



ISDIN

Disclosure Report

Date Submitted: November 28th, 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.

B Lab's Public Complaints Process

Any party may submit a complaint about a current B Corp through [B Lab's Public Complaint Process](#). Grounds for complaint include:

- 1) Intentional misrepresentation of practices, policies, and/or claimed outcomes during the company's [certification process](#)
- 2) Breaches of the B Corp Community's core values as expressed in our [Declaration of Interdependence](#)

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 type="checkbox"/>	<input checked="" 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 type="checkbox"/>	<input checked="" 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 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 checked="" type="checkbox"/>	<input 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: Recalls

Issue Date	2022
Topic	Recalls related to forbidden ingredients
Summary of Issue	<p>ISDIN has had 4 recalls in the year 2022 due to the modification of the list of forbidden ingredients in the EU.</p> <p>ISDIN has not had any recalls related to quality or unexpected side effects of the company's products. The recalls are linked to regulatory agencies' update to the list of forbidden ingredients on a regular basis. After an update, regulatory authorities allow a certain period of time for companies to reformulate their products and eliminate these ingredients (typically 2 or 3 years). After this period, these ingredients are completely forbidden and products which contain them can't be sold. Additionally, companies are required to perform a recall for products containing those ingredients remaining in the shelves.</p> <p>The update to the list of forbidden ingredients affected 4 products of ISDIN; Zincation, Woman Isdin Higiene intima, desodorante roll on, Flavo C and Auriderm and in 3 countries; Spain, Portugal and Belgium.</p> <p>The recall was requested by the authorities and the timing was defined in its communication. The quality of the affected products was ensured, and during their distribution, the ingredients were authorized.</p>
Size/Scope of Issue (e.g. \$ financial implication, # of individuals affected)	In total, 7000 units were recalled. This accounts for less than 0.02% of the units sold in 2022.
Impact on Stakeholders	As the products had ingredients that were approved for quality and safety when the products were sold, they were later prohibited. This prohibition means that in some cases, they may carry some risk to consumers. However, there were no reported illnesses/side effects from consumers.
Management Practices	<p>All of the company's formulations had been reformulated to eliminate the ingredients classified as forbidden prior to the prohibition, but the recall was enforced for previously distributed batches.</p> <p>Moving forward, the company is trying to anticipate the prohibitions of ingredients and to remove ingredients under the study of the regulatory authorities</p>
Related Incidents	The company has had an average of 1.8 recalls per year in the last five years which represents less than 0.02% of total year sales. All of the recalls were due to changes in forbidden ingredients in the EU and were never related to quality recalls.



Disclosure Questionnaire Statement

Disclosure Questionnaire Category: Other - Mandatory Animal Testing

Issue Date	Ongoing
Topic	The company is legally required to conduct animal testing for the product development reasons.
Summary of Issue	<p>ISDIN is a multinational company responsible for the development and production of dermatological products, classified as medicines and cosmetics. For medicines products, animal testing is required by law in the EU, the US and China. Additionally, China also requires animal testing for "special cosmetics", which includes sun protection.</p> <p>ISDIN only performs animal testing for the products and countries which require it by law. In all the other cases, ISDIN always uses legally accepted alternative methods.</p> <p>All animal testing required by legislation is performed by outsourced companies.</p>
Size/Scope of Issue (e.g. \$ financial implication, # of individuals affected)	In the last fiscal year, 19% of the company's sales came from products that underwent animal testing. This includes drugs, where animal testing is a regulatory requirement, thus it's compulsory, and products sold in the Chinese market, where animal testing is also a regulatory requirement
Impact on Stakeholders	<p>Animal testing is a regulatory requirement to develop and test the safety of new medicine products. For ISDIN, these are medicines and medical devices. Many of these experiments can cause pain to the animals involved or reduce their quality of life in other ways.</p> <p>Accordingly, ISDIN never voluntarily conducts animal testing. It only does so when required by law.</p>
Management Practices	<p>All outsourced companies providing scientific services to ISDIN are required to complete a detailed assessment of their capabilities by completing a Preclinical Vendor Qualification Form. The form evaluates the potential vendor's suitability in the following aspects:</p> <ul style="list-style-type: none">-Experience in conducting animal studies (number of studies performed/industry experience/experience of key personnel)- Facility's Size (including species used, number of animals)- Details of internal procedures (i.e., appropriate animal husbandry/avoidance of discomfort, distress and pain/appropriate use of analgesia and anesthetic).-The availability of on-site veterinarians-The use of an ethics committee-Appropriate accreditation to perform such studies <p>Furthermore, the company has a Bioethical commitment as one of its Ethical Pillar (available online and in the Supplier Code of Conduct), stating "When applicable to the sector of the Supplier, animal testing for research on drugs will be minimized and in any case carried out only in legally established cases. Likewise, alternatives will be used whenever possible, and scientifically-valid techniques approved by the authorities will be used."</p> <p>Lastly, in regard to the efforts to eliminate animal testing and increase the acceptance of alternative methods, its impact and effectiveness, the company channels its efforts in this area through industry partnerships. Specifically, ISDIN collaborates, as a member of Stanpa, on the elimination of animal</p>

	testing in Europe and globally. Stanpa, the cosmetic industry association, is an active member of the Spanish Network for the Development of Alternative Methods to Animal Experimentation (REMA), part of the European Partnership for Alternatives Approaches to Animal Testing (EPAA), established by the European Commission and various industrial sectors.
Report	Ethical Code Stanpa
Management Comments	"Our active participation in Stanpa underlines our dedication to supporting the development and implementation of alternative methods to animal testing. By aligning ourselves with this industry partnership, we contribute to a collective effort aimed at fostering ethical and sustainable practices, ultimately working towards a future where animal testing is entirely eliminated. Currently, the main focus in this association is put into implementing a national strategy that engages administrations, industry, society, and the scientific community to promote alternatives to animal experimentation."



Disclosure Questionnaire Statement

Disclosure Questionnaire Category: Litigation

Issue Date	Ongoing
Topic	Labor issues
Summary of Issue	ISDIN is occasionally involved in legal proceedings involving former/current employees that pertain to wrongful terminations, disputes regarding compensation calculation, or claims for economic compensation due to issues in the workplace. In the past five years, all such proceedings were resolved via out-of-court settlements.
Size/Scope of Issue (e.g. \$ financial implication, # of individuals affected)	From 2021 to 2023, ISDIN has been involved in 18 out-of-court labor settlements representing a total financial scope of approximately 700 000 EUR.
Impact on Stakeholders	The primary impact is the financial impact on employees.
Resolution	All cases were settled with payment.
Management Practices	<p>In a specific effort to reduce these instances, ISDIN has developed concrete actions that include training on how to give and receive feedback, a new system to evaluate performance utilizing high quality standards, and personality tests and training sessions designed to increase empathy and improve coaching among peers. The company also reviews the calendars and schedules of the commercial employees to avoid the extra hours.</p> <p>In the cases of down performance, the mitigation action comes from HR. The HR area takes many actions on a continuous basis, like training on how to provide feedback, the possibility for managers to request additional feedback from peers about an employee in order to provide the most accurate and effective feedback possible, and providing specific training and coaching for employees who require it. In the cases of labor breaches of confidentiality the company takes measures to avoid another similar situation from cybersecurity, like trainings, communications, dry runs (IT sends a fake phishing email to test the level of security in the company, reports the results to the board of directors and fine tunes training plans and security measures based on them).</p>
Related Incidents (Yes/No)	No



Disclosure Questionnaire Statement

Disclosure Questionnaire Category: Litigation

Issue Date	ADA case: May 2022. Proposition 65 case: August 2022.
Topic	Consumer Protection
Summary of Issue	2 consumer litigation filed: 1) A consumer in the US pursued ISDIN for not having its website adapted into the American with Disabilities Act (ADA). 2) An association of consumers in the US (Environmental Health Association) sued ISDIN for not putting a sticker on the Mineral Brush product. In accordance with the regulation Proposition 65, a warning is required if the product contains titanium dioxide.
Size/Scope of Issue (e.g. \$ financial implication, # of individuals affected)	Both cases were settled for approximately 60,000 EUR.
Impact on Stakeholders	The primary impact is lack of website accessibility and product content awareness from consumers perspective.
Resolution	Settled with payment.
Management Practices	The company has adapted its US website accordingly to ADA's requirements and ensured their Mineral Brush has all warnings required per law.
Related Incidents (Yes/No)	No