Sustainability Report 2019

octapharma

Our passion drives us to provide new health solutions advancing human life.

About the Sustainability Report

This is the Octapharma Group Sustainability Report relating to the financial year 2019. The Report covers Octapharma Nordic AB (Corporate ID No. 556614-9794) and all entities included in the consolidated accounts for the same period. These entities are specified in the Notes of the consolidated accounts. In accordance with the provisions of the Swedish Annual Accounts Act (Chapter 6, paragraph 11), the Report has been prepared separately from the Annual Report.
This is the third Octapharma Group Sustainability Report and there have been no significant changes in the principles applied to its reporting and scope. In signing the annual financial statements and consolidated accounts of the Company, the Board of Directors has also approved the Sustainability Report.

Octapharma Sustainability Report 2019

Serving patients in

118

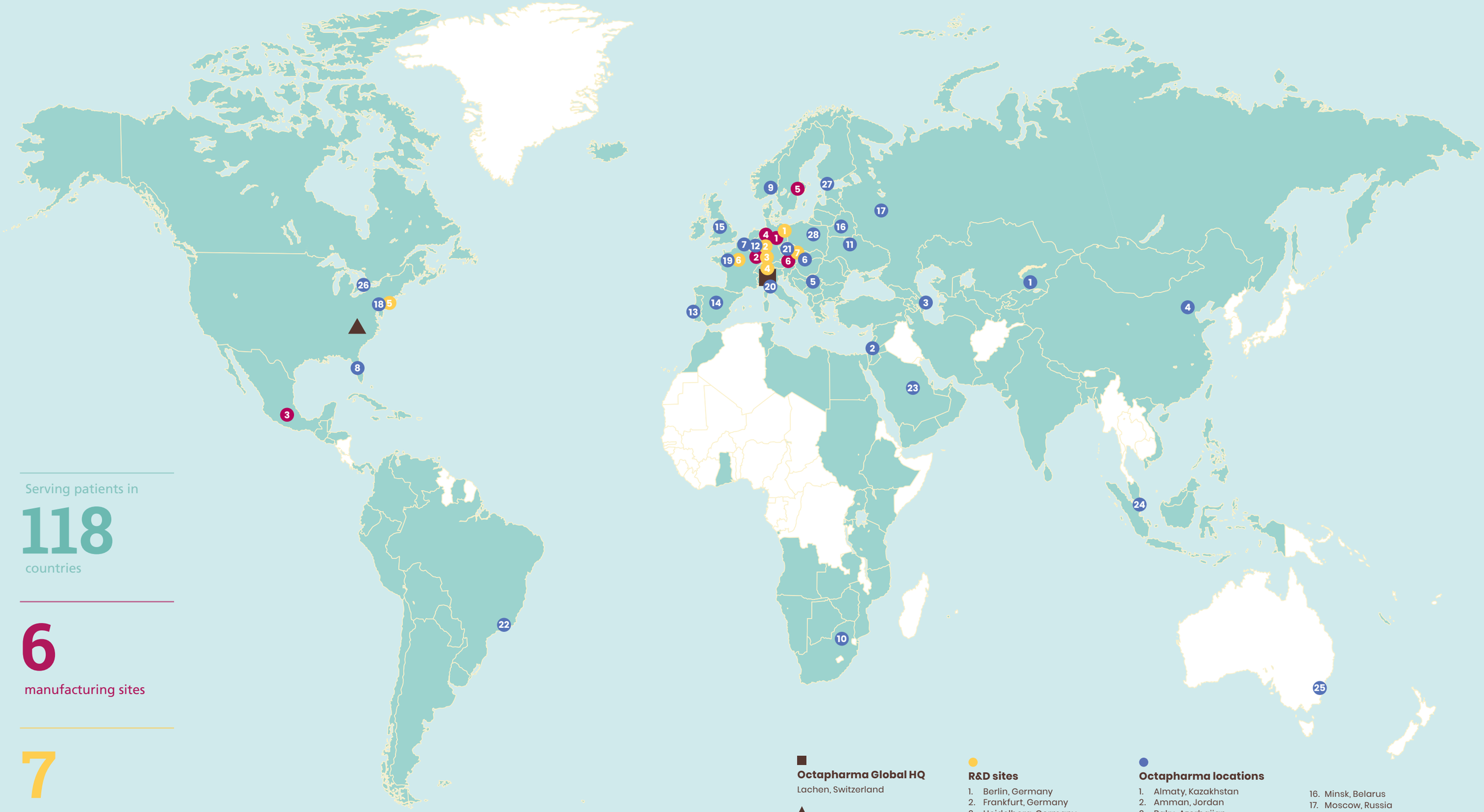
countries

6

manufacturing sites

7

preclinical and clinical R&D sites



■
Octapharma Global HQ
Lachen, Switzerland

▲
Octapharma Plasma, Inc. HQ
North Carolina, USA

●
Manufacturing sites
1. Dessau-Rosslau, Germany
2. Lingolsheim, France
3. Mexico City, Mexico
4. Springe, Germany
5. Stockholm, Sweden
6. Vienna, Austria

●
R&D sites
1. Berlin, Germany
2. Frankfurt, Germany
3. Heidelberg, Germany
4. Lachen, Switzerland
5. New Jersey, USA
6. Paris, France
7. Vienna, Austria

■
Countries where patients are treated with our products

●
Octapharma locations
1. Almaty, Kazakhstan
2. Amman, Jordan
3. Baku, Azerbaijan
4. Beijing, China
5. Belgrade, Serbia
6. Bratislava, Slovakia
7. Brussels, Belgium
8. Florida, USA
9. Jessheim, Norway
10. Johannesburg, South Africa
11. Kiev, Ukraine
12. Langenfeld, Germany
13. Lisbon, Portugal
14. Madrid, Spain
15. Manchester, UK
16. Minsk, Belarus
17. Moscow, Russia
18. New Jersey, USA
19. Paris, France
20. Pisa, Italy
21. Prague, Czech Republic
22. Rio de Janeiro, Brazil
23. Riyadh, Saudi Arabia
24. Singapore
25. Sydney, Australia
26. Toronto, Canada
27. Vantaa, Finland
28. Warsaw, Poland

Who we are

Octapharma is one of the largest human protein product manufacturers in the world, developing and producing human proteins from human plasma and human cell lines. As a family-owned company, Octapharma believes in investing to make a difference in people's lives and has been doing so since 1983: it's in our blood.

Octapharma employs more than 9,300 people worldwide to support the treatment of patients in 118 countries with products across three therapeutic areas:

- **Haematology** (coagulation disorders): In people with bleeding disorders, the blood clotting process doesn't work properly. In haemophilia A, haemophilia B and Von Willebrand disease (VWD), protein factor VIII, protein factor IX and Von Willebrand factor (VWF), respectively, are missing or don't work as they should.

- **Immunotherapy** (immune disorders): In inherited or acquired deficiencies of the immune system, missing or faulty antibody production can lead to increased susceptibility to infections. In various autoimmune diseases, the patient's own immune system mistakenly attacks part of the patient's body.

- **Critical care** (bleeding management and functional volume replacement): Patients in intensive care, emergency care or during surgical procedures often require immediate medical attention to prevent shock and to quickly restore the body's natural balance – such as to restore normal blood volume and clotting (coagulation) function.

The Octapharma Vision

"Our passion drives us to provide new health solutions advancing human life".

Octapharma's corporate vision drives all company decisions and underpins everything we do at work, each and every day. Our vision describes the overarching idea of Octapharma and serves as the company's navigational reference point.

Our Mission

Octapharma's mission "For the safe and optimal use of human proteins".

Our Values

Octapharma has five core values which constitute the principles and beliefs that guide our behaviour, decisions and actions at work:

- Ownership
- Integrity
- Leadership
- Sustainability
- Entrepreneurship

Our values articulate the philosophy by which each of us lives and acts every day, and they also form the fundamental basis for our performance management and evaluation process at Octapharma.

Social and employee-related information

Octapharma has a zero tolerance approach to discrimination, regardless of reason, and works to achieve a culture characterised by equality and diversity. This approach is clearly expressed in the company's Code of Conduct as well as in our Corporate Sustainability Policy. Octapharma recognises that society as a whole still has a way to go in reaching gender equality, diversity and the abolition of discrimination in all its forms, and realises that the company is not immune to these issues. Octapharma therefore needs to work actively in promoting equality and diversity as well as working against all forms of discrimination.

Employees by gender	2018		2019	
	Men	Women	Men	Women
Board of Directors Number of men and women on the parent company Board of Directors	11	0	11	1
Managers Total number of managers in the Group by gender (excluding Group executive management)	579	643	480	405
Employees Total number of employees in the Group by gender (excluding Board of Directors, Group executive management and other managers)	2,934	4,147	3,307	5,103
Total workforce	**3,524**	**4,790**	**3,798**	**5,509**

Employees by age group	2018		2019	
	No.employees	% of total	No.employees	% of total
Under 30 years old	2,605	31.3%	2,976	32.0%
Between 30 and 50 years old	4,280	51.5%	4,678	50.0%
Over 50 years old	1,429	17.2%	1,653	18.0%
Total workforce	**8,314**		**9,307**	

Plasma collection and manufacturing

Octapharma collects plasma and manufactures it into lifesaving plasma-derived therapies. Each therapy we create is controlled, fractionated, purified, virus inactivated and inspected before being used to change and save the lives of patients worldwide.

Plasma-based therapies treat rare, genetic and chronic diseases such as haemophilia and immune deficiency disorders. They are also used to treat trauma and burn victims and for critical care procedures including major surgeries, cancer treatments and organ transplants.

Plasma collection methods

Source plasma is collected from healthy, voluntary donors through a process called plasmapheresis. Donors may be compensated for their time and efforts, depending on country regulations.

During 2019, the Group invested in our plasma collection capacities to ensure the future supplies of our life-saving products for patients. Octapharma now operates more than 120 plasma donation centres in Germany and the USA.

Recovered plasma is collected through whole blood donations. The plasma is then separated from its cellular components. Octapharma collaborates with a variety of blood banks and not-for-profit organisations (e.g. the Red Cross) for the additional supply of recovered plasma.

Manufacturing

Using the latest technology and a strict quality control process, Octapharma's production plants carry out plasma fractionation and purification, undertake pharmaceutical production, packaging and storage, and organise distribution. Production of plasma-derived products takes place at facilities in Austria, France, Germany, Mexico and Sweden, all of which have the required licences to manufacture pharmaceuticals.

Distribution channels

Octapharma's medicines are sold worldwide. Our customer base is diversified and does not depend on one single customer group or national tender. Our main customer groups include hospitals (public and private), pharmacies and national public bodies, and we also participate in tenders for self-sufficiency projects as well as both national and specific hospital-based tenders for certain products.

Corporate quality assurance

The Octapharma Corporate Quality Assurance team ensures that the Pharmaceutical Quality System implemented at Octapharma is maintained and integrated into all operations, to ensure Octapharma provides the best products and service to our patients.

Corporate Quality Manual

The Corporate Quality Manual provides guidance on the Pharmaceutical Quality System, and gives an overview of Octapharma's operations, different business areas and interactions with different users including customers, employees, consultants, health authorities and suppliers. The Pharmaceutical Quality System itself consists of several system elements and is an interpretation of the current regulations, which are linked and integrated into all Octapharma operations to ensure the provision of excellent products and service to our patients worldwide.

Good Manufacturing Practice (GMP) and Good Distribution Practice (GDP) are integral parts of the Pharmaceutical Quality System and are intended to ensure that medicinal products are manufactured, tested, released and distributed in such a way that they comply with both in-house standards and regulatory requirements.

Good practice in pharmaceutical regulations and quality guidelines (together known as GxP) is applied as pragmatically and strictly as necessary, and also followed according to regulations within other areas such as the design and development phase – including clinical studies of new medicinal products and pharmacovigilance (the science and activities relating to the detection, assessment, understanding and prevention of adverse effects or any other medicine-related problem).

To ensure that our patients receive the highest quality products, Octapharma places great emphasis on achieving high quality at every step of the development and production process.

Corporate Quality Plasma

The Corporate Quality Plasma (CQP) department ensures all relevant quality parameters are consistently met for plasma, from donation through to preparation for production. CQP ensures the accurate traceability of each plasma unit, including "Look-Back" and "Post Donation Information" and any deviated processes which may have had an influence on the quality of a particular plasma unit.

CQP evaluates our plasma suppliers to ensure compliance to regulations and quality standards.

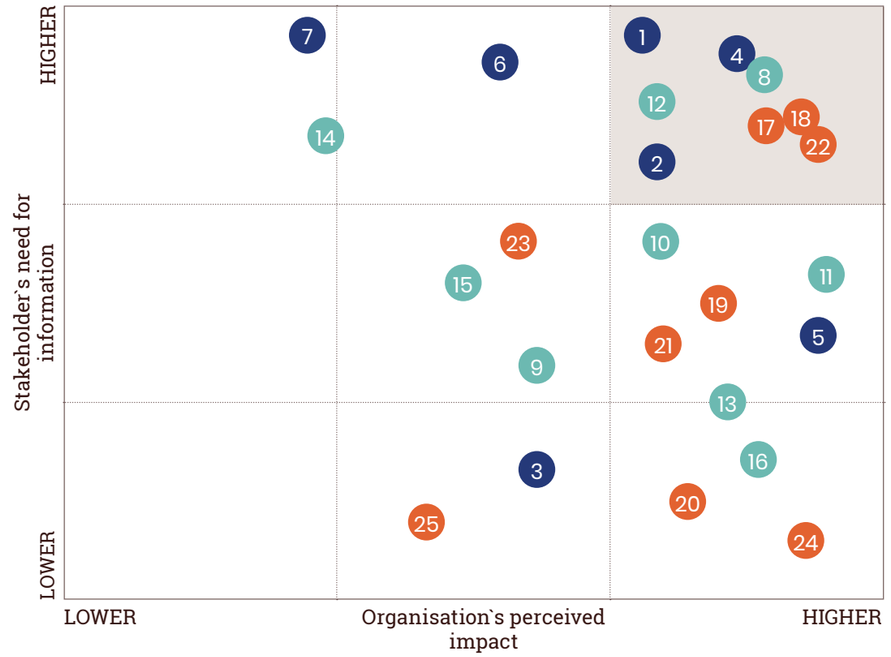
Corporate Quality Control

The Corporate Quality Control (CQC) team is dedicated to using the most innovative test systems and processes to verify the safety, efficacy and quality of every single product batch up to the moment they leave our manufacturing sites. Such processes include in-process tests, final product testing, microbiology tests, stability tests, and other standardised test methods. CQC ensures the use of only high-quality raw materials which are specified according to relevant international pharmacopeia.

Octapharma has no major suppliers in countries where there is likely to be a risk of unfair working conditions or human rights violations.

Materiality analysis

In preparation for our Sustainability Report, Octapharma's management carried out an analysis of the most material sustainability aspects with regard to the company's operations, including those issues where the company is deemed to have a significant impact. The analysis covered both sustainability risks and opportunities in our operations and value chain, mainly concerning the environment, social and employee matters, respect for human rights and anti-corruption. The results of the materiality analysis can be seen from the topics and Key Performance Indicators (KPIs) presented in this report.



1. Energy consumption and efficiency
2. Water consumption and wastewater treatment
3. Waste generation and handling, especially hazardous waste
4. Greenhouse gas emission including refrigerants
5. Transports
6. Environmental management systems
7. Active pharmaceutical ingredients
8. Employee diverstiy and equality – non-discrimination
9. Talent aquisition and retention strategies
10. Safe workplaces
11. Employee training and development
12. Donor health and safety (human rights)
13. Product quality and safety
14. Investments, donations and sponsorship of local communities
15. Initiatives to improve public health and access to healthcare
16. Educational and research partnerships
17. Anti-corruption policy and communication
18. Whistleblower cases and actions taken
19. Permits and licenses
20. Tax policy and payments
21. Patents and trademarks
22. Corporate values and code of conduct
23. Responsible procurement
24. Ethical considerations in marketing and labeling of products
25. Public policy and lobbying

Governance and management of sustainability

The Board of Directors has overall responsibility for the management and execution of the Group's decisions and strategies, which also includes issues related to sustainable business operations. Environmental matters at our production sites is the responsibility of local environmental and operations managers, as is quality control. Human Resources (HR) is responsible for all people-related issues, and Group Compliance together with local compliance officers are responsible for ensuring compliance with all laws and permits at all times.

Governing norms, policies and guidelines

OOctapharma's Corporate Sustainability Policy outlines our overall commitments and viewpoints with regards to sustainability.

The policy recognises that we are committed to treating resources with care and to minimise negative environmental impacts that could result from our processes and activities. Octapharma is committed to providing a safe and healthy working environment and strives to reduce workplace accidents and sickness, as well as to promote and further develop the skills of our employees. Product responsibility and quality are indispensable prerequisites of our business and Octapharma is committed to complying with all regulatory requirements and internationally established best practices. Octapharma is committed to supporting and respecting human rights within our sphere of influence.

The Corporate Sustainability Policy is reinforced by local policies and instructions at our research facilities, manufacturing sites and offices.

In order to communicate our corporate values and norms, and to support all people working for Octapharma in making the right decisions, the Board of Directors has also adopted a company-wide Code of Conduct, based on our core values:

- Ownership
- Integrity
- Leadership
- Sustainability
- Entrepreneurship

The Code of Conduct expresses the Octapharma Group's expectations as an employer and sets professional standards to be adhered to throughout the Group. It covers several aspects of the business such as professional integrity, respect for competition law, our zero tolerance approach to corruption, how

to handle conflicts of interest, respect for others and the promotion of diversity and equality of opportunity, to name a few. All employees, and everyone who acts on behalf of Octapharma, must comply with the Code of Conduct. Online compliance trainings have been developed to help explain the importance of integrity in our activities and cover the key messages of the Code of Conduct. All relevant employees are expected to complete the training.

These online courses are split into three different areas: Code of Conduct, Corruption Prevention and Antitrust Law. Depending on the individual's function and responsibilities, the Corporate Compliance Office selects the relevant training required.

To encourage our employees to speak out on suspected non-compliant behaviour, misconduct and violations of the Code of Conduct, Octapharma has implemented several communication channels to report such incidents. Inter alia, we have implemented an internal whistleblowing system (the Integrity Reporting System) permitting everybody to report such incidents in most countries anonymously (unless restricted by law). Reported matters are then forwarded to Corporate Compliance which will – on a case by case basis – involve HR or internal audit for further investigation.

Environmental performance 2019

The annual Octapharma Group Sustainability Report provides details of the company's environmental strategy and performance. The scope is the same as last year, and covers packaging, logistics centres, as well as research and production facilities in Europe. Other facilities and business activities in the Octapharma Group have been assessed in terms of environmental impact as we continue to develop our reporting.

The Group continues to focus on environmental areas that have the most efficient global impact and thus contribute to a sustainable society. In addition to the main focus areas of climate change and clean water scarcity, efforts have been made to further reduce emissions emerging from manufacture.

Work on required improvements which were identified last year to reduce greenhouse gas (GHG) emissions has progressed well. Direct environmental impact has been significantly reduced.

In the area of clean water, the use of municipal water is continuing to increase on all sites. The main focus during 2019 was to further reduce adverse emissions to off-site treatment plants. Looking forward, a program substituting the use of adverse substances has been initiated.

Environmental KPIs, in absolute numbers and relative to plasma use, are provided on page 19.

Group Environmental Key Performance Indicators (KPIs)

Environmental KPIs	YEAR		
	2017	**2018**	**2019**
Energy use (MWh/tonne plasma)	32.56	31.89	30.97
Renewable electrical (% of electrical energy renewable)	62	62	86
Emissions (tonne CO2e/tonne plasma)	7.45	5.88	4.14
Municipal water use (kCbm/tonne plasma)	0.18	0.21	0.20
Wastewater (kCbm/tonne plasma)	0.16	0.17	0.17

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Conclusions

A total of 86% of electrical energy used in the Group was renewable during 2019. As expected, this is a significant improvement from the 62% used by the Group in previous years. Several new agreements have been made with suppliers that ensure renewable electrical energy and a consequent phase-out of energy from non-renewable sources. The actual reduction in the environmental impact on global warming emerges to a large extent from the use of energy from non-fossil sources rather than from the use of renewable electricity. From next year, the Sustainability Report will therefore report Non-fossil fuel electrical energy (% of electrical energy from non-fossil fuels).

The KPI for emissions is given as a carbon dioxide equivalent and is calculated as emissions emerging from the use of fossil fuels and from other fugitive substances. It is a very important indicator with respect to global warming. Overall for the Group, the KPI for emissions identifies a continuing decrease in both absolute and relative figures. The main reasons for this reduced environmental impact is the switch to non-fossil energy agreements and the work that sites have performed to improve refrigerant leakage control. The decreasing trend is broken in Vienna, even though electrical energy agreements have been established; work there to replace cooling agents and ensure contained cooling media systems will continue but is challenging due to limited access to equipment during production.

The Group continues to use increasing amounts of municipal water which is used as a complement for process and equipment cooling. In Stockholm, a cooling equipment project has been initiated to replace the need for municipal water.

Total wastewater is at a similar level to previous years. This year, the main effort made at all sites in this area has been the collection of environmentally adverse streams that emerge from manufacturing operations and which have been sent off-site for treatment and disposal.