# SUSTAINABILITY REPORT 2017

octapharma

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



# ABOUT THE SUSTAINABILITY REPORT

This is Octapharma Nordic AB's (Octapharma) first Sustainability Report and it relates to the financial year 2017. The Report covers Octapharma Nordic AB (Corporate ID No. 556614-9794) and all entities included in the consolidated accounts for the same period. These entities are specified in the Notes of the consolidated accounts. In accordance with the provisions of the Swedish Annual Accounts Act (chapter 6, paragraph 11) the Report has been prepared separately from the Annual Report. As this is Octapharma's first Sustainability Report, there have been no significant changes in the principles applied to its reporting and scope.

In signing the annual financial statements and consolidated accounts of the company, the Board of Directors has also approved the Sustainability Report.

# BUSINESS MODEL

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

Octapharma employs more than 7,600 people worldwide to support the treatment of patients in 113 countries with products across three therapeutic areas:

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

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

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



# THE OCTAPHARMA VISION

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

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

# OUR MISSION

**For the safe and optimal use of human proteins.**

# OUR VALUES

The five values of Octapharma are the principles and beliefs that guide our behaviour, decisions and actions at work. They articulate the philosophy by which each of us lives and acts every day. The values are also the fundamental basis for our performance management and the respective evaluation process at Octapharma.

- Ownership
- Integrity
- Leadership
- Sustainability
- Entrepreneurship

## SOCIAL AND EMPLOYEE-RELATED INFORMATION

Octapharma has a zero tolerance approach to discrimination, regardless of reason and works to achieve a culture characterised by equality and diversity. This is clearly expressed in the company's Code of Conduct as well as our Corporate Sustainability Policy.

Octapharma recognises that society as a whole still has a way to go in reaching gender equality, diversity and the abolition of discrimination in all its forms and realises that the company is not immune to these issues. Octapharma therefore needs to work actively in promoting equality and diversity as well as working against all forms of discrimination.



| HEADCOUNT MEN / WOMEN | 2017 | |
|---|---|---|
| | **Men** | **Women** |
| **Board of Directors**<br>Number of men and women on the parent company Board of Directors | 11 | 0 |
| **Managers**<br>Total number of managers in the Group by gender (excluding Group executive management) | 251 | 293 |
| **Employees**<br>Total number of employees (excluding Board of Directors, Group executive management and other managers) in the Group by gender | 2,939 | 4,180 |
| **Total workforce** | **3,201** | **4,473** |

| EMPLOYEE AGE GROUPS BREAKDOWN (%) | 2017 | |
|---|---|---|
| | **No.employees** | **% of total** |
| Under 30 years old | 2,515 | 33% |
| Between 30 and 50 years old | 3,896 | 51% |
| Over 50 years old | 1,263 | 16% |
| **Total workforce** | **7,674** | |

## PLASMA COLLECTION AND MANUFACTURING

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

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

### PLASMA COLLECTION METHODS

#### Source plasma

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

Octapharma owns and operates 82 source-plasma donation centres in the USA (*FDA-approved) and 13 in Germany (approved by the Federal State authority).

#### Recovered plasma

Recovered plasma is collected through whole blood donations. The plasma is then separated from its cellular components.

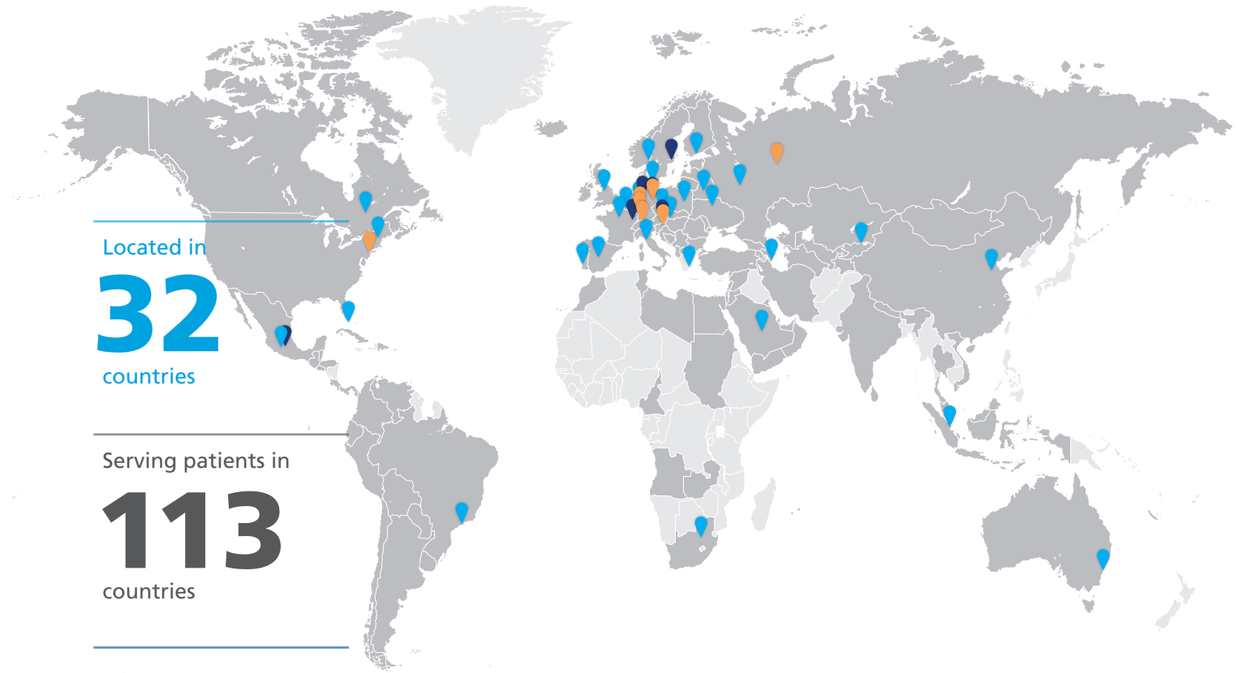
Octapharma collaborates with a variety of blood banks and not-for-profit organisations (e.g. the Red Cross) for the additional supply of recovered plasma.

* Food and Drug Administration

### MANUFACTURING

Using the latest technology and a strict quality control process, Octapharma's production plants carry out plasma fractionation and purification, pharmaceutical production, R&D, and/or product labelling, packaging, storage and distribution.





Located in

**32**

countries

Serving patients in

**113**

countries

**6**

manufacturing sites

**7**

preclinical and clinical R&D sites

## DISTRIBUTION CHANNELS

The entire production of plasma-derived products takes place at production facilities in Austria, France, Germany, Mexico and Sweden, all of which have the required licences for manufacturing pharmaceuticals. The production output is sold worldwide. Octapharma's customer base is well diversified and does not depend on one single customer group or national tender. Octapharma's main customer groups are hospitals (public and private), pharmacies, national public bodies including self-sufficiency tenders or specific hospital based tenders for certain products.



## QUALITY ASSURANCE, PLASMA AND CONTROL

### QUALITY ASSURANCE

Quality assurance is a way of preventing mistakes or defects in manufactured products and avoiding problems when delivering medicinal products to patients. The quality assurance system has the overall objective of providing confidence to our customers, patients and government agencies by fulfilling set requirements and improving work processes and efficiency internally in the company.

### QUALITY PLASMA

**Delivery, Look Back, PDI Management, Deviations & Complaints**

The Corporate Quality Plasma (CQP) department ensures all relevant consistent quality parameters for plasma. From delivery to the checking and preparation of plasma units for production.

All information on units, the accurate traceability of each plasma unit, including Look Back and Post Donation Information and deviated processes which may have an influence on the quality of a plasma unit are covered by this process function. Furthermore, the department is responsible for handling "Look Back" donations, including measures and systems to prevent Look Back plasma being used for production. CQP ensures the accurate traceability of each plasma unit.

**Supplier qualification**

CQP evaluates plasma supplier compliance with applicable regulations and quality standards.

CQP is also responsible for the qualification and regular audit of all plasma suppliers in order to guarantee a constant supply of human plasma that is compliant with the quality defined in the Plasma Master File. Furthermore, CQP is responsible for handling complaints to suppliers.

### QUALITY CONTROL

Octapharma Quality Control (OQC) is in charge of product control at various stages of the production process.

These controls are applied to starting material in order to verify they are of the required quality, corresponding to our requirements and specifications.

OQC also continuously monitors that the products are being processed in a controlled environment.

In addition, through testing plans all along the production process up to and including the final product itself, OQC ensures that the process is conducted to pharmaceutical standards of quality, safety, efficacy, stability and compliance.

In this task, OQC applies validated methods, standardised sampling, and test plans and stability studies.

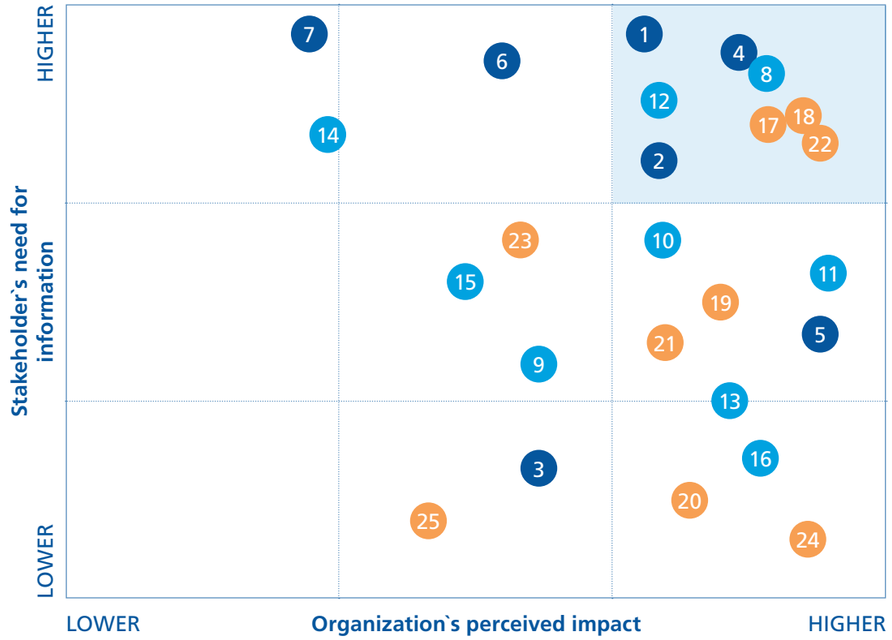
## SUPPLY CHAIN

The single most important suppliers for Octapharma are company-owned donor centres. Octapharma does not have any major suppliers in countries where there is likely to be risk of unfair labour conditions or human rights violations.



## MATERIALITY ANALYSIS

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




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

## GOVERNANCE AND MANAGEMENT OF SUSTAINABILITY

The Board of Directors has overall responsibility for the management and execution of the Group's decisions and strategies, which also includes issues related to sustainable business operations.

Environmental matters at our production sites is the responsibility of local environmental and operations managers, as is quality control. HR is responsible for all people-related issues and Group compliance together with local compliance officers are responsible for ensuring compliance wilh all laws and permits at all times.

### GOVERNING NORMS, POLICIES AND GUIDELINES

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

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

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

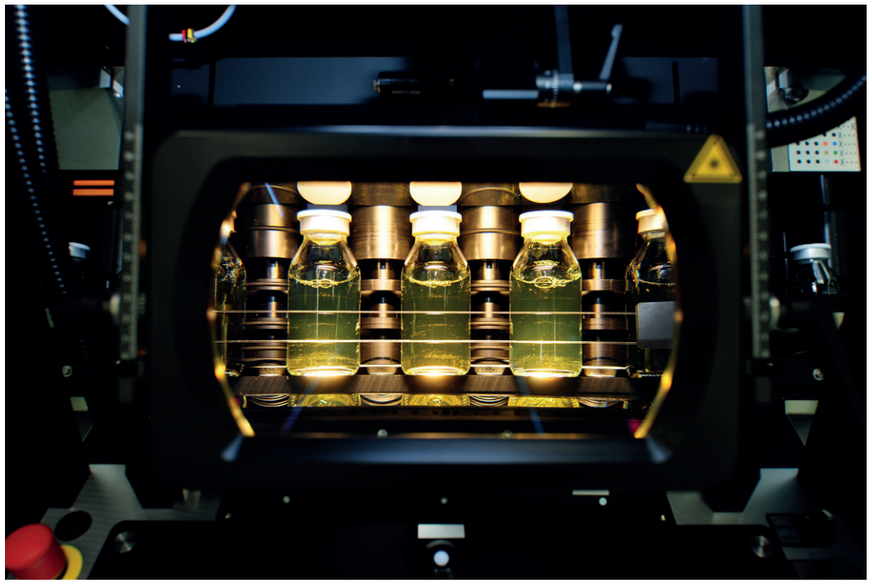
- Ownership
- Integrity
- Leadership
- Sustainability
- Entrepreneurship

The Code of Conduct expresses the Octapharma Group's expectations as an employer and sets professional standards to be adhered to throughout the Group. It covers several aspects of the business such as professional integrity, respect for competition law, our zero tolerance approach to corruption, how to handle conflicts of interest, respect for others and the promotion of diversity and equality of opportunity, to name a few. All employees, and everyone who



acts on behalf of Octapharma, must comply with the Code of Conduct. Online compliance trainings have been developed to help explain the importance of integrity in our activities and cover the key messages of the Code of Conduct. All relevant employees are expected to complete the trainings. These online courses are split into three different areas: Code of Conduct, Corruption Prevention and Antitrust Law. Pending on the individual's function and responsibilities the Corporate Compliance Office decides on a selection of the relevant trainings.

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



## ENVIRONMENTAL PERFORMANCE

Our main environmental impact is from our daily business operations. In this Report, we have limited the scope of our reporting to our packaging and logistics centre and production facilities in Europe. Other facilities and activities in the Group may also have a potentially significant environmental impact, and will be further evaluated as we develop our reporting.

Based on analysis of businesses similar to ours, we have identified key material aspects for our company from an environmental perspective. While we are committed to work in a wide range of topics in the environmental area to meet various business needs, we also choose to focus our reporting on areas that we believe make the most efficient global impact, thus contributing to a sustainable society and beyond.

In terms of environmental impact our drug products have no or negligible impact. Protein drugs belong to a substance group classified as easily degradable and non-bio accumulative in natural biotopes. The main environmental impact of our business to climate change is from energy use, circular economy such as resource use and waste handling, water scarcity, and pollution (emissions). By excluding environmental aspects already regulated in permits, and following the global impact goals and priorities set by the United Nations, we will focus our efforts on the areas for climate change and clean water scarcity.

We believe that it is a challenge to address important global environmental issues and at the same time ensure a growing economy. To monitor our progress, we are measuring key environmental metrics, and both absolute and relative KPI figures are given in this Report. The KPI is given relative to human plasma (main raw material) use:

- facility energy usage of renewable power
- energy usage
- greenhouse gas emissions
- water usage and waste water generation

There is no current common Group energy policy or statement. It is the geographical location of manufacturing units that reflects the amount of energy used. All manufacturing sites under the scope of the European Energy Efficiency Directive (2012/27/EU) have investigated and addressed various local energy efficiency improvement recommendations.



Greenhouse gas (GHG) emissions will arise at all manufacturing sites from different sources such as fossil fuel use and refrigerant leakage. Please note that diffuse emissions from volatile organic solvents used in our business are of little concern in terms of global warming potential and are not included in calculations in this Report. The use of fossil fuels varies according to the energy source at a given site. The refrigerants used are similar compared site by site, and it is rather the fugitive portion that differs.

Investigation of manufacturing processes with high water use may identify possible improvement areas. One aspect of fresh water use in manufacturing is that rinsing and cleaning processes are validated for patient safety reasons, and thus governed by authority registration files and approvals for drug manufacture.

Another water aspect is waste water. To either secure clean water flows e.g. for redistribution, treating or containing environmental-adverse streams, or direct streams to off-site waste water treatment plants is important. Both the water use and waste water generation will therefore be measured and monitored closely.

## ENVIRONMENT KPIs

| | GROUP | |
|---|---|---|
| | **2017** | **2016** |
| **KPI Energy Use** (MWh/tonne plasma) | 32.56 | 33.61 |
| **KPI Renewable Electrical Energy** (% of Electrical Energy renewable) | 53 | 45 |
| **KPI Emission** (tonne CO2e/tonne plasma) | 7.44 | 7.23 |
| **KPI Municipal Water Use** (kCbm/tonne plasma) | 0.18 | 0.20 |
| **KPI Waste Water** (kCbm/tonne plasma) | 0.16 | 0.16 |



## CONCLUSIONS

From a Group perspective, 53 % of renewable electrical energy was used during 2017. This is an increase compared to the previous year.

The remaining electricity usage, together with other types of energy, and emissions arising from the business, contribute to global warming equivalent to an increase of 0.21%. This is an increase both in absolute and relative terms compared to the previous year. The production site KPIs show that global warming impact varies between sites. Global warming reduction potential exists in all sites predominantly in the energy efficiency area, review of energy sourcing and refrigerant leakage control.

Compared to the previous year both absolute water use and relative water use has decreased slightly. The KPIs indicate that production sites have similar consumption. The exception is the manufacturing site at Springe that only uses half as much as the others, most likely because Springe has somewhat less drug formulation manufacturing.

For process cooling, two manufacturing sites have closed system installations using water which is redirected externally. The site in Stockholm draws water from a nearby freshwater lake, and the site at Lingolsheim uses ground water from an artesian well installation. These external water volumes are not included in the water use figures or KPIs.

The amount of waste water has increased in the two last years. Considering the production increase, however, the waste water amounts per processed tonne human plasma remains constant.

When comparing KPIs for incoming water and outgoing waste water, it can be noted that the balance differs at some sites. This is because ingoing water is not always released through the process drain (waste water system) but directed to other recipients, as regulated by authority agreements and permits.

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