

## APPENDIX 2



# NON-FINANCIAL PERFORMANCE STATEMENT



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## 1. INTRODUCTION

The regulatory framework for reporting on corporate social and environmental commitments has been further simplified, rationalised and harmonised. Transposition of the European directive on non-financial reporting in the summer of 2017 led to the publication of an order and its implementing decree replacing the current so-called “Grenelle II” CSR reporting mechanism. These new texts which apply to financial years beginning on or after 1 September 2017 require companies to include a “non-financial performance statement” in their management report.

Companies are now invited to prepare their statement in a specific format that:

- Presents their business model and their main social (including respect for human rights), societal (including anti-corruption) and environmental (“strategy”) risks;
- Describes the policies applied to prevent, identify and mitigate the occurrence of those risks, with, where applicable, due diligence procedures implemented (“risk management”);
- Publishes the results of those policies, including key performance indicators (“indicators and objectives”).

## 2. LFB'S BUSINESS MODEL

### 2.1. OUR APPROACH

*To produce quality biological medicinal products to help improve the quality of life of patients*

This proactive and responsible approach is symbolised by the LFB spirit, a corporate culture that goes about work in a particular way.

Product quality and patient safety are the top priority, and innovation is a shared goal. The commitment to bring hope to patients with serious and often rare diseases in the fields of haemostasis, immunology and intensive care.

### 2.2. OUR VALUES

*The LFB Group is built on a strong base of values*

As a responsible company, LFB is committed in its activities to address major topics for society, alongside its employees and in the environmental field.

The Group engaged in consultations involving (250) employees, including during the Culture Week, and as a result has identified five values that constitute the foundation of its culture: Act with Exemplarity, Cultivate High Standards, Dare to Undertake, Develop Team Spirit and Succeed with Integrity.



## 2.3. OUR AMBITION

### *Therapeutic solutions for rare diseases*

With over 60% of our medicinal products indicated for the treatment of rare diseases, LFB is a major player in this field. LFB's medicinal products help hospital-based healthcare professionals to care for patients suffering from sometimes very rare diseases for which the available treatment options are limited.

## 2.4. OUR RESOURCES

*Our men and women come first: their skills, their expertise and experience constitute the wealth of the LFB Group.*

The LFB Group is made up of more than 2,300 employees, in France and around the world. Doctors, pharmacists, researchers, engineers, technicians and all support professions (purchasing, finance, industrial, legal, technical, etc...) devote their energy every day to meet the needs of hundreds of thousands of patients.

Two industrial drug production sites and exclusivity with the plasma provided by the EFS (French Blood Establishment) for products supplied exclusively to the French market. Two other specialised sites of the LFB Group, LFB Biomanufacturing (which produces monoclonal antibodies and recombinant proteins by cell culture) and CELLforCURE (an innovative industrial player in cell and gene therapies for advanced therapy medicinal products (ATMPs)).

Subsidiary sites of LFB, international plasma collection centres, an internal source of our raw material, for orders outside France.

LFB's portfolio of 15 biological medicinal products are used each year to treat hundreds of thousands of patients with serious and often rare diseases.

## 2.5. OUR VALUE CHAIN

### *A virtuous circle*

*The strength and originality of LFB are that it is present throughout the project life cycle*

From the design through to the production of our products and even including the maintenance of our facilities, our scope of activity extends to all phases: a unique case for a mid-size bio-pharmaceutical company.

The LFB Group is one of the rare industrial players in the world to master various bio-production techniques in order to provide patients with plasma-derived medicinal products, recombinant products and innovative therapies such as cell therapies.

The LFB Group boasts multiple areas of activity and has a number of national and international sites, a wide range of technological and human diversity, inter-connected expertise, built-in bridges and synergies. This singular and unique approach in France in the

field of fractionation of human proteins from plasma donations allows us to forge lasting and privileged relations with our preferred plasma supplier (EFS), our customers and our sole shareholder. It is a virtuous circle fed by ever-increasing mutual trust.

## 2.6. OUR PRODUCT RANGE

### **Areas of expertise with high added value**

*With the value and competence of its teams, LFB is driven by the desire to be a key player in the quality of life of patients with rare and often serious diseases.*

The LFB Group is a public company that is active in a highly-competitive sector and markets its medicinal products in nearly 25 countries around the world.

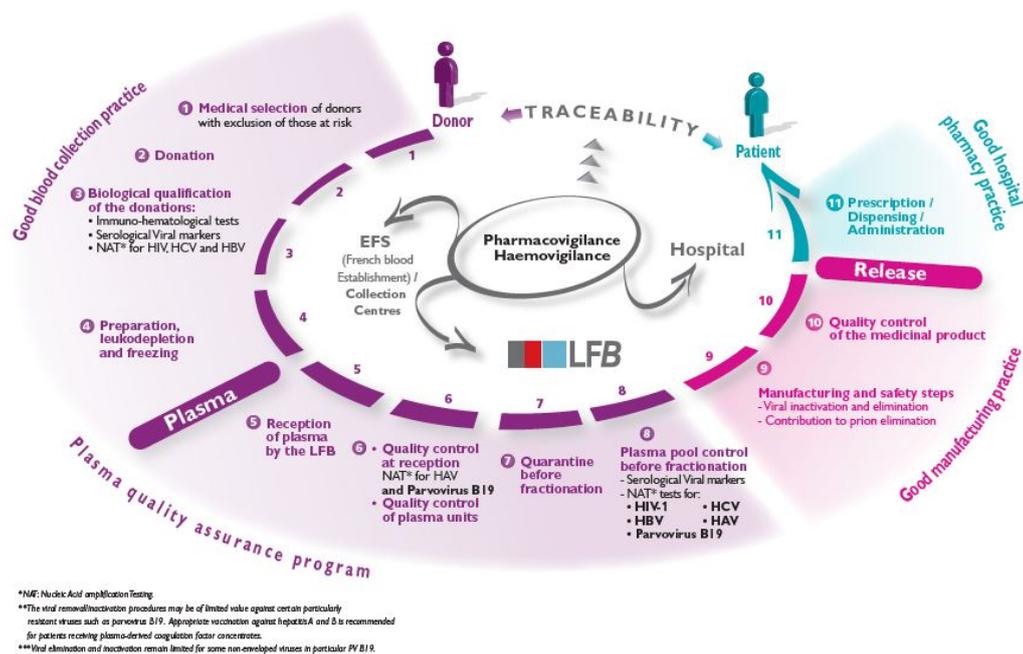
The LFB Group is today one of the leading European bio-pharmaceutical companies, offering mainly hospital-based healthcare professionals biological drugs in three major therapeutic areas: immunology, haemostasis and care intensive. Our know-how offers patients targeted and effective treatments that save their life or extend their life expectancy.

## 2.7. OUR MISSION

### **Reliable raw material, secure manufacturing processes and quality products**

An ambitious and proactive approach to help create value

- **guarantee the quality of the plasma we use to manufacture our medicinal products,**
- **develop and implement effective targeted safety steps in our manufacturing processes,**
- **set up top notch scientific monitoring of biological safety,**
- **provide optimal conditions to ensure that the medicinal products we bring to the market meet only the highest standards of quality and safety, participate actively in traceability measures.**



## 2.8. OUR RESULTS AND OUR IMPACT

### Improve our know-how and our performance

*All our resources contribute concretely to the creation of value.*

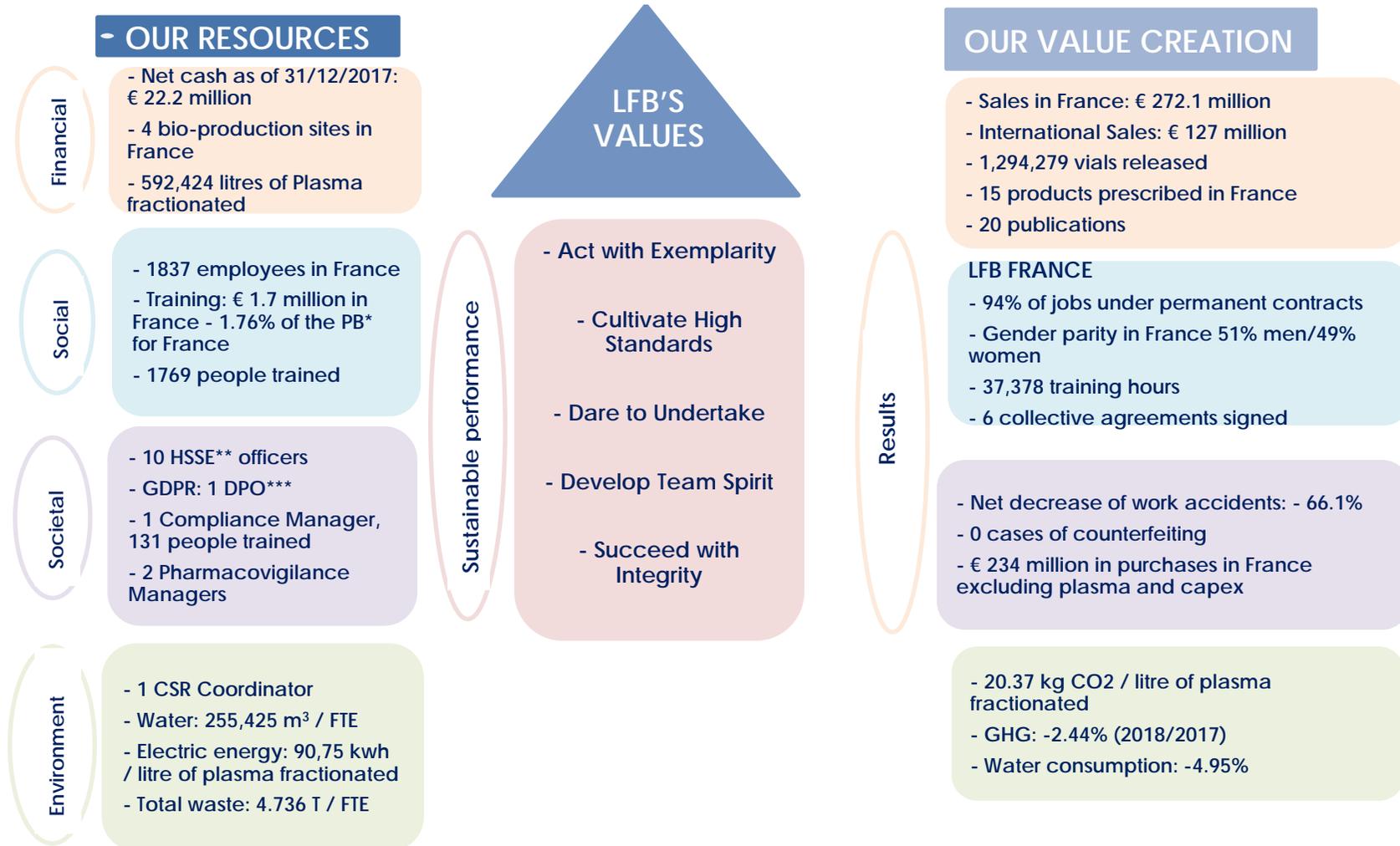
Thanks to its ability to adapt and innovate, the LFB Group creates value every day that is human, financial, social, environmental and intellectual, all at the same time.

In early 2018, LFB set up a plan called **"The New LFB"**. This plan has five main priorities to overcome the regulatory imperatives dictated by the ANSM (French National Agency for Medicines and Health Products Safety) and at the same time recover a stable financial situation and improve a degraded social climate.

Our priorities are economic, social, and societal:

- Capacity to make all our products available to all patients without interruption,
- Consolidation of LFB's position on the French market and also develop our activities internationally,
- Develop our production capacities to accompany our expansion,
- Recover good financial health,
- Be a company where people like to work together to build "The New LFB".

A strategy has been put in place for each priority, with concrete actions. All stakeholders are fully involved in the success of the project to build a brighter future for the LFB Group.



\*PB: Payroll budget

\*\*HSSE: Health, Safety, Security and Environment

\*\*\*DPO: Data Protection Officer

### 3. CSR RISKS

#### 3.1. OUR PROTOCOL

##### A multidisciplinary approach

In an internal study, we defined 14 important areas using a methodology based on a materiality matrix. This matrix is serves to prioritise the multitude of sustainable development issues in light of the company's priorities and the expectations of its stakeholders.

A representative list of employees at the different French sites has been created. Each was asked to rank a list of 32 topics according to their importance and level of control by the LFB Group.

The results of this study identified the 14 most important CSR topics with regard to the Group's activity:

1. Preventing and reducing absenteeism
2. Maintaining an adapted professional development and remuneration policy
3. Guaranteeing a representative breakdown of employees by sex and age.
4. The policies implemented in the area of training
5. Maintaining social dialogue
6. Assessment of collective agreements
7. Management of water consumption
8. Waste prevention, recycling and disposal measures
9. Measures to promote consumer health and safety
10. Promoting actions to reduce greenhouse gas emissions
11. Management of energy consumption in the company's activities
12. Safeguarding of conditions promoting dialogue with people or organisations concerned by the company's activities
13. Prevention and fight against corruption
14. Respect for animal welfare

#### 3.2. OUR KEY ISSUES AND OBJECTIVES TO REDUCE THEM

The main issues identified in relation to these areas are presented below.

##### Management of issues / Social domain

- A. Total number and breakdown of employees by sex, age and geographical area
- B. Wages and wage trends
- C. Absenteeism
- D. Policies implemented on training, in particular with regard to protection of the environment

- E. Organisation of social dialogue, including procedures for informing and consulting staff and negotiating with them.
- F. Evaluation of collective agreements, particularly regarding health and safety at work.

#### **Management of issues / Environmental domain**

- A. Water consumption and water supplies according to local constraints
- B. Waste prevention, recycling and disposal measures
- C. Significant areas of greenhouse gas emissions caused by the company's activity.
- D. Measures taken to adapt to the consequences of climate change

#### **Management of issues / Societal domain**

- A. Measures to promote consumer health and safety
- B. Relations maintained with the company's stakeholders and the procedures for ensuring dialogue with them

#### **Management of issues / Fight against corruption and tax evasion**

- A. Initiatives taken to prevent corruption

#### **Management of issues / Animal welfare standards**

- A. Regulatory procedures followed in the area of animal welfare

### **3.3. MANDATORY ISSUES NOT INCLUDED**

Certain risks (mandatory by law, see Article L225-102-1) were not considered important based on the business model of the LFB Group. Those risks are as follows:

- A. The consequences for climate change of the company's activity and use of the goods and services it produces

The consequences for climate change have various origins and the company's activities do not contribute significantly. The two regulatory greenhouse gas emissions assessments done on the LFB Group's consumption showed that this risk has been mitigated by reducing its emissions. The same is true for water consumption, which has been controlled and stable for several years.

- B. The company's commitment to the community in the areas of:

- a. **the circular economy**, the company's activities, although sensitive to the circular economy and the life cycle of the components used in the

manufacture of drugs, reuse part of its non-hazardous waste, recycle the used diluted alcohol as a by-product or regenerate it. Production manufactures single-use drugs that cannot be used or recycled at the end of their shelf life.

- b. **the fight against food waste**, the company cafeterias at the main LFB sites (Les Ulis and Lille) are outsourced to professional organisations. LFB is responsible for its service providers and monitors the information they provide on the tonnages of food waste. The service providers carry out awareness campaigns towards LFB's staff to help reduce food waste.
- c. **the fight against food insecurity**, LFB's activities are not concerned by this commitment.
- d. **responsible, fair and sustainable food**, the main activities of the LFB Group are not concerned by this societal commitment.

C. Actions to combat discrimination and promote diversity

With a workforce in France comprising employees of 24 different nationalities, LFB has developed a set of practices designed to foster workplace equality amongst its staff and ensure the absence of discrimination on the grounds of gender, ethnicity, age or sexual orientation. It ensures that its employees demonstrate ideological, religious and political neutrality. This issue is part of the social actions of LFB.

D. Measures taken for the disabled

A specific policy for the employment of people with disabilities was initiated in 2012. The aim is to ensure that disability is not a barrier to people expressing their skills and individual talents. As part of its policy to promote the social insertion of people with disabilities, LFB is committed in the regions where it has a large site to set up structural collaborations with ESATs (Work Aid Establishments and Services).

As this issue was not identified as major by the internal stakeholders, not all the social actions implemented are described in the statement.

### 3.4. SOCIAL DOMAIN

#### Management of issues / Employment

A. Total number and breakdown of employees by sex, age and subsidiary

**Issue**

LFB France

The concept of the workforce is a key and essential part of human resource management. Companies must know their workforce and control its structure and evolution over time. On the one hand, to comply with legal obligations and, on the other hand, for the sake of overall performance.

### Europlasma Subsidiary

The Europlasma subsidiary is composed of plasma collection sites. 7 sites in Austria and 2 sites in the Czech Republic.

Most of the Corporate Social Responsibility information reported for the Europlasma group concern employment (workforce, mean age, time with company, hires and dismissals), remuneration (raises as a % of the mean), the workplace, employee health and safety, social relations and training.

### **Policy**

#### LFB France

The social policy with regard to the workforce and its breakdown is a key issue for the company's performance and sustainability. LFB is committed to the integration of young people through alternation (apprenticeship and professional training).

### Europlasma Subsidiary

The Europlasma blood and plasma collection centres are committed to carrying out their public health mission towards blood donors and patients. Their daily actions are guided by commitments and key values based on respect, solidarity and dialogue.

The workforce retention policy is designed to meet the demanding professional standards and retain people with experience. This is a key component of the performance, image, reputation and sustainability of the subsidiary.

### **Measures implemented**

#### LFB France

The monthly workforce figures and annual summary are presented in the company's social report each year. The social report contains the following HR indicators:

- Annual evolution of Arrivals / Departures by contract type
- Annual evolution of Arrivals / Departures by company
- Turnover

An agreement was signed by all the representative trade union organisations and company senior management, in continuation of the agreements signed in 2012 and 2015. This agreement has two priorities:

- **Parity within professions**, seeking to identify and implement other levers to allow women access to jobs, qualifications and job levels in which they are currently poorly represented.
- Reducing the "**glass ceiling**" effect: the fact that within the executive group, women have less access than men to positions involving higher responsibilities or broader management. The company seeks to remove invisible barriers to the promotion of women in hierarchical structures through the "Women for next generation" measure.

Recruitment under **work-study contracts** follows an extremely rigorous process and criteria:

- Requests are scrutinised with respect to the budget and their interest for LFB (project qualified as strategic, internal mobility, difficulties to recruit)
- Recruitment interviews on the motivation of the candidate, presentation of their project have been made mandatory by the manager and tutor.
- Early retirement

### Eurolasma Subsidiary

At the EUROPLASMA subsidiary, the staff is employed under either permanent or temporary contracts. The permanent contracts are deemed to have been acquired after a period of 3 months. The temporary contracts are so-called free contracts and are mainly short contracts that can be frequently renewed, including within one same month. These contracts allow the subsidiaries to obtain aid in numbers of hours and not numbers of contracts. This contract and schedule flexibility for the employee helps retain them, with flexibility in scheduling for female staff to deal with family constraints.

## RESULTS

### REGISTERED WORKFORCE ON 31/12/2018

	MEN				WOMEN				Total per company	Reminder of 2017	Difference between 2017 and 2018 (%)
	Unlimited-term contract	Limited-term contract	Work/training contract	Total	Unlimited-term contract	Limited-term contract	Work/training contract	Total			
<b>France :</b>											
LFB SA	5	1	0	6	4	0	0	4	10	12	-16,7%
LFB Biomedicaments SA	739	37	12	788	618	27	18	663	1.451	1.472	-1,4%
LFB Bio technologies SAS	91	0	0	91	138	2	1	141	232	254	-8,7%
LFB Biomanufacturing SASU	27	1	0	28	25	1	0	26	54	54	0,0%
CELLFORCURE SASU	23	3	0	26	61	2	1	64	90	67	34,3%
<b>TOTAL France</b>	<b>882</b>	<b>42</b>	<b>12</b>	<b>939</b>	<b>846</b>	<b>32</b>	<b>20</b>	<b>898</b>	<b>1.837</b>	<b>1.857</b>	<b>-1,1%</b>
EUROPLASMA SUBSIDIARIES	52	3	2	57	202	13	11	226	283	281	0,7%
<b>TOTAL LFB GROUP, excl. USA</b>	<b>934</b>	<b>45</b>	<b>14</b>	<b>996</b>	<b>1.048</b>	<b>45</b>	<b>31</b>	<b>1.124</b>	<b>2.120</b>	<b>2.339</b>	<b>-9,4%</b>

Note: employees removed as of 31/12/2018 are counted, as are individuals under suspended contracts (parental leave, sabbatical leave, ...)

- Employment: **235 arrivals**, all contracts in France.
- **22** new interns for the 2018/2019 school year out of the 32 present in the workforce at 31/12/2018, France only.
- **1.87%** interns / mean workforce (**1715**) in 2018, France only.

**Indicator of Mean age within workforce on 31/12/2018**

Mean age							
	Men						Total
	- 25 years	25-34 years	35-44 years	45-54 years	55-59 years	+ 60 years	
<b>LFB France</b>	35	235	291	241	118	19	<b>939</b>
	Women						
	44	222	246	267	82	37	<b>898</b>
<b>Eurolasma Subsidiary</b>	Men						
	4	27	11	10	2	3	<b>57</b>
	Women						
	9	61	73	68	14	1	<b>226</b>
<b>Total</b>							<b>2120</b>

**Indicator of Mean period of employment of registered workforce on 31/12/2018**

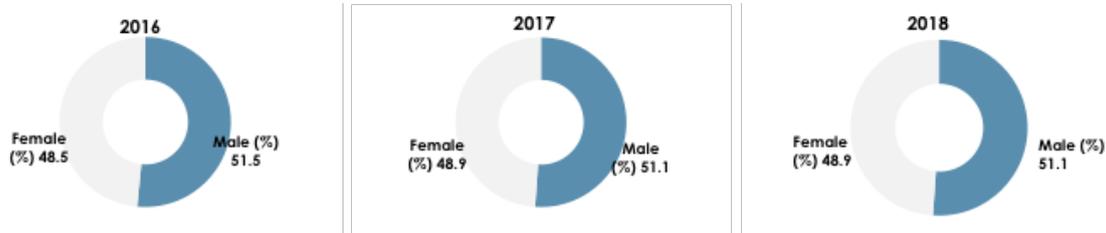
Time with company							
	Men						Total
	- 2 years	2-5 years	6-10 years	11-20 years	21-30 years	+ 30 years	
<b>LFB France</b>	171	200	217	117	90	144	<b>939</b>
	Women						
	176	185	226	97	82	132	<b>898</b>
<b>Eurolasma Subsidiary</b>	Men						
	22	17	14	2	2	0	<b>57</b>
	Women						
	49	84	67	23	3	0	<b>226</b>
<b>Total</b>							<b>2120</b>

- The mean age in the Group companies in France was **42.1 years**.
- The mean period of employment in the Group companies in France was **12.3 years**.
- The mean age in the Eurolasma Austria subsidiary is **40.3 years**.
- The mean age in the Eurolasma subsidiary in the Czech Republic is **35.3 years**.
- The mean period of employment in the Eurolasma Austria subsidiary is **5.8 years**.
- The mean period of employment in the Eurolasma Czech Republic subsidiary is **4.4 years**.

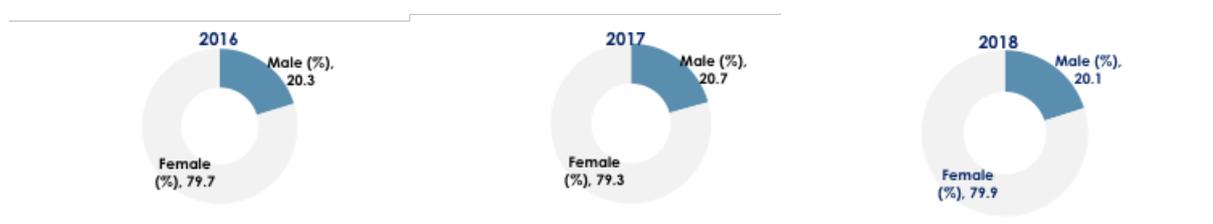
**Non-executives/ Executives on 31/12/2018**

Status	Registered / Filling	
<b>Non-executives</b>	945	51,4%
<b>Executives</b>	892	48,6%
<b>Total</b>	<b>1837</b>	<b>100%</b>

Parity France



Parity Europlasma subsidiary



KEY PERFORMANCE INDICATORS (KPI)

**Indicator of Turnover Rate - France**

	2015	2016	2017	2018
<i>Unlimited-term contract turnover rate France</i>	6,06%	5,59%	7,02%	7,70%
<i>Number of arrivals (all contracts) in France</i>	281	385	298	235
<i>Number of terminations</i>	20	18	17	17

Parity has been stable over the last 3 fiscal years for France as a whole and the Europlasma subsidiary

<b>Europlasma Subsidiary</b>	<b>2018</b>
<b>Mean monthly workforce</b>	<b>264</b>
<b>Total departures under unlimited term</b>	<b>53</b>
<b>Turnover Rate 2018</b>	<b>20,08%</b>

## E. Remuneration

### **Issue**

#### LFB France

Without an optimal and efficient remuneration policy, taking into account the realities of the market, it is difficult to attract, motivate and retain the best employees. In order not to be outdistanced by the competition and to keep up with the race for talent, and to minimise turnover, the LFB Group must consider implementing a relevant HR strategy and a competitive remuneration policy.

#### Europlasma Subsidiary

The legal rules specific to each country are followed.

Regarding remuneration,

- wages in Austria and the Czech Republic are indexed to local inflation.
- a branch agreement concerns only Austria.

### **Policy**

#### LFB France

LFB ensures that it has a wage policy that allows it to be competitive in its sector of activity in order to limit turnover and build employee experience over time.

In France, base salary changes take place once per year following mandatory annual negotiations with central union representatives, which concern all employees. An agreement was signed in 2018 with all the unions.

The remuneration data concern the gross annual payroll. Depending on the country, they include fixed components (base salary, time with company bonus, ...) and variable components (variable pay for executives, overtime hours, performance bonus, ...).

### **Measure implemented**

#### LFB France

LFB periodically takes part in an annual wage survey conducted by an independent firm. The results of the survey give the company an idea of where it stands in a rather vast labour market, and help it to evaluate its remuneration policy with respect to the other countries in the same panel, with regard to both the fixed and peripheral components of remuneration.

#### - Update of the profit-sharing scheme

Profit sharing is a measure that aims to implicate employees in the company's results or performance, by paying them a bonus. This optional system can be set up in companies via an agreement and concerns all employees.

The profit sharing will be calculated and paid after closure of the 2018 accounts, meaning after the 1st quarter of 2019. The amounts received are available immediately, but the employee can choose to place them in a salary savings plan.

#### - Signing of the 2018 agreement on mandatory annual negotiations involving:

- o An individual merit-based raise of 1%
- o A merit-based bonus for employees in groups 1 to 6 ranging from € 0 to € 1500 with an average of € 600.

- o Revision of the minimum salary scale of the LEEM (France's pharmaceutical industry trade association): the social security funding law for 2018 introduces the measure of the government programme to increase the purchasing power of all employees. One of the changes on 1 January 2018 was the increase of the LEEM conventional minima by +1.2%.
- o Monthly bonus for employees working alternating weekly shifts. Due to the need to ensure continuity of service, teams with changing shift schedules, teams working alternating weekly shifts receive a monthly 2X8 (alternating shift) bonus over 12 months, regardless of the number of days worked in the month. This bonus is prorated from 5 consecutive days of absence for health reasons, in the month. The 2X8 bonus can be revised during the mandatory annual negotiations.

## RESULTS

In 2018, individual merit-based increases were granted in addition to promotions and adjustments. They remained stable.

## KEY PERFORMANCE INDICATOR (KPI)

### LFB France

	2016	2017	2018
<b>Annual increases</b>	1%	1%	1%

### Eurolasma Subsidiary

In Austria, the 2018 increase was between **2.40%** and **2.60%** and was as high as **5%** in the Czech Republic.

## **Management of issues / Workplace and Social relations**

- F. Absenteeism - organisation of social dialogue - review of collective agreements - health and safety at work

### **Issue**

#### LFB France

As part of its efforts to balance the expectations of its employees with pharmaceutical, regulatory and industrial constraints, LFB is committed to maintaining good social dialogue. Despite the company's delicate situation in 2018, company senior management remained committed to the quality of social relations within the group. Respect for and attentiveness to

employees and their representatives have always led to the creation and maintenance of a constructive and peaceful climate with a constant commitment to transparency. LFB was thus able to preserve the trust of its employees by establishing transparent social dialogue. In the context of a transition year and strategic realignment, the absenteeism rate was up slightly compared to the previous year.

LFB promotes the health and safety of its employees as well as good quality of life at work. These are factors that help limit absenteeism, and that LFB tries with its policy and diligence to limit further every year.

#### Eurolasma Subsidiary

Legislation on working hours in Austria and the Czech Republic differs from that in France.

- Workplace in Austria: weekly working hours vary widely from 7 to 40 hours (10 hours, 12 hours, 17 hours, 20 hours, 21 hours, etc.).
- Workplace in the Czech Republic: there are fewer working hour profiles, but the remuneration is still highly individualised. Nearly 20% of the monthly salary is variable (individual and collective target-based bonus).
- Collective bargaining in Austria: sectoral agreements predominate in Austria. Because employers are usually represented by the chambers of commerce, which they are obliged to join, the agreements cover nearly all workers. By law, the collective agreements cover all the employees of employers who signed the agreement, regardless of whether the employees are affiliated with the signatory unions.
- Collective bargaining in the Czech Republic: In the Czech Republic, around 40% of workers are covered by collective bargaining, mainly through company negotiations. But there are no negotiations in many of them.
- Absenteeism in Austria and the Czech Republic: the absenteeism rate is monitored and absences are communicated to the accountants/tax officers and recorded. Specific events (vacation, illness, move, etc.) are also collected and reported. A large amount of money could be saved by even a small reduction of absenteeism for health reasons.

#### **Policy**

##### LFB France

LFB always favours more direct dialogue at all group sites and this desire is supported by a coherent and dynamic social policy. Its goals are to achieve individual recognition and social redistribution, protection and action.

The Health and Quality of Life at Work Policy has been implemented, including the monitoring of worker health status, job retention, quality of life at work (group agreement) and public health information. The Health and Quality of Life at Work Policy is considered as one of the company's important levers of economic performance.

#### Eurolasma Subsidiary

- Workplace in Austria: working hours evolve to a certain extent with the quarterly needs of each centre. The legal reference time is 40 hours per week.
- Workplace in the Czech Republic: Most companies operate in continuous days, that is to say without any real break at noon. As a general rule, employees start work in the

morning between seven and eight o'clock, so as not to work past three or five o'clock, and thus preserve the things that are important, that is to say family life. The legal reference time is 40 hours per week.

- Collective bargaining in Austria: LFB follows the regulated social policy. Negotiations cover various issues, such as pensions, the humanisation of work methods, wages and general conditions. Wage negotiations set the percentage increases in both minimum wages and actual wages paid by companies, which are usually higher. The policy of the trade unions is that the increase in minimum wages must be greater than the increase in real wages in order to improve the lowest wages.
- Collective bargaining in the Czech Republic: About 40% of workers are covered by collective bargaining, mainly through company negotiations.
- Prevention and reduction of absenteeism in Austria: There is no specific reporting, but **5277 days** of sick leave (short, long including for a sick child, not including maternity) and **1 work accident with work cessation** were counted.
- Prevention and reduction of absenteeism in the Czech Republic: There is no specific reporting, but **1411 days** of sick leave (short, long including for a sick child, not including maternity) and **1 work accident with work cessation** were counted.
- Health and Safety in Austria: the responsibility for the protection of workers is shared by several actors. The legal basis for the protection of workers is the Workers Protection Act supplemented by regulations.
- Health and Safety in the Czech Republic: In the area of health and safety, workers are represented either by the union organisation present at the workplace or by the elected safety representatives.

## Measures implemented

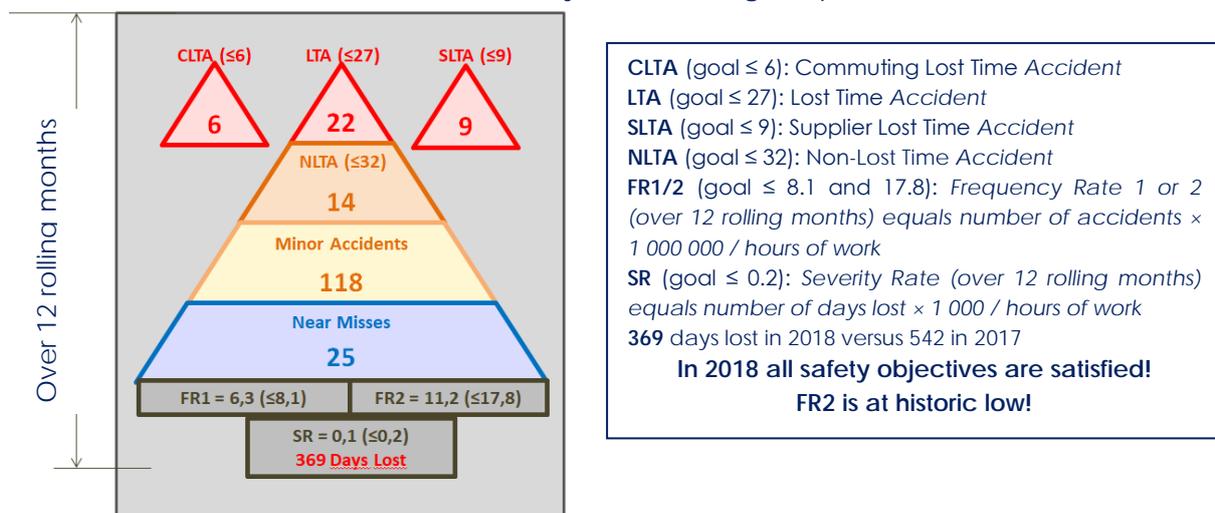
### LFB France

- Effective presence of staff representation bodies.
- Deployment of the **company plan: "Culture Week"** with workshops where all the voluntary internal stakeholders, including 250 volunteers and 12 ambassadors chosen among Managers and trained to supervise the groups during the workshops, could identify LFB's "**Values**".
- **The Disabilities mission** to integrate people with disabilities, participation in the Paris Marathon by 6 LFB employees who ran under the banner of Handiem, the concrete involvement of 1 LFB employee in the "DUO 2 Day" organised by the Friends of the Workshop Foundation (a French Support and Work Assistance Establishment).
- Continuation of the "**Donation of leave days between employees**" campaign, "any employee who is responsible for the care of a child under 20 years of age or his or her spouse with a serious illness, a disability or who was the victim of an accident of a particular gravity that makes a sustained presence and compulsory care essential can request a donation of rest days from LFB". It allows employees to transfer part of their earned rest days on a volunteer basis to another employee with a dependent

child aged under 20 who is seriously ill, disabled or has been the victim of a particularly serious accident. For the 2017 - 2018 fiscal year, 76.5 days were collected and 71.5 days were given.

- Prevention of psycho-social risks **by providing LFB employees with a listening and support platform** for employees (Pros-consulte) and training for managers.
- With more than 350 professions within the group, **internal mobility** is a source of fulfilment, performance and commitment.
- **LFB monitors its resource needs closely, particularly through the implementation of FMJS:** "Forecast Management of Jobs and Skills": all strategies, approaches, tools used to anticipate medium/long term qualitative and quantitative human resources needs, taking into account business forecasts and natural attrition (turnover, retirements).
- The signing of many important **collective structuring agreements** for social relations:
  - o Mandatory annual negotiations, matching of the collective retirement savings plan (PERCO), gender equality, structure of the Social and Economic Committee, functioning of the economic and social database.
- The 2018 group **security objectives** were determined based on the nature of the group's activities, the hours worked and the 2017 results. Managers are the first to be concerned and must ensure that safety rules are followed within their teams.

In 2018, **36** lost time and non-lost time accidents were recorded, for a target limit of **59**. After an excellent year in 2016 when frequencies were halved, the year 2017 was marked by a resurgence of accidents. This trend was corrected in 2018 with clear improvement. The frequency and severity of accidents in France are calculated based on the theoretical number of hours worked. This theoretical number of hours worked does not include overtime or additional hours worked, or vacation days taken during the period.



Eurolasma Subsidiary

- This is the monitoring of Social, Health and Safety policies defined above for Austria and the Czech Republic.

## RESULTS

LFB France

- **100%** coverage for employee representative bodies in France
- **Wage agreements: 6 Unanimous wage agreements** signed at LFB France (7 in 2017)
- **80**, internal mobility with change of categories for LFB France

Status	Trainee	Limited term	Unlimited term	Grand total
No. of group changes	1	1	78	80

**Safety performance for LFB France**

FR1/2: Frequency 1 or 2 over 12 rolling months

- **FR1 = 6.3 (≤ 8.1)**
- **FR2 = 11.2 (≤ 17.8)**

SR: Severity Rate over 12 rolling months

- **SR = 0.1 (≤ 0.2)**

Eurolasma Subsidiary

Eurolasma subsidiary 2018	Internal mobility with change of category*
Austria	1
Czech Republic	1
<b>Total for Eurolasma subsidiar</b>	<b>2</b>

\* Internal mobility upward or downward

## KEY PERFORMANCE INDICATOR (KPI)

LFB France

**Indicator for collective agreements**

- Variation in the number of wage agreements in 2018 compared to 2017: **-14.29%**

**Indicator for social dialogue**

- **4.66%**: Internal mobility rate / mean annual workforce

**Indicator for absenteeism rate**

	2015	2016	2017	2018
Overall absenteeism rate	5,30%	4,8%	4,1%	4,48%
Absenteeism rate not including pregnancy	4,40%	3,9%	3,5%	3,7%

*Overall absenteeism rate includes all the causes of absences (illness, accident at work, maternity, etc.)  
Rate for only absences due to illness, accident at work, occupational disease*

Europlasma Subsidiary
**Indicator for the absenteeism rate**

Europlasma subsidiary 2018	Number of days of absence	Number of theoretical days
<b>Austria</b>	<b>5.277</b>	<b>48.659</b>
<b>Czech Republic</b>	<b>1.411</b>	<b>14.990</b>
<b>Total for Europlasma subsidiary</b>	<b>6.688</b>	<b>63.649</b>
<b>Absenteeism rate</b>		<b>10,50%</b>

**Indicator for social dialogue**

- **0.76%**: Internal mobility rate / mean annual workforce

**Management of issues / Training**

 G. Policy implemented in the area of training
**Issue**
LFB France

One of the LFB Group's key issues is to guarantee that the technical and managerial skills of its employees are suitable for their professions. This is managed by the Group HR Training department.

Europlasma Subsidiary

The issue for the subsidiary is similar to that for LFB France. It is managed by the Quality Department.

**Policy**
LFB France

To ensure this adequacy, part of the training in 2018 was focused on Good Manufacturing Practices (GMP) and other training initiatives were suspended due to the company's financial difficulties related to the priority regulatory obligations.

The number of training hours delivered was quantitatively much lower than in previous years but qualitatively targeted to specific staff.

Europlasma Subsidiary

An annual training cycle was carried out. Three "on-the-job" courses are mandatory.

## Measures implemented

### LFB France

To respond to the ANSM inspection, which noted a lack of training and staff qualification in Good Manufacturing Practices, this being considered as a major nonconformity to be resolved as a priority, a process to improve targeted training was implemented to improve employee performance.

- With the help of LFB University, we have set up a new training mechanism to meet this requirement immediately, automatically and efficiently.
- LFB's practices had to be updated by training all staff, from top management down to the operators, without exception: cultural change, "zero" tolerance, strict compliance with rules (GMP / Marketing Authorisation / Procedures).
- The new system uses the **FormaCity / FormaVisa** online training and evaluation platform. This platform is an LMS (Learning Management System).

**FormaCity / FormaVisa** allow:

- Sending out convocations by email,
- Follow-up of the progress of training and evaluations
- Keeping track of all results to have proof during an audit.

### Europlasma Subsidiary

Training is provided internally for employees of the collection centres. In light of the activities performed, emergency first aid training is held each year for the employees concerned. The training is given when necessary and within the general budget. Management of these training sessions is governed by specific legal regulations in each country. In this case, there is no legal obligation and therefore the number of hours is not monitored.

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## RESULTS

### LFB France

- **€ 1.7 million** in total investments in training
- **37,378 hours** of training during the year in France
- **1769: number of employees trained at least once**
- **135** people trained in the GDPR (General Data Protection Regulation) in 6 sessions.

### Europlasma Subsidiary

- **186 people** trained in Austria
- **61 people** trained in the Czech Republic

## KEY PERFORMANCE INDICATOR (KPI)

### LFB France

- **103.2%**: percentage of employees trained at least once / mean workforce in 2018 (1769/1715).

### Europlasma Subsidiary

- **93.6%**: Mean percentage of employees trained (247) / Mean workforce in 2018 (264)
-

## 3.5. ENVIRONMENTAL DOMAIN

### Sustainable use of resources

#### A. Water consumption

##### Issue

Water is abundant on our planet, but the water cycle has been undeniably impacted by global warming. Awareness in every country, in every home, would already be a first step to better protect our water.

Water is mainly used by the LFB Group for its production needs. LFB's sites use only tap water. The total water consumption only concerns the production buildings in the France scope.

##### Policy

The environmental policy of the LFB Group aims to minimise the impact of the Group's drug manufacturing activities (from the production line to distribution) on the environment.

The impact of LFB's French production operations on their ecosystems is monitored by the progressive introduction of monitoring and improvement processes based on environmental indicators. Inputs (raw materials, energy, water, for example) and outputs (emissions, effluents and waste) are all indicators monitored according to the volume of plasma consumed, the turnover, the number of product vials released, the number of employees or the surface area of the sites.

##### Measures implemented

Water consumption is dependent on production. As production was reduced in 2018, water consumption also decreased.

##### The reduction of water consumption in the buildings was due to:

- Information provided to employees during the CSR day.
- The technical services monitor the monthly statement of consumption and verify and maintain the water supply network to react and implement corrective actions. In the event of an alert showing over-consumption or a leak, the technical services act by changing and/or replacing the damaged parts (for example: replacement of a PVC part with stainless steel piping that is resistant to micro-cracks, ensures better hygiene, is safer and/or conducive to cleaning).
- Maintenance and regular verification of facilities to correct leaks.

## RESULTS

### WATER CONSUMPTION per production site – 31/12/2018

<i>Volumes expressed in m<sup>3</sup></i>	Year 2018	Year 2017
<b>LFB Group - Scope France</b>		
Les Ulis Site	274 105	247 100
Lille production site*	192 606	243 387
Alès Site	2 504	3 156
<b>TOTAL</b>	<b>469 215</b>	<b>493 643</b>

\* Water consumption Lille without Eurasanté or Carvin

## KEY PERFORMANCE INDICATORS (KPI)

- **-4.95%**: Variation in water consumption between 2017 and 2018 in France

### Management of issues / Sustainable use of resources - Waste management

#### B. Waste prevention, recycling and disposal measures

##### Issue

Due to the nature of its businesses, processes and the values it upholds, the LFB Group has the obligation to deliver its services in compliance with environmental regulations. This is a crucial issue for LFB and it does everything possible to act in compliance.

##### Policy

LFB applies a waste management principle consisting of taking all necessary measures during the design, arrangement and use of its installations to prevent and reduce the production and toxicity of waste, to provide for its recycling if possible. The recycling of this waste is made possible by collecting heat after incineration in authorised waste treatment centres.

LFB is a co-administrator of the DASTRI ecological organisation that has been accredited by public authorities since December 2012 as part of extended producer responsibility for waste from healthcare activities associated with a risk of infection. DASTRI manages the regulatory obligation of producers of medicinal products and medical devices to set up and fund the recovery of products sold on the market once they have reached the end of their shelf life. This obligation concerns pointed, sharp, cutting products, products for patients who self-treat.

To this end, LFB funds the collection of sharp and pointed materials used by haemophiliacs who self-administer LFB's products in their home. Public authorities renewed the accreditation of DASTRI at LFB on 27/12/2016 for a duration of six years (2017 – 2022).

The goals for the coming years are:

- Further consolidation and confirmation of data on creation of the Solvent Management Plan (SMP).
- Refrigerants: initiation of reflection on all the refrigerants used on the sites.
- Classification of waste in two broad categories: Hazardous waste and Non-hazardous waste.

**Measures implemented**

- A full-time job by an environmental engineer follows the waste management activities, from the collection stage in collaboration with a team of dedicated people from the company ONET (service provider) to processing and registration/monitoring in the waste register).

Information on waste flows and sorting provided several times and at several levels:

- At the level of production technicians, managers and laboratory technicians,
- At the site level: 2 informational notices (September and November 2018) were published on sorting waste with the new containers ("Sorting as a second nature").

Optimisation of the flows: LFB worked to optimise the paper flow, which led it, in particular, to a change of service provider. The future objective is to introduce the voluntary carrying of waste to central locations. A test will be carried out in 2019 on the Les Ulis site and this approach has been operational since November 2018 in the offices of Tour W in La Défense.

In November 2017, LFB held:

- Information workshops on endocrine disruptors (EDs),
- Energy savings.
- On the risks of exposure to CMR (chemicals with Carcinogenic, Mutagenic or Reprotoxic effects).

A working group has been set up for the control of VOCs (Volatile Organic Compounds) to confirm and consolidate the data included in the SMP (Solvent Management Plan).

The result obtained is at a level never reached since 1999: it is below the regulatory standard (diffuse releases  $\leq 15\%$ ).

The Les Ulis site is complex (4 entities present), vast and important (with the presence of 2 environmentally-sensitive facilities: BioMed and CfC).

- LFB collaborates closely with the institutional authorities (DRIEE (Regional and Interdepartmental Directorate for the Environment and Energy) = DREAL (Directorate of the Environment, Land-Use Planning, and Housing) of the Ile de France region).
- Regular inspections of environmentally-sensitive installations (CfC: latest in December 2016 - LFB: annual controls in November 2017 and November 2018).
- Partnership with local waste treatment providers in Les Ulis with the aim of reducing the distances travelled by the waste transport trucks.

The waste generated by the activities of LFB Les Ulis is sorted at the source, collected, then sent for recycling or recovery according to several criteria:

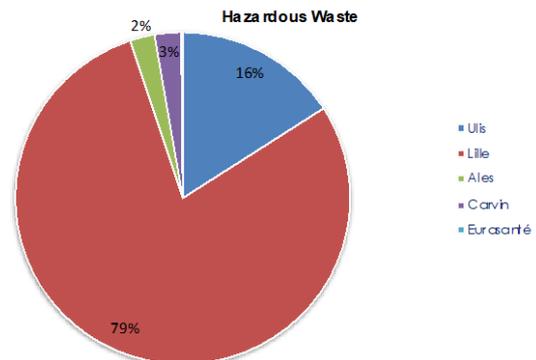
- HW: Hazardous Waste
- NHW: Non-Hazardous Waste
- DASRI: Waste from healthcare activities associated with a risk of infection and similar

## RESULTS

- **0**: formal notice from the DRIEE (Regional and Interdepartmental Directorate for the Environment and Energy)
- **0**: parameters (pH and DCO\*) below our prefectural obligations on our weekly measurements. \* Dynamic Creative Optimisation (chemical oxygen demand of organic and mineral substances of water).
- **8378.3 T: Total waste** (Hazardous Waste + Non-Hazardous Waste + DASTRI)

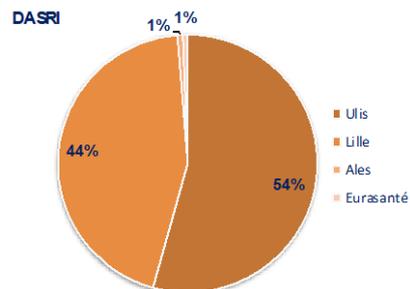
Solid hazardous waste	
as of 31/12/2018	Year 2018
Les Ulis	26,05
Lille	129,41
Alès	3,90
Carvin	4,22
Eurasanté	0,25
<b>TO TAL</b>	<b>163,82</b>

*Results expressed in tonnes per site*



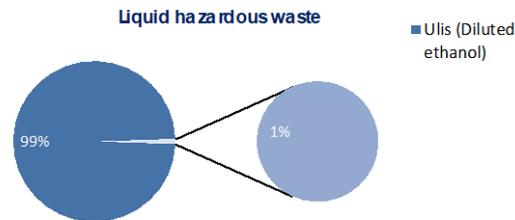
DASRI	
as of 31/12/2018	Year 2018
Les Ulis	415,95
Lille	340,40
Alès	5,00
Eurasanté	4,64
<b>TO TAL</b>	<b>765,99</b>

*Results expressed in tonnes per site*



Liquid hazardous waste	
as of 31/12/2018	Year 2018
Les Ulis (Diluted ethanol)	6.643,33
Lille (Diluted ethanol)	70,20
<b>TO TAL</b>	<b>6.713,53</b>

*Result expressed in tonnes per site*



Non-Hazardous Waste	
as of 31/12/2018	Year 2018
Les Ulis	273,39
Lille	386,61
Alès	13,58
Carvin	61,38
Eurasanté	NC
<b>TO TAL</b>	<b>734,96</b>

*Result expressed in tonnes per site*

*Additional data for Lille:*  
 253.88 T Not reused  
 132.73 T reused  
 50.98 T reused  
 10.396 T Not sorted  
 25% reused



## KEY PERFORMANCE INDICATORS (KPI)

- 14,142 kg total waste generated / litre of plasma fractionated
- 6,473 kg total waste generated / vial released

## Management of issues / Sustainable use of resources - Energies and GHG Emissions

### C. Significant areas of greenhouse gas emissions caused by the company's activity.

#### Issue

The issue for LFB, which uses different types of energy for the development and manufacture of medicines, is to control energy consumption and greenhouse gas emissions, in order to not contribute to one of the causes of climate change and to help safeguard the environment for the health of men and women.

#### Policy

A policy to control energy consumption in the company's activities has been in place for several years, and this has helped decrease its carbon footprint, which has been stable since

2011. The goal of this successful policy is to improve the production processes by performing life cycle analyses of the necessary components (inputs) and to facilitate waste management.

### Measures implemented

Energy consumption is regularly recorded for the purposes of monitoring and analysis based on production.

- The energies concerned for production, are mainly
  - o water, electricity, gas and superheated water.
  - o Fuel is not consumed for production, but it is used for the operation of emergency generators.
- Water is used for cleaning in place (CIP) of the production equipment and to produce pharmaceutical water for injections (WFI).
- Depending on the site, gas is used in the heating and heat production boilers for the production of steam and pharmaceutical water.
- Electricity powers the various cold rooms and other production equipment requiring this type of operating energy.
- Superheated water is only used on the Lille site and not produced on site but supplied via Résonord.

The LFB Group carries out a carbon assessment every year to monitor energy consumption according to its production.

LFB carries out an energy audit every 4 years. The last audit in 2014 - 2015 led to improvements on the Les Ulis site: the replacement of cooling towers with a dry-cooler for the cooling of water vapour produced, which is safe for the environment (to avoid risk of contamination by legionella microorganisms), more powerful, less energy consuming. The next energy audit is planned for 2019.

## RESULTS

### TOTAL ENERGY CONSUMPTION – 31/12/2018

	Year 2018	Year 2017
<b>LFB Group - France Production scope (Les Ulis, Lille, Carvin, Alès)</b>		
Electricity*	53,783	52,268
Gas*	35,689	36,488
Hot water for heating (steam)*	8,985	8,736
Fuel oil**	8,020	6,310

\* Consumption expressed in MWh

\*\* Consumption expressed in Litres

**Energy consumption converted to Tonnes of CO<sub>2</sub>, as at 31/12/2018**

Table for conversion of Mwh into kg eCO <sub>2</sub> with the emission factors	Emission factor	Unit	Source : FE	Total scope	Unit	kg eCO <sub>2</sub> value 2018
<b>Electricity</b>	<b>0,065</b>	kg eCO <sub>2</sub> /kwh	ADEME (French Environmental and Energy Management Agency)	<b>53.783.080</b>	kwh	3.495.900
<b>Gas</b>	<b>0,168</b>	kg eCO <sub>2</sub> /kwh GCV	ADEME (French Environmental and Energy Management Agency)	<b>35.689.438</b>	kwh GCV	5.995.826
<b>Steam</b>	<b>0,284</b>	kg eCO <sub>2</sub> /kwh	ADEME (French Environmental and Energy Management Agency)	<b>8.985.240</b>	kwh	2.551.808
<b>Fuel oil</b>	<b>2,68</b>	kg eCO <sub>2</sub> /litre	ADEME (French Environmental and Energy Management Agency)	<b>8.020</b>	Litres	21.494
<b>TOTAL (kg eCO<sub>2</sub>)</b>						<b>12.065.027</b>

**KEY PERFORMANCE INDICATORS (KPI)**

**Variations in energy consumption**

	<i>Variation</i>
<b>LFB Group - France Production scope (Les Ulis, Lille, Carvin, Alès)</b>	
Electricity*	<b>2.90%</b>
Gas*	<b>-2.19%</b>
Hot water for heating (steam)*	<b>2.85%</b>

**GHG (Greenhouse Gas) emissions variations**

Table for conversion of Mwh into kg eCO <sub>2</sub> with the emission factors	Emission factor	Unit	kg eCO <sub>2</sub> value 2018	kg eCO <sub>2</sub> value 2017	Variation
<b>Electricity</b>	<b>0,065</b>	kwh	3.495.900	3.204.663	<b>9,09%</b>
<b>Gas</b>	<b>0,168</b>	kwh GCV	5.995.826	6.713.867	<b>-10,69%</b>
<b>Steam</b>	<b>0,284</b>	kwh	2.551.808	2.431.234	<b>4,96%</b>
<b>Fuel oil</b>	<b>2,68</b>	Litres	21.494	16.911	<b>27,10%</b>
<b>TOTAL (kg eCO<sub>2</sub>)</b>			<b>12.065.027</b>	<b>12.366.675</b>	<b>-2,44%</b>

- -2.44% GHG for the total annual production

## Management of issues / Adaptation to the consequences of climate change

### D. Measures taken to adapt to the consequences of climate change

#### Issue

Fighting climate change means finding solutions to mitigate it. But it is also essential to adapt to its consequences.

#### Policy

To propose and implement sustainable actions to improve the lives and performance of employees, by maintaining quality drug production while controlling the company's impact on the environment.

#### Measures implemented

Though emissions connected with professional travel or home-work commutes are not included in the mandatory greenhouse gas emissions assessment, the Group has taken action in recent years to limit its impact in this area.

- LFB has video conferencing equipment at the Group headquarters and in its main subsidiaries, including in other countries, to limit professional travel by its employees.
- LFB has modernised its messaging system to make live meetings possible from the workstation via Skype.
- All these technological improvements have helped to reduce employee travel since 2017 (-32% for long-distance travel: 2017 carbon footprint).
- LFB BIOMEDICAMENTS has teamed up with Hospit@lis to make a web ordering health portal available to healthcare institutions in the public and private sectors. Hospit@lis is the only shared interface between healthcare institutions and the pharmaceutical industry and its goal is to optimise the supply chain by making ordering and order processing easier, centralising orders from suppliers and dematerialising order forms. (<http://www.hospitalis.org>).
- LFB facilitates carpooling between employees and between companies: this system is operational at the Les Ulis site only for several reasons, including its distance from a train station and scarcity of public transport. There are two carpooling systems on the Les Ulis site, one managed by the WC (Works Council) and the other from a smartphone application, allowing each user to contact "a driver" or one or more "passengers" going to the same area of activity at the time of their departure (OuiHop). This system makes it possible to get home in the evening outside the operating hours of public transport or the LFB shuttle.
- An LFB shuttle is available to group employees for drop-offs or pick-ups at certain times at the nearest train station.
- At the social level, an agreement has been signed for the use of teleworking, making it possible to carry out professional activities from home. This agreement offers multiple benefits to employees who request it,
  - o in particular by reducing home-work commuting, reducing the effects of pollution due to exhaust fumes, improving quality of life in the employee's work, and
  - o allowing for increased efficiency within the employee's own environment.

- In 2018, LFB installed two electric vehicle charging stations in the parking lot of the Les Ulis site for employees who have acquired this type of vehicle.
- LFB also monitors the vehicles in its fleet. Managers with a company car can choose vehicles that are mainly free of environmental penalty and comply with the regulations for g CO<sub>2</sub>/km emissions, or are hybrids.
- For the Lille and Alès sites, no Company Travel Plan has been set up.
  - o The Alès site is out of town and is not well served by public transport. Employees get to their workplace by their own means or traditional carpooling.
  - o A study of commuting needs for the Lille intercity site revealed that the site is served by a large number of existing means of transport due to its proximity with the EFS (French Blood Establishment), a hospital and a graduate school (Sciences Po): metro, tram, bus. Employees get to the site by bicycle or scooter. A room has been set up to park them. Apps to download for connected carpooling have been proposed to employees. These applications have been recommended by the Chamber of Commerce and Industry of the Hauts de France regional and the European Metropolis of Lille.

None of the LFB industrial sites in France has a plan or scenario to deal with a major health crisis risk due to climate change.

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## RESULTS

- **68,700 HL** diluted ethanol used
- **236** truck rotations/year of used diluted ethanol for recycling
- **144** vehicles in LFB's fleet
- **2 stations** for electric vehicle charging installed
- **59** users of the LFB Les Ulis shuttle (round trip between Massy train station and LFB)
- Connected carpooling (Les Ulis, out of 800 employees who answered the survey): **18.5%** of "driver" users, **10%** "rider" users.
- **-32%** of long-distance air business trips (2018 carbon footprint for 2017 activities)

## KEY PERFORMANCE INDICATORS (KPI)

- **17.21%** diluted ethanol recycled
  - **114 g CO<sub>2</sub>/km**, average CO<sub>2</sub> emissions per vehicle in the fleet
-

### 3.6. SOCIETAL DOMAIN

#### Management of issues / Loyalty of practices

##### A. Measures to promote consumer health and safety

#### Issue

The activities of LFB BIOMEDICAMENTS consist of the manufacture and sale of plasma-derived medicinal products for use in the fields of Immunology, Haemostasis - rare diseases and Intensive care - perinatal care.

All LFB BIOMEDICAMENTS medicinal products are medicinal products of major therapeutic interest (MITM) as defined by French law No. 2016-41 of 26/01/2016 and decree No. 2016-993 of 20/07/2016.

These medicinal products are delivered to hospital pharmacies (except for one product sold in retail pharmacies) and are administered for the treatment of rare diseases or in emergency situations, in specialised services (haemostasis, immunology, surgery) by healthcare professionals.

#### Policy

LFB BIOMEDICAMENTS undertakes to manufacture and market to healthcare professionals medicinal products that meet the manufacturing criteria and controls as defined in their marketing authorisations (MA) and in accordance with the requirements of Good Manufacturing and Distribution Practices. The MAs are obtained from the health authorities after a rigorous and documented evaluation of the manufacturing processes, controls, as well as the benefit-risk balance for patients.

LFB BIOMEDICAMENTS also undertakes to provide healthcare professionals with reliable, objective and quality information to support them in the care of their patients and promote good use of its medicinal products in accordance with the therapeutic indications of their MAs.

Finally, LFB BIOMEDICAMENTS undertakes, in accordance with the law, to inform the authorities of any risk of supply tensions/shortages concerning its medicinal products and, if necessary, to take the necessary actions to minimise the consequences of any such unavailability.

#### Measures implemented

Medicinal product controls: By law, all batches of plasma-derived medicinal products distributed by LFB BIOMEDICAMENTS undergo additional tests and are released by an independent official health laboratory that issues an official Batch Release Certificate.

Post-certification monitoring: In order to guarantee optimal safety and quality of its medicinal products and in accordance with laws in force, LFB BIOMEDICAMENTS has a Pharmacovigilance, Claims and Haemovigilance unit that monitors its products.

A pharmaceutical telephone service is available outside of the company's working hours to receive and process any urgent information.

LFB BIOMEDICAMENTS has set up the serialisation of its medicinal products (in accordance with laws in force), in order to secure the use of its products and to guard against any risk of counterfeit products being used by healthcare professionals. The full implementation of

serialisation was completed in late 2018 for the release of a first batch of medicinal product in late January 2019. The start date for the regulation of the serialisation of medicinal products has been effective since 9 February 2019.

Promotional information: LFB BIOMEDICAMENTS provides promotional information to healthcare professionals through its Hospital Scientific Sales Representatives to assist them in caring for their patients and promoting the proper use of its medicinal products. This activity is monitored and managed through a Quality process (Process P33).

A code of ethics has been established. This code of ethics is handed out during visits of the Hospital Scientific Hospital Sales Representatives to healthcare professionals and is available on LFB BIOMEDICAMENTS' website under "Commitments to healthcare professionals". The certification of the promotional information was renewed on **29/08/2018**.

LFB BIOMEDICAMENTS is committed to applying the charter of the LEEM (France's pharmaceutical industry trade association), a charter for information provided by canvassing or prospecting for the promotion of drugs, and its medical sales visits have been certified since 2010.

Supply tensions / stock shortages: The management of tensions / shortages is a process monitored and steered through a quality process (Process A23) set up in 2018.

LFB BIOMEDICAMENTS has implemented Shortage Management Plans for all of the medicinal products in its portfolio.

In addition, dedicated stocks of products are set aside for emergency situations (medical emergencies, attacks or other extremely serious situations such as natural catastrophes) that can be provided 24 hours a day, 7 days a week via a pharmaceutical on-duty system.

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## RESULTS

- **2119: SRT** (Transfusion Network Report)\*

\*SRT = quality report from the plasma supply centres (raw material of LFB's medicinal products)

- **0:** Precautionary measures\* following an SRT

\*precautionary measures = blockage of batches of products

- **0:** Case of counterfeiting
- **67: Claims** concerning LFB medicinal products
- **8: Number of PSURs\*** (Periodic Safety Update Report: issued by the Pharmacovigilance Department) sent to authorities, or about ½ of LFB's products
- **No change:** Change in the Benefit/Risk balance of an LFB medicinal product
- **21: Supply tensions** concerning LFB medicinal products
- **22: Stock shortages** concerning LFB medicinal products
- **42:** Number of **emergency orders**

## KEY PERFORMANCE INDICATORS (KPI)

- **0% batch recalls** of medicinal products among all products sold in 2018
- 

### **Management of issues / Societal commitment to sustainable development**

#### B. Relations with stakeholders

##### **Issue**

In response to the Group's policy and strategy, the Purchasing Department commits to:

- Ensure reliability of purchases from a panel of competent and competitive suppliers,
- Secure the delivery of the group's supplies to ensure the continuity of production,
- Improve administrative, financial and contractual flows,
- Contribute to the control and improvement of the financial performance of LFB,
- Ensure that all purchases (materials and services) are properly authorised, evaluated and accounted for within the appropriate period of time,
- Protect the interests of LFB by maintaining long-term relationships with suppliers and service providers and promoting the external image of LFB,
- Include, defend and promote the Group's "Corporate Social Responsibility" (CSR) values in our relations with suppliers (Responsible Purchasing Charter, Sustainable Development, Ethics, Transparency).

#### **A responsible purchasing policy**

To meet these challenges, the LFB Group develops responsible purchasing and promotes balanced relations with its partners, suppliers and subcontractors. This commitment made by the Purchasing Department is based on the group's Responsible Supplier Relations Charter that was signed on 14 December 2010. It has not been updated since then. The charter defines 10 good practices, from the principle of ethical business to the consideration of environmental issues. Thus, the purchasing process relies on:

- Ethics, fairness, transparency and business loyalty,
- Consideration of social and environmental criteria,
- Development of purchasing from companies in the protected and adapted sector,
- A complete cost approach where possible,
- Purchases favouring local businesses and SMEs,
- Awareness of responsible purchasing.

#### **Measures implemented**

- Maintenance of a reference buyer for responsible purchases.
- Compliance with the French suppliers' payment deadline indicator established for the year 2018 of 53 days following the invoice issue date, with a target of 60 days, in accordance with the French law of 4 August 2008 on modernisation of the economy (LME), defined by Article L441-6 of the French Commercial Code.
- Compliance with another indicator: shares of purchases from SMEs and the adapted and protected sector,

- Evaluation of SMEs and multiannual action plan in the framework of adherence to the SME Pact,
- Sensitisation of the Purchasing Department to the ISO 20400 responsible purchasing standard,
- Continued evaluation of suppliers and subcontractors on the basis of an ISO 26000 questionnaire.

**Other vital and important issues** come into play in the relationship between LFB and Central purchasing of public and private hospitals (CAHPP). LFB responds to the calls for tenders of the CAHPP. One of the criteria of choice is that of sustainable development. LFB replies to an annual questionnaire that monitors its sustainable development criteria. The CAHPP has awarded LFB the A++ label for the last 4 years for its excellent CSR maturity. In 2018, LFB was audited by the CAHPP and obtained the green index.

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## RESULTS

- **€ 234 million**, Group purchases in France in 2018, excluding Plasma and capital expenditure (capex).
- **2468** active suppliers in 2018, 80% of which are French suppliers
- **1** buyer training in Sustainable Procurement Guidance (ISO 20400)
- **A++ label and green index** in the CAHPP (central purchasing of public and private hospitals) audit

## KEY PERFORMANCE INDICATORS (KPI)

- **27%** new suppliers out of 2480 active in 2018

**Indicator on payment terms for suppliers:** (2017: 48 D)

- In 2018, the average payment time was 53 D. The goal was met.
- **2018:** 45 D < LFB < 60 D

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## **Management of issues / Fight against corruption and tax evasion**

### C. Initiatives taken to prevent corruption

#### **Issue**

In compliance with laws and regulations in force, senior management has committed to implement all actions to demonstrate the LFB Group's ethical commitment to patients, healthcare professionals, its employees, partners and shareholder.

In this context, the prevention of corruption is a major commitment for the LFB Group.

### **Policy**

As a drug company, LFB is subject to stringent anti-gift regulations. This means that the LFB Group has procedures and operational measures in place to prevent acts of corruption aimed at healthcare actors in particular.

In accordance with the so-called Sapin 2 French law, the LFB Group has put in place a corruption prevention plan led by the group's compliance department, which reports to senior management.

### **Measures implemented**

This programme relies on the mapping of corruption risks within the LFB Group. It consists of several measures, including an anti-corruption code of conduct and a professional alert system, as well as training of the most exposed managers and employees, in France and internationally.

There is also a LFB Corporate Charter, a good purchasing charter and a general Purchasing / Expenditure procedure that incorporate anti-corruption principles and thus help LFB meet its commitment fight corruption.

Other measures are being developed and will be implemented in 2019 as the LFB Group continues to pursue its approach to prevent corruption.

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## **RESULTS**

- **Creation** of a corruption risks map starting in 2017,
- **Dissemination** by the CEO to all group employees of the Anti-Corruption Code of Conduct, in early 2018.
- **Development** of a professional alert system and opening of an alert line in 2018: [alert-compliance@lfb.fr](mailto:alert-compliance@lfb.fr)
- **Development** of training content and a training schedule, in 2018
- **131** people trained in the prevention of corruption in 2018.

## **KEY PERFORMANCE INDICATORS (KPI)**

### **Training**

- **6.6%** of people trained in the prevention of corruption (number of people trained / total mean workforce in France + Europlasma)
-

## Management of issues / Animal welfare standards

### D. Respect for animal welfare

#### Issue

Pharmacology is the science of drugs: it studies the effects and fate of drugs in the body. Experimental pharmacology is the science that studies the effects of drugs in vitro or in animals.

#### Policy

LFB conducts in vivo pharmacology studies. All studies are based on good animal testing practice and comply with applicable regulations.

#### Measures implemented

Internal procedures describe in vivo pharmacology studies, including the mission and responsibilities of the LPI (In Vivo Pharmacology Laboratory), the procedures for collecting samples in laboratory animals, and the procedure for administration in laboratory animals.

An informational note from the LFB Director of Non-Clinical Studies was drafted distributed to operators to remind them and raise their awareness of the national regulations regarding animal testing, to reiterate LFB's commitment to comply with animal welfare standards.

Any authorisation of an experimental project by the ministry is subject to the validity of the approval of the user establishment.

LFB does not have a separate animal housing unit and conducts its studies in an animal housing unit approved following an audit verifying that LFB follows good animal testing practices.

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## RESULTS

#### Development:

- **3** good practice procedures for in vivo pharmacology studies are still in effect in the year.
- **1** informational note and a reminder of the national regulations regarding animal testing.

## KEY PERFORMANCE INDICATORS (KPI)

- **-51%**: animal pharmacology studies conducted by LFB in 2018 compared to 2017.
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## **4. CONCLUSION AND PERSPECTIVES**

### **4.1. OUR RESULTS**

#### **RECOGNISED VALUES**

Several audits and evaluations have already praised our CSR performance:

- the CAHPP CSR audit granted the “Exemplary” Green Index level of compliance to LFB, as well as,
- the A++ label that has been renewed for 3 straight years.
- The AFNOR e.Engage CSR assessment granted the equivalent level of “Confirmed”.

These results encourage the LFB Group to pursue its approach of social, societal and environmental responsibility.

Our employees, our future recruits, our customers, our prospects and more broadly all the stakeholders can trust us: LFB wishes, with all its values, to establish itself as a partner of their success and their development.

 <b>CAHPP</b> Conseil et Référencement	RAPPORT D'AUDIT DE CONFORMITE	 <b>LFB</b> L'ENGAGEMENT ÉTHIQUE
But	Vérifier la conformité de l'Indice Vert obtenu par CAHPP	
Type audit	Audit de conformité	
Domaine à auditer	Société LFB BIOMEDICAMENTS et la conformité au déclaratif porté dans l'indice Vert	
Date de la visite d'audit	29 mai 2018	
Auditeur(s)	Cathy BOU, Emilie Baude	
Audité(s)	Liste personnes auditées et agenda page 5 de ce document	
Référentiel documentaire	Indice Vert et référentiel exemplarité	
Nom du service/processus/autre audité	Société LFB BIOMEDICAMENTS	
Conclusion de l'audit	<p>Aucune non-conformité n'est constatée, des points forts notables et des axes d'amélioration au-delà de l'Indice Vert pour tendre vers l'exemplarité</p> <p>Note obtenue : 94 %          Niveau : <b>exemplarité</b></p> <p>L'audit valide la conformité à l'Indice Vert obtenu en 2017 de 87.1 % avec un niveau A++</p> <div style="text-align: center;"> <p><b>A++</b> 2017</p> <p><b>CONFORME</b></p> </div>	
Date du rapport	22 juin 2018	Signature du responsable de l'audit



## A RESPONSIBLE FUTURE

**The LFB Group is carrying out its strategic transformation project and is preparing for future growth.**

LFB sees the sharing of values it promotes as the foundation for improving its performance and achieving its goals:

- Priority on industrial activities to support growth of the market.

An industrial investment plan in France to build a new plant in Arras has been implemented. These investments will enable LFB to increase its production capacity to achieve international growth and offer its medicinal products to patients. LFB plans to create 250 jobs by 2024.

- Refocusing its activities on its core business, plasma-derived or recombinant medicinal products.

Our goal is to accelerate the development of LFB in the coming years, in order to continue fulfilling our mission: to offer life-saving medicinal products for patients suffering from serious and often rare pathologies.

- Consolidation of LFB's leadership in France and selective international development.

In France, consolidating LFB's leadership will involve reclaiming market share and customers and maximising the potential of its existing drug portfolio.

This ambition will be based in particular on maintaining a solid commercial presence, focusing on priority products and customers.

Internationally, LFB follows a selective strategy by focusing on certain markets with its key medicines.

In a process of continuous improvement of its CSR performance and in order to share its momentum with all those who trust it, the LFB Group will step up its actions in the years to come.

These results validate its approach to societal responsibility.