuits were settled and dismissed. The four complaints relating to active ingredients being herbal are still pending, but the court has ruled that one of them is not suitable for class treatment. The company has not yet responded to the “max” strength lawsuit but will be doing so. The company has not paid any fines or been required to recall its products. |
| Implemented Management Practices | With regard to the four complaints alleging that the label misrepresents that the active ingredients are herbal, the company and an expert have confirmed that the active ingredient is herbal menthol. Accordingly, no new management practices have been implemented by the company. |

Disclosure Questionnaire Statement

Disclosure Questionnaire Category: Environmentally Intensive Industries - Water Intensive Industries

| Topic | Water Intensive Industries |
|---|---|
| Summary of Issue | As a pharmaceuticals manufacturer, Ricola Group AG is in a Water Intensive Industry. |
| Size/Scope of Issue (e.g. \$ financial implication, # of individuals affected) | 100% of the revenue comes from manufacturing and selling pharmaceuticals. |
| Impact on Stakeholders | Water intensive manufacturing activities, such as pharmaceuticals manufacturing, pose an environmental risk if not properly managed. However, the company operates in a region that is not water stressed. |
| Implemented Management Practices | <p>The company manufactures products (herbal drop) with a water intensity of 507 liters/100kg. which is equivalent to 5070 liters/ton of product.</p> <p>The company analyzes the water intensity regularly and has a reduction target in production facility by 15% by 2025 vs 2019 per 100 kg bulk.</p> <p>In their everyday operations, the company manages water usage as part of their main production control system. This allows them to use the necessary amount of water for optimal cleaning of production plants. They've installed valves that open and close as needed, ensuring precise water usage at specific times.</p> <p>Water is 1 out of 6 key sustainability management topics at Ricola.</p> |



Disclosure Questionnaire Statement

Disclosure Questionnaire Category: Other - Pharmaceutical Industry

| Topic | Company produces and sells cough drops |
|---|---|
| Summary of Issue | <p>Ricola is a cough drop producing company. They sell their products in retail and pharmacies, depending on the market. Ricola has R&D that focus on the development of new flavors of cough drops. The pharmaceutical ingredient in cough drops is the herb mixtures, containing 7 – 13 herbs from the Swiss mountains. The company controls the production process from extraction of the herbal substances up to the production of the drops. They have very limited direct sales in 2 Ricola-stores worldwide. 99.9% of their sales go through independent distributors or are sold to retail and pharmacies.</p> <p>100% of their drops are Ricola-branded and they only have over-the-counter products. Depending on the market, products are sold as pharma or as food.</p> |
| Size/Scope of Issue (e.g. \$ financial implication, # of individuals affected) | 100% of their revenue comes from their Ricola-branded drops. All their products are over-the-counter products. Depending on the market, products are sold as pharma or as food. |
| Impact on Stakeholders | <p>Although the pharmaceutical industry on its face would seem like an industry with a positive impact by developing products that save lives, several aspects of the industry's current business model are potentially controversial because of the potential of making profit-driven decisions that benefit the company while harming public health. Research & development (R&D) investment decisions determine which healthcare solutions are developed and often overlook health solutions for those most in need. The quality and safety of products are at risk of compromise depending on manufacturing and distribution practices, which can result in ineffective treatments or adverse effects on consumers. Pricing decisions directly affect the affordability and accessibility of products globally. At each stage of the pharmaceutical value chain, companies have a large potential impact on the state of global health.</p> <p>Given the limited scope of Ricola Group's products, the company is not required to meet all B Lab's Pharmaceutical</p> |

| | |
|---|--|
| | Risk Standards as most of the requirements are not applicable to the company's activities. |
| Implemented Management Practices | <p>All stages of the drug life cycle are relevant to Ricola's operations. Pharmaceutical activities according to the permission granted by a competent authority. Ricola AG manufactures non-sterile solid dosage forms: hard candies, pastilles/pearls (soft candies) and tea granules. Ricola AG has various pharmaceutically relevant activities. The operating license of Swissmedic is for the manufacture of active pharmaceutical ingredients, the manufacture of intermediates and medicinal products, quality control of medicinal products and wholesale trade in medicinal products, restricted to dispensing categories D and E. In Switzerland, cough and throat lozenges are registered with Swissmedic as medicinal products of list D and E registered. In Canada, all products are registered as Natural Health Products with Health Canada. Ricola AG is registered as a manufacturer under number 12455. In the USA, most products are listed as OTC products with the FDA. Ricola AG is registered with the FDA under the VIN number 1000170866.</p> <p>Ricola is GMP and GDP (Good Distribution Practice) certified. Every stage of the drug life cycle is regularly controlled within internal and external inspections (the latter, among others, by authorities).</p> <p>The company also shared that it does not engage in any political activities, including lobbying and advocacy practices.</p> |
| Report | Ricola's Code of Conduct |

Disclosure Questionnaire Statement

Disclosure Questionnaire Category: Environmentally Intensive Industries - Energy and Emissions Intensive Industries

| Topic | Energy and Emissions Intensive Industries |
|---|---|
| Summary of Issue | As a pharmaceuticals manufacturer, Ricola Group AG is in an Energy Intensive Industry. |
| Size/Scope of Issue (e.g. \$ financial implication, # of individuals affected) | 100% of the revenue comes from manufacturing and selling pharmaceuticals. |
| Impact on Stakeholders | Energy intensive manufacturing activities, such as pharmaceuticals manufacturing, pose an environmental risk due to the emissions produced by such energy use. The extent of environmental impact is dependent on the energy sources utilized and management practices in place to manage energy use. |
| Implemented Management Practices | <p>The company manufactures products (herbal drop) with an energy intensity of 0.113 CO₂/kg of product for Scope 1 and Scope 2 emissions.</p> <p>Within Scope 1 and Scope 2 the energy sources are hydro power, solar, biogas and natural gas. The emissions from Scope 1 and Scope 2 are low compared to the industry benchmark (Food processing - sugar) of 0.83 CO₂/kg. This forms 3% of their emissions and the rest are Scope 3 (raw materials).</p> <p>In scope 1+2, they have been measuring their emissions for over a decade. There are mandatory climate reduction goals with the Swiss Government, which Ricola has always complied with. This included changing their heating system (heat recovery) and the continuous switch to renewable energy sources (hydropower solar and biogas) in the past years.</p> <p>For Scope 3, they have defined SBTi goals and have been working on reduction of their emissions for years. In the last year, they changed their sourcing to a more sustainable sugar with lower emissions. Furthermore, they are working on making</p> |

