

## APPENDIX 2



# NON-FINANCIAL PERFORMANCE STATEMENT



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## INTRODUCTION

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The regulatory framework for reporting on corporate social and environmental commitments has been further simplified, rationalised and harmonised. The 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 previous 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”).

## 1. LFB'S BUSINESS MODEL

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LFB, an international biopharmaceutical group, develops, manufactures and commercialises plasma-derived medicinal products and recombinant proteins for patients with serious and often rare diseases in the fields of haemostasis disorders, immunology and intensive care.

Drawing on its firm base of strong values revolving around Entrepreneurship, Exemplarity, Stringency, a Team spirit and Integrity, LFB is fully committed with its employees to carrying out its public health mission for patients.

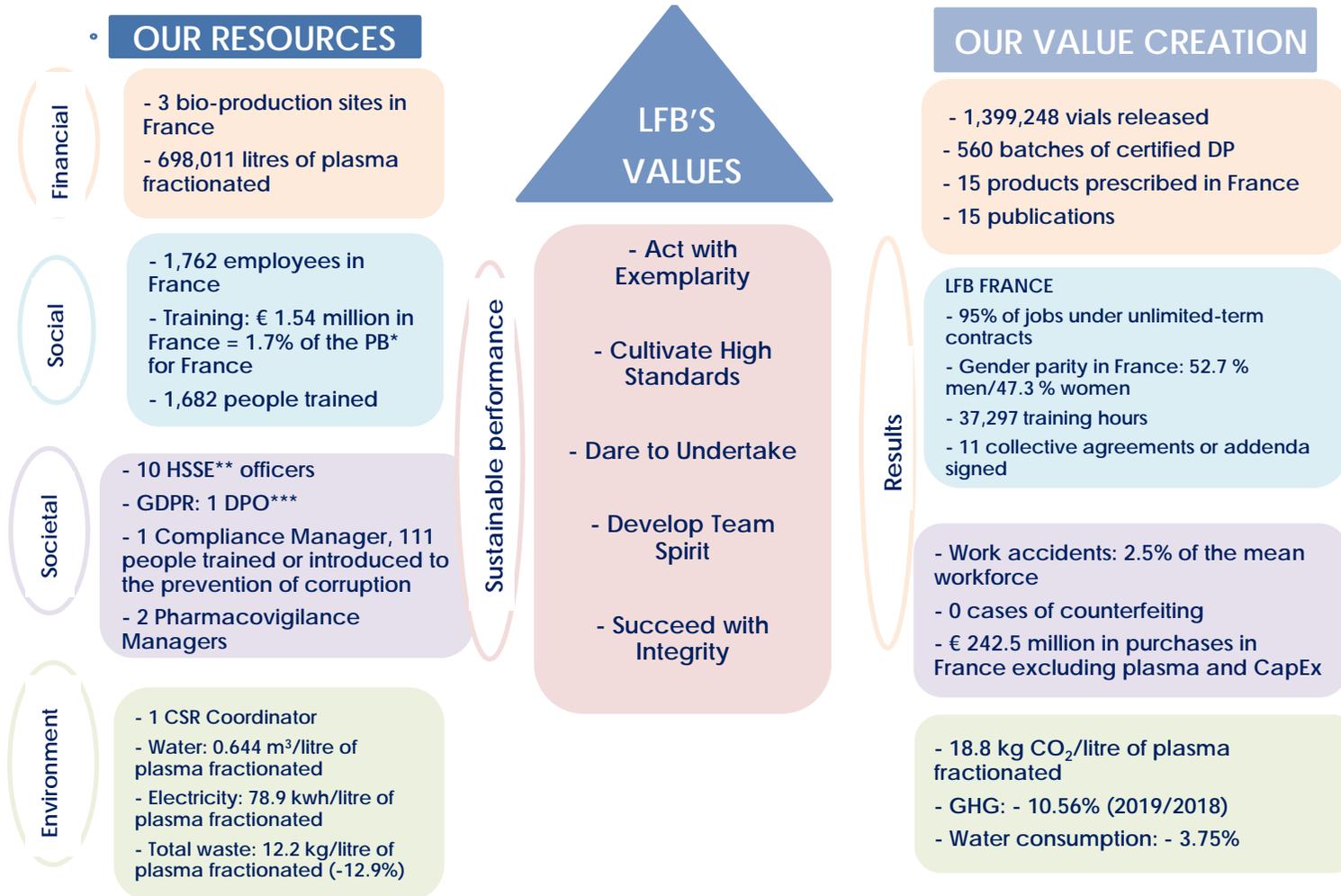
LFB advocates a socially-responsible and environmentally-friendly business model, thus ensuring the well-being of its employees and respecting its ethical commitment to both healthcare professionals and patients.

To guarantee the success of this mission over the long term, improve its performance and develop its know-how, LFB implemented a new strategy in February 2019 to refocus its activities on its core business. This new plan of action, supported by all of the company's employees, translates into concrete objectives:

- o To build a new organisation structured to roll out the new strategy, while still respecting the values of LFB.
- o To give priority to industrial affairs, and thus address the injunctions handed down by the ANSM (French National Agency for Medicines and Health Products Safety) concerning several of LFB's industrial sites. These injunctions were lifted in November 2019. Among the industrial priorities, the construction of the new Arras factory continues to progress, on time and on budget.
- o To refocus the company's activities on its core business, plasma-derived medicinal products and recombinant proteins.
- o To strengthen our leadership in France and target international development on certain countries (United States, Germany, United Kingdom, Spain, Italy, Belgium, Mexico and Turkey).

LFB's new business model and ongoing transformation have improved both its economic and environmental performance.

Thanks to its adaptability and innovation, LFB continues to pursue its ambitious mission every day: to develop, manufacture and commercialise essential medicinal products from high-quality plasma. LFB is therefore a key player for healthcare professionals and patients alike.



\*PB: Payroll budget

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

\*\*\*DPO: Data Protection Officer

## 2. CSR RISKS

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### 2.1. OUR PROTOCOL

#### A multidisciplinary approach

In 2018, LFB identified a number of sustainable development challenges in connection with its new strategy, the company's priorities and the expectations of its stakeholders. In 2019, a CSR working group was formed to review the challenges selected in 2018. New risks have been validated and updated with respect to those analysed the previous year.

To date, the company has thus defined the 16 most important CSR topics in terms of its activities:

1. Prevent and reduce absenteeism (challenge) - Absenteeism has negative operational and financial impacts (risk)
2. Maintain a suitable staff development and remuneration policy (challenge) - Loss of company attractiveness (risk)
3. Guarantee an equal distribution of the workforce by gender and age (challenge) - Increased discrimination and loss of knowledge transmission (integration of young people and tutoring) (risk)
4. Guarantee the adequacy between the skills of employees and the expectations of their profession (challenge) - Mismatch between business needs and employee skills (risk)
5. Increase attractiveness to recruit talent (challenge) - Loss of attractiveness has negative operational and financial impacts (risk)
6. Guarantee health and safe working conditions (challenge) - Failure to comply with regulations would lead to a negative image for the company (risk)
7. Assess existing collective agreements (challenge) - Reduced social dialogue entails a risk of social movements (risk)
8. Control water consumption (challenge) - Risk of business disruption and impact on the environment (risk)
9. Define measures to prevent, recycle and eliminate waste - Development of a negative image for the company, increased spending and impact on the environment (risk)
10. Evaluate the measures taken to promote consumer health and safety (challenge) - Risk of non-renewal of products on the market (Marketing Authorisation) (risk)
11. Foster initiatives to reduce greenhouse gas emissions (challenge) - Development of a negative image for the company and risk of pollution (risk)
12. Manage energy consumption generated by the company's activities (challenge) - Risk of business disruption and impact on the environment (risk)
13. Take social challenges into account in the purchasing policy (towards subcontractors and suppliers) (challenge) - Financial health risks in connection with agreements and partnerships (risk)
14. Safeguard conditions that promote dialogue with people or organisations concerned by the company's activities Sustain partnerships or sponsorship initiatives (challenge) - Significant risk vis-à-vis the shareholder and partnership agreements (risk)
15. Prevent and combat corruption (challenge) - Ethical and compliance risk (risk)
16. Animal pharmacology studies in connection with the issue of animal welfare are not covered for the 2019 financial year. These studies were suspended due to the refocusing of activities that involved part of LFB's teams, particularly in France.

## 2.2. OUR KEY CHALLENGES AND OBJECTIVES TO REDUCE THEM

The main challenges identified in these areas are presented below.

### Social domain

- A. Total workforce and breakdown of employees by sex, age and geographical area
- B. Wages and wage trends
- C. Absenteeism
- D. Organisation of social dialogue, including procedures for informing and consulting staff and negotiating with them
- E. Evaluation of collective agreements, particularly regarding health and safety at work
- F. The policies implemented in terms of training, and the adequacy between the skills of employees and the expectations of their jobs

### Environmental domain

- A. Water consumption and water supplies according to local constraints
- B. Waste prevention, recycling and elimination 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

### 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 - Sustain partnership or sponsorship initiatives
- C. Consideration of the social and environmental responsibility of suppliers and subcontractors in relations with them

### Fight against corruption and tax evasion

- A. Initiatives taken to prevent corruption

### 2.3. MANDATORY CHALLENGES NOT ADDRESSED

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 three regulatory greenhouse gas emissions assessments of LFB'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 medicinal products, reuse part of its non-hazardous waste, recycle the used diluted alcohol as a by-product or send it out for regeneration. 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 LFB's main 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 LFB Group's main activities are not concerned by this societal commitment.

C. Initiatives 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 challenge is addressed by the social initiatives 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 challenge was not identified as major by the internal stakeholders, not all the social initiatives implemented are described in the statement.

## 3 SOCIAL DOMAIN

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### Employment

#### 3.1. TOTAL WORKFORCE AND BREAKDOWN OF EMPLOYEES BY SEX, AGE AND SUBSIDIARY

##### Challenge

###### LFB France

Workforce management is of course essential for the company. It must control the workforce distribution and its evolution over time. This is not only a legal obligation, and management of this overall performance is also an indicator of LFB's attractiveness.

###### Europlasma Subsidiary

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

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

##### Policy

###### LFB France

The social policy towards employees is a key challenge for the company's performance and sustainability. By way of example, LFB is committed to the integration of young people through work/study alternation (apprenticeship and professional training) and retaining seniors in the workforce.

###### Europlasma Subsidiary

The social policy of Europlasma has allowed for the retention of seniors 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:

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

An agreement on professional equality between men and women was signed in 2018 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:

- o **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.
- o 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.

Furthermore, recruitment under **work-study contracts** follows an extremely rigorous process and criteria:

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

#### Europlasma Subsidiary

At the Europlasma subsidiary (particularly in Austria), the staff is employed under either permanent or temporary contracts. Permanent employees are deemed confirmed after a period of 1 month (trial period of 1 month): either party can leave or request departure without notice, then the final contract comes into force after the trial period. 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 scheduling flexibility for the employee is marginal and is not the norm. This adaptable scheduling (especially in terms of working hours) helps retain these employees on the job.

## **RESULTS**

### LFB France

#### REGISTERED WORKFORCE ON 31/12/2019

	MEN				WOMEN				Total per company	Reminder of 2018	Difference between 2018 and 2019 (%)
	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	6	0	0	6	5	0	0	5	11	10	10.0%
LFB Biomédicaments SA	783	21	17	821	655	29	15	699	1 520	1 451	4.8%
LFB Biotechnologies SAS	70	1	0	71	104	2	0	106	177	232	-23.7%
LFB Biomanufacturing SASU	27	2	1	30	24	0	0	24	54	54	0.0%
CELLforCURE SASU										90	
<b>TOTAL France</b>	<b>886</b>	<b>24</b>	<b>18</b>	<b>928</b>	<b>788</b>	<b>31</b>	<b>15</b>	<b>834</b>	<b>1 762</b>	<b>1 837</b>	<b>0,9%</b>
EUROPLASMA SUBSIDIARIES	45	1	2	48	197	27	1	225	273	283	-3,5%
<b>TOTAL L.F.B. GROUP, excl. USA</b>	<b>931</b>	<b>25</b>	<b>20</b>	<b>976</b>	<b>985</b>	<b>58</b>	<b>16</b>	<b>1 059</b>	<b>2 035</b>	<b>2 120</b>	<b>-4,00%</b>

*Note: employees removed as of 31/12/2019 are counted, as are individuals under suspended contracts (parental leave, sabbatical leave, ...)*

- o Employment: **268 arrivals**, under all contracts in France, **164 departures** from unlimited-term contracts in 2019 (excluding transfers and contract suspensions), France scope.
- o **33** new work/study contracts for the 2018/2019 school year as of 31/12/2018, France scope only.
- o **1.99%** work-study contracts / mean workforce (**1,661**) in 2019, France scope only.

**Indicator of Mean age within workforce on 31/12/2019**

Mean age	- 25 years	25-34 years	35-44 years	45-54 years	55-59 years	+ 60 years	Total
LFB France	<b>Men</b>						
	39	204	289	241	107	48	<b>928</b>
LFB France	<b>Women</b>						
	35	190	226	260	88	35	<b>834</b>
Europlasma Subsidiary	<b>Men</b>						
	5	17	12	10	1	3	<b>48</b>
Europlasma Subsidiary	<b>Women</b>						
	5	62	73	66	17	2	<b>225</b>
<b>Total</b>	<b>84</b>	<b>473</b>	<b>600</b>	<b>577</b>	<b>213</b>	<b>88</b>	<b>2 035</b>

**Indicator of Mean period of employment of registered workforce on 31/12/2019**

Time with company	- 2 years	2-5 years	6-10 years	11-20 years	21-30 years	+ 30 years	Total
LFB France	<b>Men</b>						
	178	196	123	228	104	99	<b>928</b>
LFB France	<b>Women</b>						
	139	194	91	234	83	93	<b>834</b>
Europlasma Subsidiary	<b>Men</b>						
	19	6	19	2	2	0	<b>48</b>
Europlasma Subsidiary	<b>Women</b>						
	50	54	82	36	3	0	<b>225</b>
<b>Total</b>	<b>386</b>	<b>450</b>	<b>315</b>	<b>500</b>	<b>192</b>	<b>192</b>	<b>2035</b>

- o The mean age in the Group companies in France was **42.9 years (42.1 years 2018)**.
- o The mean period of employment in the Group companies in France was **12.7 years (12.3 years in 2018)**.

### In France

#### Non-executives / Executives on 31/12/2019

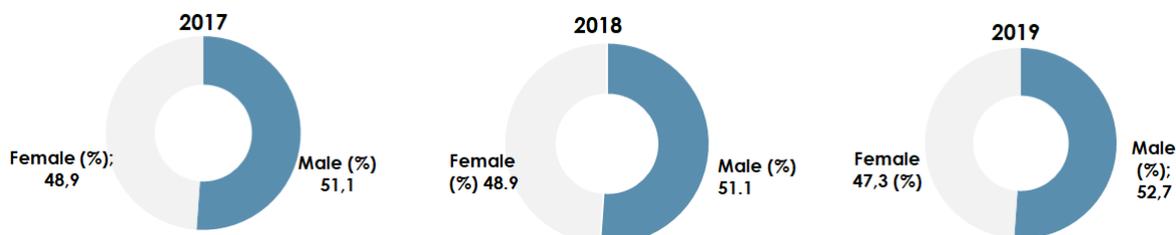
Status	Registered workforce	Breakdown
<b>Non-executives</b>	911	51,70%
<b>Executives</b>	851	48,30%
<b>Total</b>	<b>1762</b>	<b>100%</b>

#### Europlasma Subsidiary

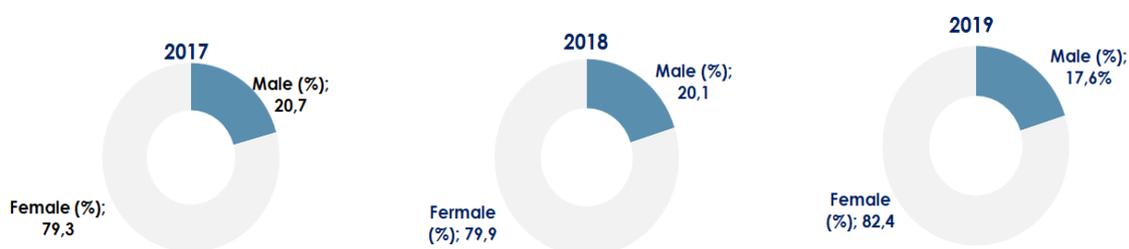
- o The mean age in the Europlasma Austria subsidiary was **42.6 years (40.3 years in 2018)**.
- o The mean age in the Europlasma subsidiary in the Czech Republic was **35 years (35.3 years in 2018)**.
- o The mean period of employment in the Europlasma Austria subsidiary was **6.5 years (5.8 years in 2018)**.
- o The mean period of employment in the Europlasma Czech Republic subsidiary was **3.8 years (4.4 years in 2018)**.

The concept of managers and non-managers does not exist in Austria. This indicator is not monitored. The values of the LFB Group and its commitments in terms of social responsibility testify to its attachment to the principle of professional equality between women and men. Valuing professional equality between women and men is recognising the fundamental challenge of having a mix of talents, which is a factor of social balance and economic efficiency for the company. Taking into account its products, its customers and its positioning on the market, this will ensure LFB's competitiveness in the long term.

### Parity in France



### Parity at the Europlasma subsidiary



## KEY PERFORMANCE INDICATORS (KPIs)

### LFB France

#### Indicator of Turnover Rate - France

	2018	2019
<i>Unlimited-term contract turnover rate France</i>	7,70%	9,90%
<i>Number of arrivals (all contracts) in France</i>	235	268
<i>Number of terminations</i>	17	17

**The Turnover Rate in France** (Number of departures from unlimited-term contracts (excluding transfers and contract suspensions) in year N / Average number of unlimited-term contracts in the year N =  $164/1,661 = 9.9\%$ )

**Parity has been stable** over the last 3 years for the entire France scope and the Europlasma subsidiary

### Europlasma Subsidiary

Europlasma Subsidiary	2019
<b>Mean monthly workforce</b>	273
<b>Total departures under unlimited-term contracts</b>	54
<b>Turnover Rate 2019</b>	19,78%

## 3.2. REMUNERATION

### Challenge

#### LFB France

Without a fair and balanced remuneration policy that takes the realities of the market into account, 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, LFB must consider implementing a relevant HR strategy and a competitive remuneration policy to increase its attractiveness.

#### Europlasma Subsidiary

The legal rules specific to each country are followed.

Regarding remuneration:

- wage policy in the Czech Republic is indexed to local inflation.
- while 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. In 2019, an agreement following mandatory annual negotiations was signed with all the trade union organisations, as well as an addendum to the time savings account agreement and an addendum to the Collective Retirement Savings Plan (PERCO) agreement.

The remuneration data relate to the annual gross payroll and include both fixed elements (base salary, seniority bonus, etc.) and variable elements (variable pay of executives, overtime, job bonus, etc.).

#### Europlasma Subsidiary

- Workplace organisation in Austria: weekly working hours vary widely from 7 to 40 hours (10 hours, 12 hours, 17 hours, 20 hours, 21 hours, etc.).
- Workplace organisation 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).

### Measure implemented

#### LFB France

In accordance with the provisions of the French Labour Code relating to annual negotiations in the company, the trade union organisations and senior management met 3 times on 10/12/2018 and on 11 and 24/01/2019.

Signing of the 2019 agreement on mandatory annual negotiations concerning mainly:

- Wage increase
- General increase of 0.5%
- Individual increase of 0.5%
  
- Merit bonus for groups 1 to 6
- Merit bonus for groups 7 and +.

- o Continuation of the group savings plan. Collective Retirement Savings Plan (PERCO): definition of the level of contribution for 2019. Renewal of the matching principle for the 2018 Collective Retirement Savings Plan. The level of contribution was revised upward for the year 2019.
- o Re-evaluation of the LEEM conventional minima: LFB will apply a reassessed rate to the internal grid of LFB minima as negotiated and implemented in 2018 and based on the “professional minimum wages” of addendum I of the national collective agreement of the pharmaceutical industry.
- o Variable pay elements - 2X8 bonus: the monthly team premium for 2X8 hourly employees as described in article 3 of the agreement on variable pay elements signed on 18/01/2016 was increased by a gross amount of € 10 (from € 115 to € 125).
- o Exceptional tax-exempt “purchasing power” bonus: The bonus is a fixed amount of € 150 and is exempt from social security contributions and income tax. It does not replace any of the pay elements or bonuses provided for in this pay agreement, the employment contract or customary practice in force in the company (full-time base salary in December 2018 \* 12 months < 1.5 annual minimum wage (€ 26,972.64)) and paid by 31 March 2019 at the latest.

#### Europlasma Subsidiary

In Austria, the 2019 increase follows the collective agreement. Some employees (for example doctors, centre directors, various other national directors) received an average increase above the average.

## **RESULTS**

In 2019, individual merit-based increases were granted in addition to promotions and adjustments.

## **KEY PERFORMANCE INDICATOR (KPI)**

#### LFB France

	2018	2019
<b>Annual increases</b>	<b>1%</b>	<b>1%</b>

#### Europlasma Subsidiary

Austria: Annual increase between **2.5% and 3%** depending on the collective agreement

Czech Republic: Annual increase of **8%**

### 3.3. ABSENTEEISM - ORGANISATION OF SOCIAL DIALOGUE - REVIEW OF COLLECTIVE AGREEMENTS

#### Challenge

##### LFB France: Social dialogue

As part of its efforts to balance the expectations of its employees with pharmaceutical, regulatory and industrial constraints, LFB strives to maintain good social dialogue.

Despite a challenging financial situation since 2018, senior management remained focused on preserving good social relations within the group. Respect for and attentiveness to employees and their representatives have always fostered a constructive climate. LFB was thus able to preserve the trust of its employees by establishing transparent social dialogue.

##### LFB France: Absenteeism

In the context of a strategic realignment, the absenteeism rate varied slightly compared to the previous year.

LFB promotes the health and safety of its employees as well as good quality of life at work, which helps to limit absenteeism.

##### Europlasma Subsidiary

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

##### Europlasma Subsidiary: Social dialogue

- o 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 employees. 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.
- o Collective bargaining in the Czech Republic: In the Czech Republic, around 40% of employees are covered by collective bargaining, mainly through company negotiations.

##### Europlasma Subsidiary: Absenteeism

- o 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.

#### Policy

##### LFB France: Social dialogue

LFB always favours more direct dialogue at all group sites and this desire is supported by a coherent and dynamic social policy with 11 social agreements signed in 2019 (cf. results section).

##### LFB France: Absenteeism

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 and reduction of absenteeism.

Europlasma Subsidiary: Social dialogue

- o Workplace organisation in Austria: working hours evolve to a certain extent with the seasonal needs of activities in each centre. The legal reference time is 40 hours per week.
- o Workplace organisation in the Czech Republic: 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.
- o 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.

Europlasma Subsidiary: Absenteeism

- o Prevention and reduction of absenteeism in Austria: There is no specific reporting, but **4,050 days** of sick leave (short, long including for a sick child and maternity leave) and **1 work accident with lost time** were counted.  
The mean number of theoretical days of absence was calculated from the number of employees in Austrian centres multiplied by the mean number of theoretical days of work per employee (197 X 3.83 X 52 = 39,235 days)
- o Prevention and reduction of absenteeism in the Czech Republic: There is no specific reporting, but **3,184.5 days** of sick leave (short, long including for a sick child and maternity leave) and **0 work accidents with lost time** were counted.

**Measures implemented**

LFB France

- o Effective presence of staff representation bodies.
- o Implementation of a new organisation in line with the refocusing of the portfolio of activities, which was accompanied in particular by the negotiation of a collective mutual termination plan. The new organisation was the result of a strategic review spanning several months.
- o It is within this framework of transparent social dialogue that staff representatives were informed of the launch of negotiations in France leading to a majority agreement on the collective mutual termination plan. 118 positions were affected, 84 volunteers were part of a concerted and socially responsible system based on supporting these employees to carry out their professional and personal projects (early retirement, business creation, long-term training, acceptance of an external position under an unlimited-term or fixed-term contract of more than 6 months, job search, etc.) and the remaining people were shifted within the company to open positions.

**Economic and Social Unit (ESU), LFB France**

- o From 01/01/2019 to 05/11/2019, social relations were organised as follows:  
  
One Works Council for Lille Arras Carvin Eurasanté (Hauts de France) and one WC for Les Ulis/Ales + SD (Staff Delegate) within each scope + HSWCC (Health, Safety and Working Conditions Committee) for each of the two scopes + One CWC (Central Works Council) ESU + a group committee.
- o After the professional elections on 06/11/2019:

One site SEC (Social and Economic Committee) for each scope (Hauts de France and Les Ulis/Alès) with a site HSWCC + central SEC with a central HSWCC + group committee.

Dissemination of the **corporate vision** following the "**Culture Week**". This work was very important because it served as a reference for the implementation and preservation of LFB's "**Values**". 4 priorities have been set in the action plan for the initiatives to be carried out: Develop multidisciplinary, Create internal communication, Improve working conditions and conviviality on the job, Give meaning.

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. In 2017, 84 days were collected and 78 days were donated in 2018. In 2019, 12 days were collected and 0 days were given.

- o The Disability mission: a bonus of € 700 or a Universal Employment Services Cheque (CESU) check for € 1000 was paid out for people declaring themselves to be RQTH (Recognition as a Disabled Worker). LFB counts: **107 RQTH beneficiaries but only 99 eligible for the bonus/CESU check**.
- o Prevention of psychosocial risks **by providing LFB employees with an employee listening and support platform** (Pros-consulte) and training for managers in the prevention of psychosocial risks.
- o With more than 350 professions within the group, **internal mobility** is a source of fulfilment, performance and commitment.
- o LFB actively monitors its resource needs, and in particular **has implemented Provisional Management of Jobs and Skills**, for increased consistency and overall transparency.

## **RESULTS**

### LFB France

- o LFB has signed **11 structuring collective agreements** for social relations:
  1. Mandatory annual negotiations, collective retirement savings plan (PERCO) contribution,
  2. Agreement on variable wage components,
  3. Agreement on vacation,
  4. addendum to the Agreement establishing a Group Committee,
  5. addendum to the Economic and Social Unit (ESU) agreement,
  6. Agreement on collective mutual terminations,
  7. Agreement on electronic voting,
  8. addendum to the time savings account agreement,
  9. Pre-electoral Agreement Protocol,
  10. Agreement on operation of the SEC (Social and Economic Committee),
  11. Agreement on functioning of Staff Reps

- o 100% coverage for employee representative bodies in France
- o **81 category changes:** social agreements and the Quality of Life at Work (QVT) policy promote internal mobility.

LFB France

Status	Trainee	Limited term	Unlimited term	Grand total
No. of group changes	1	0	80	81

Europlasma Subsidiary

Europlasma subsidiary 2019	Internal mobility with change of category*
Austria	4
Czech Republic	0
<b>Total for Europlasma subsidiary</b>	<b>4</b>

\* Internal mobility upward

- o Change in the number of salary agreements signed in 2019 compared to 2018: **doubling of the agreements and addenda signed in 2019**. This variation is related to intense social activity in 2019 due to the collective mutual termination plan.

## KEY PERFORMANCE INDICATOR (KPI)

LFB France

- o **4.88%**: Internal mobility rate (81) / mean annual workforce (1,661) X 100

### Indicator for absenteeism rate

	2018	2019
Overall absenteeism rate	4,48%	5,42%
Absenteeism rate not including parenthood	3,7%	4,4%

*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

- o **1.47 %**: Internal mobility rate (4) / mean annual workforce (273) X 100

Europlasma subsidiary 2019	Number of days of absence	Number of theoretical days
Austria	4 050	39 235
Czech Republic	3 185	10 318
<b>Total for Europlasma subsidiary</b>	<b>7 235</b>	<b>49 553</b>
<b>Absenteeism rate</b>		<b>14,60%</b>

The overall absenteeism rate for the Europlasma subsidiary was **10.5%** in 2018.

### 3.4. HEALTH AND SAFETY AT WORK

#### Challenge

Safety at work is one of the essential levers of operational performance.

#### Policy

LFB is committed to a proactive approach to continuous improvement in the management of professional risks and the culture of prevention. This approach aims to protect the health and safety of the Group's employees and the staff of external companies working at its sites, and to ensure security during its projects by implementing formal processes.

#### Measures implemented

The Group's 2019 **safety objectives** were determined based on the nature of the Group's activities, the hours worked and the 2018 results. Managers are the first to be concerned and must ensure that safety rules are followed within their teams.

LFB is committed to creating the climate of confidence and transparency necessary for detecting and reporting dangerous situations and weak signals. The safety objectives are defined each year for the Group as a whole. They serve as a reference towards which the operational entities must strive and that must be instilled in their teams.

#### LFB France

In 2019, **42** accidents with lost time were recorded, for a target limit of **19**.

	LFB France	ALES	ARRAS	LILLE	LES ULIS	BIOMED	BIOTECH	BIOMAN
AWS	42 (19*)	2 (1*)	0 (0*)	29 (10*)	11 (8*)	40 (17*)	0 (1*)	2 (1*)
AWOS	14 (17*)	0 (1*)	0 (1*)	8 (7*)	6 (8*)	7 (14*)	0 (2*)	0 (1*)
FR1	13.1 (5.5*)	19,7	0	22,7	6,2	14,8	0	19,7
FR2	17.5 (10.3*)	19,7	0	28,9	9,6	19,7	0	19,7
AWS EC	6 (9*)	0	1	4	1	6	0	0
AWS TR	9 (6*)	0	0	2	7			

\*Objectives for the year

The increase in number of accidents with lost time is mainly attributable to the Lille site. In comparison, the Arras site under construction had excellent performance. The frequency rate (FR) and severity rate (SR) 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.

**AWS TR** (goal ≤ 6): Accident of LFB employee with lost time during commute  
**AWS** (goal ≤ 27): Accident of LFB employee with lost time  
**AWS EC** (goal ≤ 9): Accident with work cession external company (including temporary).  
**AWOS**: Accidents without lost time

**FR1/2**: Frequency 1 or 2 (over 12 rolling months)  
**FR1**: Number of accidents with lost time per million hours worked  
**FR2**: No. of acc. with and without lost time per million hours worked  
**SR**: Severity Rate

Europlasma Subsidiary

- 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.

**KEY PERFORMANCE INDICATOR (KPI)**

**Work incident indicator (accidents or work stoppages)**

**Safety performance for LFB France**

- FR1/2: Frequency 1 or 2 over 12 rolling months
- **FR1 = 12.9 (≤5.5 : 2019 target) - (6.3 in 2018)**
- **FR2 = 17.2 (≤ 10.3 : 2019 target) - (11.2 in 2018)**
- SR: Severity Rate
- **SR = 0.36 (≤ 0.2), 1,182 days lost - (0.1 in 2018)**
- **2.5% of work accidents** among the average workforce (42/1,661)

Europlasma Subsidiary

**Work incident indicator (accidents or work stoppages)**

Europlasma Subsidiary	2019	2018
<b>Austria</b>	<b>1</b>	<b>1</b>
<b>Czech Republic</b>	<b>0</b>	<b>1</b>

## 3.5. TRAINING

### Challenge

#### LFB France

One of LFB's key challenges 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.

With regard to the risk factors identified in the management report, the regulatory risks and the Group's pharmaceutical activity (linked to the risks of non-renewal or withdrawal of the authorisations necessary for the Group's activities), the CSR challenge of Training for the adequacy between the skills of employees and their professions is essential. It has made it possible to secure the accreditations of employees and the development of trades vis-à-vis the regulatory deadline imposed by the ANSM.

#### Europlasma Subsidiary

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

### Policy

#### LFB France

To ensure this adequacy, a large part of the training in 2019 focused on compulsory training and training for accreditation, to build a strong managerial culture, to support the development of expertise within the framework of the collective mutual termination plan, and to continue the development of E-learning. These efforts have made it possible to actively participate in the successful lifting of the main regulatory obligation.

The financial investment in training was quantitatively roughly identical to that in the previous year and qualitatively targeted to specific staff in the France Operations Departments and Industrial Department.

#### Europlasma Subsidiary

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

### Measures implemented

#### LFB France

- **Mandatory training and training for accreditation**
  - HSSE / EEI linked to activities requiring accreditation.
  - Business expert - Process mapping - workstations - associated training.
- **Build a strong managerial culture**
  - Appropriation of values and associated behaviours.
  - Manager during a period of uncertainty / collective mutual termination plan
  - Develop a managerial culture for the industrial division.
- **Support job changes** within the framework of the collective mutual termination plan
- **Continue the development of E-learning**
  - Establish a common Group Formavisa platform and continue to create new online supports.
- **A 2019 training plan based on the 2019 objectives and a multidisciplinary objective:**  
"Foster and Support a change of culture within your teams".



#### For the France Operations Department

- o Support teams in the new organisation and in starting their new position.
- o Training for area expertise (Training on Public Markets, Training for hospital sales representatives ...).
- o **73** training sessions and **206** employees trained.

#### For the Industrial Department

- o Close and lift the injunction: Lifting of the injunction in December 2019. Training provided to operators within the industrial department (specific area expertise training) was refresher training and thus helped lift the injunction (adequacy between training and jobs).
- o Irreproachable production quality with a robust quality assurance system (GMP / HSSE training).
- o GMP training: **7** training modules: **1000** employees trained in **3 months**.
- o **43** training courses linked to industrial activities and the renewal of accreditations.

#### Managerial priorities

- o Initiation to the establishment of a managerial culture for the industrial / quality divisions: **150** managers and **75** training sessions.
- o Managerial culture: **A training day** for all managers on the company's new values.

#### Relaunch of a talent identification process with personalised action plan

- o Comparison of the candidate's level of performance and level of potential in evaluation sessions with his/her manager as well as people reviews. Talent mapping only concerns executives.

#### 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.

## RESULTS

### LFB France

- o **€ 1.54 million** in total training investments, i.e. **1.7%** of the payroll (**€ 1.7 million in 2018**)
- o **37,297** hours of training during the year in France (**37,378 hours in 2018**)
- o **1,682 employees trained at least once (unlimited-term contracts - fixed-term contracts - work/study contracts) (1,769 in 2018)**

### Europlasma Subsidiary

- o **182 people** trained in Austria, for **56.17 hours** of training (**186 in 2018**)
- o **72 people** trained in the Czech Republic, for **16.50 hours** of training (**61 in 2018**)
- o 254 people trained for Europlasma, corresponding to **72.67 hours** of training.

## KEY PERFORMANCE INDICATOR (KPI)

### LFB France

- o **79.9%**: rate of employees trained at least once / staff who worked for LFB during the year (Total workforce at 31/12/2018 + arrivals under all contracts in 2019):  $(1,682 / 2,105) \times 100$ .

### Europlasma Subsidiary

- o **93.04%**: Number of employees trained (254) / Workforce in 2019 (273)

## 4. ENVIRONMENTAL DOMAIN

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### Sustainable use of resources

This challenge for the sustainable use of resources is related to the section of the management report on industrial, professional and environmental risks.

### 4.1. WATER CONSUMPTION

#### Challenge

Water is a natural and abundant resource for life and the company's mode of production. Global warming has an undeniable impact on the water cycle. Awareness in every country and every home would already be a first step to better protect our water and survival.

Water is mainly used by LFB for its production needs. LFB's sites use only tap water. The total water consumption described in the NFPS concerns only the production buildings in France (excluding the site of the new Arras plant, the former premises of the CellForCure laboratories sold in 2019, the Eurasanté laboratories, the water consumed in the tertiary building rented in Les Ulis).

#### Policy

The environmental policy of LFB 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 its 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 increased in 2019 in the volume of plasma fractionated and the number of batches released, water consumption was under control and decreased overall.

- o The main action of LFB is to guarantee that all used water discharged does not contain any molecule that is harmful for the environment (e.g. endocrine disruptor).
- o Reduction of water consumption in Les Ulis. Water consumption is only linked to production at the site, occasional increases in the year are linked to qualifications, disinfection and rinsing of the water loops during the Technical Shutdown. The decrease in water consumption at the Les Ulis site can be explained by the optimisation of telemetric collection of consumption reports, targeted use of water for processes, an internal distribution network maintained at an optimal level without leakage, training of operational staff in good manufacturing practices and monitoring of quality procedures and increased awareness of energy savings.

- o Increase in water consumption at the Lille site: it is used at all stages of the plant, from conventional use (lavatories, restaurant), to production (cleaning) and utilities (ACTs: Air-Cooling Towers), production of pure steam, maintenance of the WFI loops, chilled water and cooling water for maintenance of the WFI loops. Cleaning in place (CIP) requires large quantities of water and it is not easy to modify them because they are regulatory procedures. Many repairs were carried out at this site in 2019. The work was carried out to achieve regulatory compliance with the injunction. In addition, the numerous shortages of products on the French market (ANSM alerts on shortages of our products) also explains the increase in the use of water to raise our stocks urgently.

## RESULTS

### **WATER CONSUMPTION per production site – 31/12/2019**

<i>Volumes expressed in m<sup>3</sup></i>	Year 2019	Year 2018
<b>LFB Group - Scope France</b>		
<b>Les Ulis Site</b>	<b>224 521</b>	274 105
<b>Lille production site*</b>	<b>225 373</b>	192 606
<b>Alès Site</b>	<b>1 744</b>	2 504
<b>TOTAL</b>	<b>451 638</b>	469 215

\* *Water consumption Lille without Eurasanté or Carvin*

## KEY PERFORMANCE INDICATORS (KPIs)

- o – **3.75%**: Change in overall water consumption between 2018 and 2019 in France.
- o **0.645 m<sup>3</sup> of water per litre of plasma fractionated** in 2019 (we only considered water consumed in the manufacture of PDMPs: Plasma-Derived Medicinal Products (i.e. consumption of Les Ulis and Lille, excluding Carvin) compared to **0.787 m<sup>3</sup>** in 2018, i.e. **-18.1%**.

## 4.2. ENERGIES AND GREENHOUSE GAS EMISSIONS

### Sustainable use of resources

Significant areas of greenhouse gas (GHG) emissions caused by the company's activity.

#### Challenge

The challenge for LFB, which uses different types of energy for the development and manufacture of medicinal products, is to control energy consumption and greenhouse gas emissions. This control serves to limit its impact on one of the causes of climate change and thus help protect the environment, and achieve financial savings for the health of men and women.

#### Policy

The policy aimed at controlling energy consumption adapted to the company's activity was defined several years ago, and includes the commitment to monitor greenhouse gas emissions and limit the company's impact on the environment. Regular monitoring of LFB's energy consumption has shown that, with investments (with ROI  $\leq$  3 years) in less energy-consuming and more efficient equipment for processes, the carbon footprint has decreased significantly since 2011 and then stabilised. The aim of this effective policy is to improve the company's many production processes through monitoring and technical maintenance, to carry out a lifecycle analysis of the necessary components (inputs) and to improve waste management through recycling.

#### Measures implemented

Energy consumption is recorded regularly for monitoring and analysis purposes.

- The energies concerned for production, are mainly
  - water, electricity, gas and superheated water.
  - Fuel is not consumed for production, but it is used for the operation of emergency generators.
- Water is mainly 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 (steam) is only used at the Lille site and not produced on site but supplied via Résonord. It is used for the production of hot water between 55 and 75°C, or between 70 and 90°C.

Each year, LFB carries out a carbon assessment to monitor its energy consumption according to its production.

LFB also carries out a regulatory 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 second regulatory energy audit was carried out in 2019 at the Les Ulis and Lille sites. Improvements and possible sources of energy and financial savings were identified. These sources will be prioritised according to their efficiency on the processes and possible rapid financial benefits. These improvement initiatives will be implemented in the course of 2020.

## **RESULTS AND KEY PERFORMANCE INDICATORS (KPIs)**

### **TOTAL ENERGY CONSUMPTION – 31/12/2019**

	<b>Year 2019</b>	<b>Year 2018</b>	<i>Change</i>
<b>LFB Group - France Production scope (Les Ulis, Lille, Carvin, Alès)</b>			
<b>Electricity*</b>	<b>55 044</b>	53 783	<b>2,34%</b>
<b>Gas*</b>	<b>38 424</b>	35 689	<b>7,66%</b>
<b>Hot water for heating (steam)*</b>	<b>9 158</b>	8 985	<b>1,92%</b>
<b>Fuel oil**</b>	<b>4 592</b>	8 020	<b>-42,74%</b>

\* Consumption expressed in MWh

\*\* Consumption expressed in Litres

### **Changes in GHG (Greenhouse Gas) emissions**

Conversion of energy emissions into kg eCO2	Emission factor	Unit	Source: FE	Total scope	Unit	kg eCO2 value 2019	Reminder of Total kg eCO2 2018	Change (%)
<b>Electricity</b>	<b>0,052</b>	kg eCO2/kwh	ADEME (French Environmental and Energy Management Agency)	55 044 050	kwh	2 862 291	3 495 900	<b>-18,12</b>
<b>Gas</b>	<b>0,204</b>	kg eCO2 / kwh GCV	ADEME (French Environmental and Energy Management Agency)	38 424 204	kwh GCV	7 838 538	5 995 826	<b>30,73</b>
<b>Steam</b>	<b>0,286</b>	kg eCO2/kwh	ADEME (French Environmental and Energy Management Agency)	9 157 500	kwh	2 619 045	2 551 808	<b>2,63</b>
<b>Fuel oil</b>	<b>3,251</b>	kg eCO2/litre	ADEME (French Environmental and Energy Management Agency)	4 592	Litres	14 929	21 494	<b>-30,55</b>
<b>Non-Road Diesel*</b>	<b>3,165</b>	kg eCO2/litre	ADEME (French Environmental and Energy Management Agency)	1 245	Litres	3 940	NC	<b>NC</b>
<b>TOTAL (kg eCO2)</b>						<b>13 338 742</b>	<b>12 065 027</b>	<b>10,56</b>

\*Fuel for rented generator (12/07 to 16/07)

During the technical shutdown in the summer of 2019, an additional generator was installed to support the energy supplied to the CRs (Cold Rooms). This generator operates on a fuel different from fuel oil (NRD = Non-Road Diesel).

### 4.3. WASTE MANAGEMENT

#### Sustainable use of resources

##### Waste prevention, recycling and elimination measures

#### Challenge

Due to the nature of its businesses, processes and the values it upholds, LFB has the obligation to deliver *its services in compliance with environmental regulations. This is a crucial challenge for LFB and it does everything possible to act in regulatory compliance, protect the environment and preserve a good reputation.*

#### Policy

Waste management at LFB consists of taking all necessary measures during the design, arrangement and use of its installations to prevent and reduce the production and toxicity of waste.

Part of LFB's waste is used for energy recovery after incineration in approved facilities; the other part is sent for recycling, thus reducing the consumption of raw materials such as wood, metal, paper, cardboard, etc.

LFB is a member 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

- An engineer working at each site monitors waste management activities including collection (in conjunction with a team of dedicated people, e.g. ONET which is a service provider at the Les Ulis site), processing, recording and monitoring in the waste register.
- The waste generated by the activities of LFB 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
- Information on waste flows and sorting provided several times and at several levels:  
Recovery of materials and energy. Sorting at the source.  
At the level of production technicians, managers and laboratory technicians,
- Optimisation of the flows: LFB has continued working to optimise the paper flow, which led it, in particular, to a change of service provider. The objective is to introduce the voluntary carrying of waste to central locations. This system has been operational since November 2018 in the offices of Tower W in La Défense.
- Environmental safety:  
Continued monitoring of analyses of discharges and effluents, with respect to regulatory specifications.  
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).  
PBT (Persistent Bioaccumulative and Toxic) index: The PBT index measures the environmental danger of drug residues. LFB produces medicinal products from living organisms, human proteins which are non-toxic for the environment.

The Les Ulis site is complex, vast and important (with the presence of 2 environmentally-sensitive facilities.

- 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 LFB's classified installations: annual inspections in November 2017, 2018 and November 2019.
- Partnership with local waste treatment providers in Les Ulis with the aim of reducing the distances travelled by the waste transport trucks.

## RESULTS

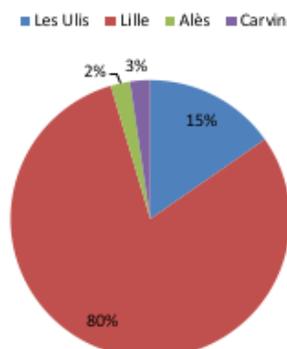
- No formal notice from the DRIEE (Regional and Interdepartmental Directorate for the Environment and Energy)
- 1 instance of regulatory pH threshold (8.5) reached for our industrial effluents (Les Ulis only)
- 1 instance of COD\* threshold exceeded (891 mg/l instead of maximum of 800 mg/l) again in these effluents (Les Ulis only): *Chemical Oxygen Demand of organic and mineral substances of water.*

**1,868.86 T: Total waste** (Hazardous Waste + Non-Hazardous Waste + DASRI)

### Solid hazardous waste

as of 31/12/2019	Year 2019	Year 2018	Change
Les Ulis	30,00	26,05	
Lille	157,28	129,41	
Alès	4,40	3,90	
Carvin	4,58	4,22	
<b>TOTAL</b>	<b>196,26</b>	<b>163,57</b>	<b>+19.98 %</b>

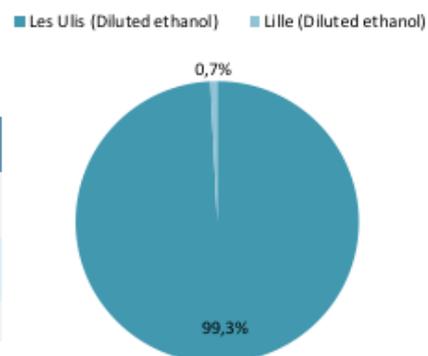
Results expressed in tonnes per site



### Liquid hazardous waste

as of 31/12/2019	Year 2019	Year 2018	Change
Les Ulis (Diluted ethanol)	6 577,00	6 643,33	
Lille (Diluted ethanol)	51,54	70,20	
<b>TOTAL</b>	<b>6 628,54</b>	<b>6 713,53</b>	<b>-1.26 %</b>

Results expressed in tonnes per site

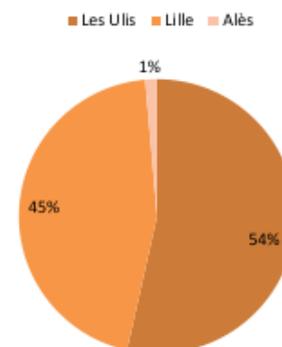


- o 0.7% corresponds to the ratio of diluted ethanol used at the Lille site compared to the diluted ethanol used at the Les Ulis site

### DASRI

as of 31/12/2019	Year 2019	Year 2018	Change
Les Ulis	443,00	415,95	
Lille	373,74	340,40	
Alès	11,44	5,00	
<b>TOTAL</b>	<b>828,18</b>	<b>761,35</b>	<b>+8.77 %</b>

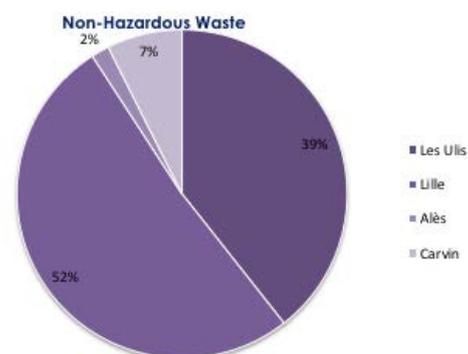
Results expressed in tonnes per site



### Non-Hazardous Waste

as of 31/12/2019	Year 2019		Year 2018	
Les Ulis	333,00	28 T Not reused 305 T reused	273,39	
Lille	434,67	285 T Not reused 149.665 T reused	386,61	253.88 T Not reused 132.73 T reused
Alès	14,92		13,58	
Carvin	62,37	51.42 T reused 10.95 T Not sorted	61,38	50.98 T reused 10.396 T Not sorted
<b>TOTAL</b>	<b>844,96</b>	<b>59.89 % reused</b>	<b>734,96</b>	<b>25% reused</b>

Results expressed in tonnes pe



-The 17.8% increase in plasma fractionated in 2019 involved higher productivity, thereby amplifying the quantity of waste generated by the Group (hazardous, non-hazardous, DASRI) but also its recovery and reuse.

## KEY PERFORMANCE INDICATORS (KPIs)

- o 12.2 kg of total waste generated per litre of plasma fractionated compared to 14 kg in 2018, i.e. - 12.9%.
- o 6 kg of total waste generated per vial of product released (only total waste from Lille and Les Ulis are taken into account)
- o 59.89% of non-hazardous waste recovered in 2019 compared to 25% in 2018

## 4.4. ADAPTATION TO CLIMATE CHANGE

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

#### **Challenge**

Climate change constitutes a new type of risk to manage for companies. Addressing this challenge requires an economically viable and scalable system, limiting the impact on the environment.

Ethanol is the main input for fractionation of the starting material (plasma). Thus, monitoring of ethanol is important on several levels: optimisation of its use, then of its recycling and for the mitigation of VOCs (Volatile Organic Compounds) in effluents.

#### **Policy**

To propose and implement sustainable initiatives 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.
- Modernisation of the messaging system to make live meetings possible from the workstation via Skype.
- All these technological improvements have helped to reduce employee travel since 2017 and to stabilise them in 2018 (-32% for long-distance travel in 2017 carbon footprint, and -35% in 2018 carbon footprint).
- LFB BIOMÉDICAMENTS 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 the near absence of public transportation. 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:

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 working more efficiently toward a clean environment.

- Since 2018, LFB has installed two electric vehicle charging stations in the parking lot of the Les Ulis site for employees who have acquired this type of vehicle. These stations will be put into operation in 2020.
- LFB also monitors the vehicles in its fleet. The number of vehicles has been stable for 3 years. The General Resources department offers employees vehicles that comply with the regulations for g CO2/km emissions, or hybrid vehicles.
- For the Lille and Alès sites, no Company Travel Plan has been set up. 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.
- 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 an institute of higher learning (Sciences Po Lille): 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.

## RESULTS

- **67,479.7 HL** diluted ethanol used, then sent for recycling and regeneration
- **236** truck rotations/year of used diluted ethanol for recycling
- **144** vehicles in LFB's fleet
- **2 electric vehicle charging stations** installed at the Les Ulis site (projected functionality in 2020)
- **-35 %** of long-distance business travel by air (2019 carbon footprint for 2018 activities)

## KEY PERFORMANCE INDICATORS (KPIs)

- **-1.7%** use of diluted ethanol compared to 2018
- The vehicles in LFB's fleet have an **average CO2 emission of 114 g/km** (no change compared to 2018)

## 5. SOCIETAL DOMAIN

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### 5.1. FAIR TRADE PRACTICES

#### Measures to promote consumer health and safety

##### Addressing the challenges

This challenge for fair trade practices is related to the section of the management report dealing with the risks connected with non-renewal or withdrawal of the authorisations necessary for the Group's activities. The same holds true for the section on the risks connected with human biological materials and health.

##### Challenge

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 of LFB BIOMEDICAMENTS' 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 commercialise medicinal products that meet the manufacturing criteria and controls as defined in its marketing authorisations (MA) and in accordance with the requirements of Good Manufacturing and Distribution Practice. 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 regulation on 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:

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.

## RESULTS

- o **2,295: SRT** (Transfusion Network Report) → SRT = quality report from the plasma supply centres (starting material of LFB's medicinal products) - **(2,119 in 2018)**
- o **0:** Precautionary measures\* following SRT → precautionary measures = blockage of batches of products
- o **0:** Counterfeit cases - **(0 in 2018)**
- o **37: Claims** concerning LFB medicinal products - **(67 in 2018)**
- o **8: Number of PSURs\*** (Periodic Safety Update Report: issued by the Pharmacovigilance Department) sent to authorities, or about ½ of LFB's products - **(8 in 2018)**
- o **No change:** Change in the Benefit/Risk balance of an LFB medicinal product
- o **32: Supply tensions** concerning LFB medicinal products - **(21 in 2018)**
- o **20: Stock shortages** concerning LFB's medicinal products - **(22 in 2018)**
- o **64:** Number of **emergency orders** - **(42 in 2018)**

## KEY PERFORMANCE INDICATORS (KPIs)

- o **1 batch recall** among all medicinal products sold in 2019 **compared to 0** in 2018
- o **91.6%** dissemination rate of the recall message, with **63% return** of the units distributed (packaging error). This is a good result given that the 37% of products not returned (because used) had no consequences on the health of consumers.

## 5.2. CONDITIONS OF DIALOGUE WITH EXTERNAL STAKEHOLDERS

### Addressing the challenges

This challenge for commitments to promote conditions for dialogue with external stakeholders is connected with the section in the management report on the risks linked to the interruption of activities.

### Challenge

LFB is the only French pharmaceutical company specialised in the fractionation of plasma and the production of medicinal products for the treatment of serious and often rare diseases. The important challenge for LFB is to maintain good relations and dialogue with its external stakeholders. This challenge is correlated with the overall risk factors in the management report: risks linked to the non-renewal or withdrawal of the authorisations necessary for the Group's activities, which would have a strong impact on patients' access to the company's medicinal products.

We can also cite the ethical and compliance risks dealt with in the management report. These are non-negligible risk factors that could have significant negative impacts on the Group's reputation and image and lead to penalties.

### Policy

To meet these challenges, the Public Affairs Department within the Corporate Affairs Department maintains balanced relationships with blood donor organisations, patient organisations, public authorities, professional organisations, and scholarly associations among others.

### Measures implemented

Relations with:

#### 1 - Blood donor organisations.

Since its origins, the LFB Group has actively supported blood donor organisations and in particular the French Federation of voluntary blood donors (**FFDSB**), an association recognised as of public utility. The association federates regional blood donor associations in a national organisation, promotes voluntary and unpaid blood donation in partnership with institutional organisations, contributes to blood safety throughout the chain, participates in the recruitment of donors, and volunteers, their loyalty and training of volunteers and finally represents blood donors officially before politicians as well as international bodies. LFB also maintains relationships with other organisations including the **UNDSB** (National Union of Volunteer Donors Associations of the French Post Office and Orange), the **APTSA** (Association for the Promotion of Blood Transfusion in the Armed Forces) and the **ANCDB** (National Association of Railway Workers for Volunteer Donation).

#### 2 - Patient associations.

Plasma-derived medicinal products are used to treat a multitude of acute and chronic, serious and most often rare diseases. The patients affected by these pathologies are grouped mainly within 5 associations: primary immune deficiency (**IRIS**), alpha-1-antitrypsin deficiency (**ADAAT**), peripheral neuropathies (**AFNP**), haemophilia (**AFH**) and multiple myeloma (**AF3M**).

The LFB Group supports patient organisations in their missions: supporting families, promoting diagnosis, representing patients, promoting donation and supporting research.

#### 3 - Public authorities.

Though it has the French government as its shareholder, LFB interacts with administrations and ministerial cabinets on its subjects of interest which require the involvement of public authorities.

#### 4 - Professional organisations.

The LFB Group is a member of four professional organisations (French: LEEM; international: IPFA and PPTA), think tanks (G5 Health in France) as well as within the Ile-de-France Médicen competitiveness cluster.

#### 5 - Scholarly associations.

The LFB Group also maintains relations with healthcare professionals and participates, as a public health player, in improving patient care paths.

## RESULTS

- Creation of two committees bringing together blood donor organisations, patient associations and LFB.
- Support for the action plans of each association.

## KEY PERFORMANCE INDICATOR (KPI)

- LFB's relations with **5 patient associations (same number as in 2018)** (LFB participates in events with these associations: Multiple Myeloma Day, International Rare Disease Day, ...)
- LFB's relations with **4 blood donor organisations (same number as in 2018)** (LFB participates in events with these organisations: National Congress of French Post Office and Orange Blood Donor Associations, Blood Donation Operation for the Armed Forces...).

### 5.3. CONTINUATION OF PARTNERSHIPS AND/OR SPONSORSHIPS

This challenge for partnership initiatives is related to the section of the management report dealing with risks connected with partnership agreements.

#### **Challenge**

LFB contributes to better care for patients with rare and serious chronic diseases through efforts to raise awareness among health professionals and support for therapeutic education projects for patients. One of the important challenges before LFB is to maintain partnership and/or sponsorship relationships with its external stakeholders, despite a difficult financial context.

#### **Policy**

LFB supports the initiatives of blood donor associations to promote blood and plasma donations.

#### **Measures implemented**

The support of LFB is reflected in a financial participation in certain operations carried out by the associations, including the organisation of annual congresses, in accordance with the guide of the EFPIA (European Federation of Pharmaceutical Industries and Associations).

It also participates in combating illness and suffering in hospitalised children thanks to the support of initiatives carried out by Rire Médecin (Doctor's Laugh) in paediatric haematology and immunology units.

The governance of interactions between the LFB Group and organisations of blood donors and patients evolved in 2019 with:

- o The centralising of budgets and action plans within the Public Affairs department,
- o The creation of an internal interaction committee which arbitrates requests for funding from patient associations.
- o The limiting of contacts with blood donor and patient organisations to the Director of Public Affairs, Medical Directors and Scientific and Medical Affairs Department.

Any partnership or sponsorship operation financed by the LFB Group is formalised in a contract which specifies the subject and the amount.

## RESULTS

- **4 donations** to patient organisations
- **4 sponsorship agreements** with patient organisations
- **2 sponsorship agreements** with blood donor organisations.

## KEY PERFORMANCE INDICATOR (KPI)

- **Twice as many** donations to patient associations
- **1 additional initiative compared** to 2018 for sponsorship agreements with patient associations
- **Same number** as in 2018 of agreements with blood donor organisations

	Donations 2019	Donations 2018	Sponsorships 2019	Sponsorships 2018
<b>Patient association</b>				
ADAAT	1		1	1
AF3M			1	1
AFH	1	1	2	
AFNP	1			1
IRIS	1	1		
<b>Sub-total of patient associations</b>	<b>4</b>	<b>2</b>	<b>4</b>	<b>3</b>
<b>Blood donor organisation</b>				
FFDSB			1	1
APTSA			1	1
<b>Sub-total of Blood donor organisations</b>			<b>2</b>	<b>2</b>
<b>Total for the year</b>	<b>4</b>	<b>4</b>	<b>6</b>	<b>5</b>

## 5.4. PURCHASING POLICY

This challenge for consideration of the Purchasing policy is related to the sections of the management report concerning:

- o Risks associated with partnership agreements.
- o Risks related to litigation and disputes.

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

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

### Policy

To meet these challenges, the LFB Group practices 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. The charter defines 10 good practices, from the principle of ethical business to the consideration of environmental issues. Thus, the purchasing process relies on:

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

### Measures implemented

- o Appointment of a reference buyer for responsible purchases.
- o Monitoring of the mean payment time of French suppliers set at **49 days** following the invoice issue date for 2019, with a target of 60 days, in accordance with the French law of 4 August 2008 on modernisation of the economy (LME), as defined by Article L441-6 of the French Commercial Code.
- o Evaluation of SMEs and multiannual action plan in the framework of adherence to the SME Pact,
- o The Purchasing Department is a member of the OBSAR Association (Responsible Purchasing Observatory).

## RESULTS

- o **€ 242.5 million**, amount of purchases in 2019 - (**€ 243 million in 2018**)
- o **2,343** active suppliers in 2019 - (**2,468 in 2018**)

These data correspond to purchases made in France, excluding plasma purchases.

## KEY PERFORMANCE INDICATORS (KPIs)

- o - **4.9%** of suppliers with activity in 2019 (compared to 2018) due to the sale of CellForCure

**Indicator of supplier payment times:** (2017: 48 days - 2018: 53 days)

<b>Average supplier payment time in 2019 at the end of November</b>	All suppliers
Mean supplier payment time	<b>49 days</b>
Objectives in compliance with the LME	<b>60 days</b>
<b>Share of SME purchases out of total purchases in 2019</b>	<b>37%</b>
Target share of SMEs out of total purchases for 2019	<b>40%</b>
<b>Share of purchases from the disability sector in 2018</b>	<b>0,84%</b>
Target share of purchases from the disability sector in 2019	<b>0,80%</b>

## 5.5. MEASURES TO COMBAT CORRUPTION

The challenge of corruption is related to the sections of the management report concerning:

- o Ethical and compliance risks
- o Risks related to litigation and disputes.

### Challenge

In compliance with laws and regulations in force, senior management has committed to implement all necessary 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 LFB 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, LFB has put in place a corruption prevention plan led by the group's compliance department, which reports to general 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 and general Purchasing / Expenditure procedure that incorporate anti-corruption principles and thus help LFB meet its commitment to fight corruption.

A third party integrity assessment procedure was established in 2019 and will be applicable to the Group's French companies from February 2020. The training of those employees most exposed to the anti-corruption code of conduct continued in 2019, including internationally with training at the British, German, Belgian and American subsidiaries.

## RESULTS

- o Training courses **completed**
- o **France: 48** employees trained (+ 63 people introduced to the prevention of corruption during a site information session in Alès)
- o **International: 38** employees trained
- o **Development** of a professional alert system and opening of an alert hotline in 2018: [alert-compliance@lfb.fr](mailto:alert-compliance@lfb.fr)

## KEY PERFORMANCE INDICATORS (KPIs)

- o **2.9%** of people trained in the prevention of corruption in 2019 (number of people trained in France (excluding Europlasma):  $(48 / 1,661) \times 100$ )

## 6. CONCLUSION AND PERSPECTIVES

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### 6.1. OUR RESULTS

#### RECOGNISED VALUES

Several audits and evaluations have praised LFB's CSR performance:

- o the CAHPP CSR audit granted the "Exemplary" Green Index level of compliance to LFB, as well as,
- o the A++ label that has been renewed for 4 years in a row.
- o 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.

LFB's employees, future recruits, customers, and more broadly all of its stakeholders can trust LFB: the company seeks, in keeping with its values, to establish itself as a partner of their success and development.



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**LFB - BIOMÉDICAMENTS**

**PHARMACIE MÉDICAMENT**

**Note : 95,9**



## A RESPONSIBLE FUTURE

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

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

- o The continued prioritisation of industrial activities to support market growth and to once again become a key player in plasma fractionation.

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.

- o 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.

- o 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 medicinal products.

In a process of continuous improvement of its CSR performance, LFB continues to strengthen its actions and approach to social responsibility for the years to come. It is fully committed to serving the health of patients.