



SUSTAINABILITY
REPORT

2019



About the Current Global Environment

Since COVID-19 was first identified in China's Hubei province towards the end of 2019, its devastating impact has spread throughout the world, severely affecting the daily activities of individuals and businesses alike. Facing this unprecedented crisis, SGD Pharma has deployed considerable measures in order to ensure its business continuity while prioritizing the protection of our employees and maintaining strict compliance with government regulations.

In this context of health crisis, it is our duty to ensure business continuity in the production and delivery of bottles essential to the operations of our customers and in the fight against COVID-19. Nevertheless, we have already anticipated the post-COVID-19 requirements and created a substantial investment plan to update and upgrade our equipment and meet the growing demand for medical vials and bottles. Over the next 12 months, we plan on investing over €45 million at our five manufacturing plants, including €37 million dedicated to our two French sites. These improvements for glass quality and quantity will not be at the expense of social and environmental matters. The current crisis has highlighted the importance of companies to have a sustainable and integrated approach and strategy. It is a key factor of resilience, as recent studies have shown that companies involved in sustainable programs suffered less from the crisis. This is why our investment plan includes numerous upgrades that have a positive impact on the environment. For instance, we will rebuild a furnace at Sucy-en-Brie that will increase the production capacity while reducing energy use by 10%.

CSR Deployment at SGD Pharma

This year, we are voluntarily issuing our second CSR report that contains our main 2019 achievements. This offers transparency and serves as a way to assess our global impact, while providing valuable feedback of our overall non-financial maturity level. In 2019, we considerably strengthened our approach toward sustainability through the integration and enforcement of CSR principles in our operations and departments. Among others, we have implemented a new Group Safety policy, signed by all our plants, launched a Group-wide project to assess our EHS system maturity and conducted a carbon footprint assessment of our greenhouse gas GHG emissions. We also began drawing up a mid- and long-term carbon emission reduction plan. Eventually, we will discuss the renewal of our Group purchasing policy, updated with CSR principles and supported by the development of a new management system, leading to a better integration of sustainability criteria in our purchasing decisions and practices.

As proof of our social and environmental commitment, we will embed related key performance indicators in our 2020 – 2025 Business Plan. This will ensure that our sustainability matters are driven and monitored at the highest governance level and are critical components of our Group's strategy.

CHRISTOPHE NICOLI
CHIEF EXECUTIVE OFFICER

A handwritten signature in blue ink, appearing to read "C. Nicoli".



CSR strategy is under the supervision of our Chief Executive Officer...

And is shared and deployed by



CSR DIRECTOR

Reports on CSR performances directly to the COO

COORDINATION

CSR NETWORK

Network of CSR correspondants at each site

DIRECTORS AND MANAGERS

Integration of CSR principles into the different departments of the company



Our Business Model at a glance

Our Vision

We aim to improve and protect patient's health by providing high quality, reliable and innovative primary glass packaging to our pharmaceutical customers.

Our Resources

Our employees make our success

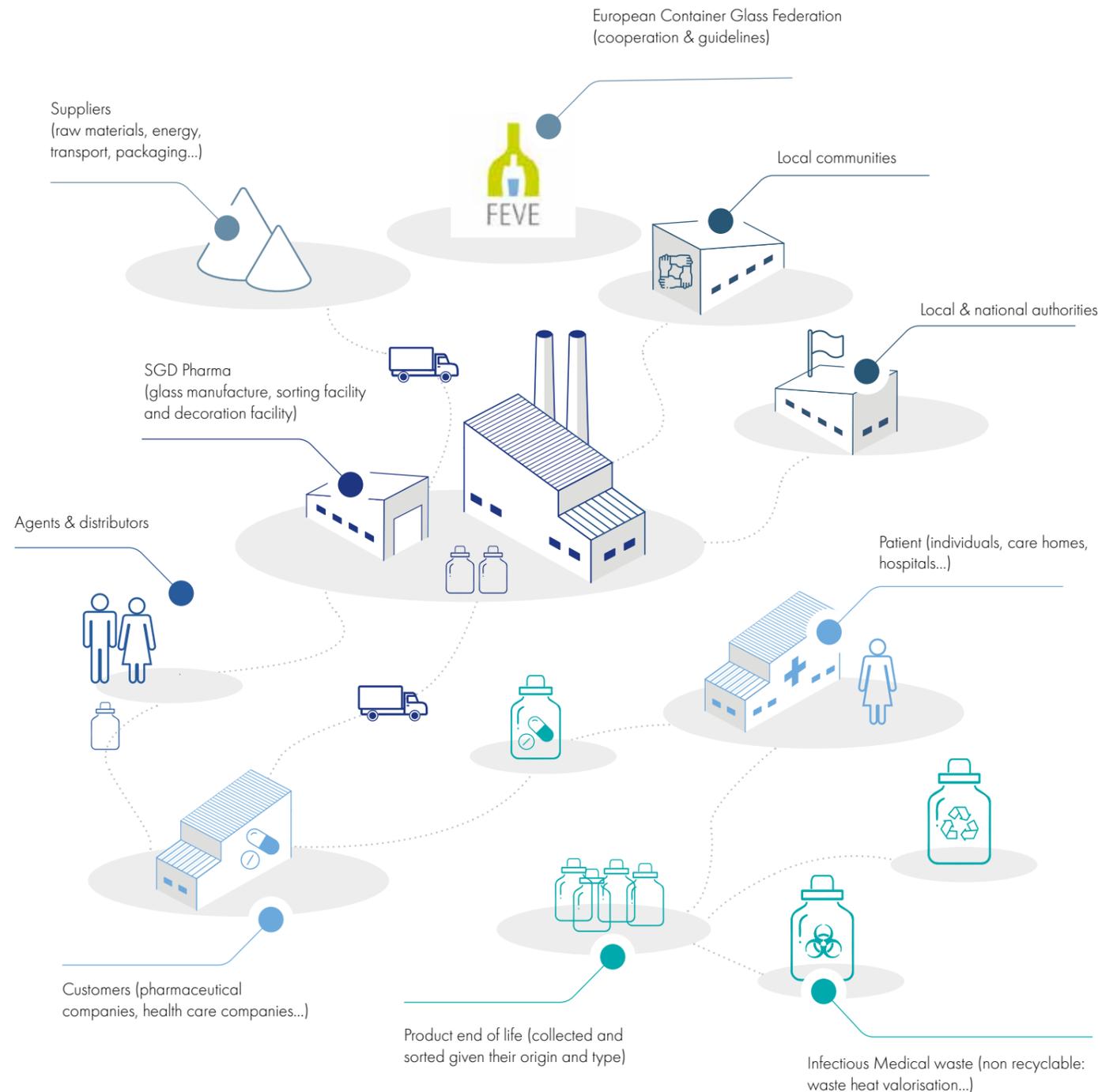
- Over **3000** employees (including 2135 permanent and 944 temporary)
- **369** persons recruited in 2019
- **32%** of women in top management positions

A Global player with a local presence

- **5** manufacturing facilities (ISO 15378 certified) in **4** countries
- **3** sites ISO 45001 certified
- **3** sites ISO 14001 and ISO 50001 certified
- **7** furnaces
- **1** sorting facility
- **1** decoration warehouse
- **9** sales offices around the world
- **90+** agents and distributors



Our Activity



Value Created

Healthy financial results

- Consolidated sales 2019: **339M€**.
- A **5,6%** growth compared to 2018

Our pharmaceutical products

- More than 2 billion vials are manufactured and sold per year
- Our products application cover all type of medical pathologies

Shared growth

- **For our employees**
28,25 hours of training per employee
- **For our suppliers**
More than 2500 suppliers supported across 6 continents
- **For governments and localities**
44 initiatives or partnerships with local communities in 5 countries



Our Corporate Strategy

Is aligned with the United Nations Sustainable Development Goals



The Sustainable Development Goals are the blueprint to achieve a better and more sustainable future for all. They address the global challenges we face, including those related to poverty, inequality, climate change, environmental degradation, peace and justice. Through its business activities, SGD Pharma directly contributes to achieve five Sustainable Development Goals:



Our contribution to good health and well-being

The core business of SGD Pharma is patient and health oriented. We improve and protect patients' health by providing high-quality, reliable, and innovative primary glass packaging to our pharmaceutical customers. As a result, we believe that our first and most important contribution to the Sustainable Development Goals is made toward the third Goal: **"Good health and well-being"**.



Our contribution to decent work and economic growth

We are constantly investing in health and safety equipment, providing our collaborators with quality jobs and good working conditions, and sharing the profit generated by the company. Furthermore, SGD Pharma does not seek economic growth solely for its own benefit. We have set several programs in place order to share the value created with our local communities located near our facilities.



Our contribution to responsible consumption and production

We contribute to the **"Responsible consumption and production"** goal in two ways. First, by introducing internally recycled raw materials* (internal cullet) into our production process, which reduces consumption of raw materials. Second, by reducing waste and promoting reusing and recycling throughout the entirety of the process.



Our contribution to partnerships for the goals

As a member of the **United Nation Global Compact**, SGD Pharma is committed to addressing the Sustainable Development Goals. SGD Pharma has engaged in multiple partnerships with customers, sectoral actors and suppliers, to contribute to greater sustainability in the business environment. For instance, we are a key member of the joint initiative "Furnace of the Future" led by the FEVE.



Our contribution to climate action

Climate change is a rising concern for companies, governments and civil society. Climate models are even considered in investment programs and policy decision making. Our constant effort towards operational excellence: using the most energy efficient and environmentally friendly technologies keep us aligned with the Sustainable Development Goals **"Climate action"**. Indeed, energy consumption is the major source of GHG emissions for SGD Pharma.

*Learn more about our position regarding external cullet use in section 3.3 p.42

Our stakeholders

Stakeholders	Type of interaction
Customers	<p>Most of our customers are pharmaceutical laboratories or companies in the healthcare industry.</p> <p>We have four types of exchanges with our customers:</p> <ul style="list-style-type: none"> • Commercial (prices and negotiations) • Quality (on-site audit, training and product delivery) • Service and Supply (on time in full) • Cooperation (research and development, sustainability, forum and meetings)
Local Communities	<p>We have developed strong partnerships with local communities, such as supporting the Vemula Village community (India) and the fire brigade of Kipfenberg (Germany).</p> <p>Having a high level of dialogue with local communities allows us to mitigate any potential adverse impacts from our activity on the environment or people's health.</p>
Our Peers & Competitors	<p>We work together on numerous joint initiatives and innovative projects, such as the "Furnace of the Future Project*".</p>
FEVE	<p>FEVE supports SGD Pharma and provides us with a sectoral strategic vision and guidelines on sustainability, innovations and trends, while representing an interesting framework for cooperation and innovation. We have numerous representatives within this organization, including our CCO Laurent Zuber, who is the current chairman of the Flaconnage division.</p>
Investor	<p>China Jianyin Investment's mission is to promote technological progress and industrial upgrading.</p> <p>The group is committed to creating long-term, stable and sustainable returns on capital investment for their shareholders.</p>
Suppliers	<p>The continuity of our activity and patient health relies on the quality and the continuity of our supply chain. We have more than 2500 active suppliers worldwide. Among these, around 400 are "critical" for business continuity. Hence, we have a higher level of dialogue and reinforced control measures with these suppliers.</p>
Social Partners and Collaborators	<p>We consider the interest of our social partners and collaborators while developing our CSR and Human Resource policies. SGD Pharma pursues numerous actions to foster social dialogue and has implemented several tools to facilitate exchanges between collaborators and representatives. (see chapter 1 part 3 social dialogue).</p>
Local and National Authorities	<p>We are in constant communication with local and national authorities. During the COVID-19 crisis we interacted with the Ministry of Health, local administrations and municipalities to secure the supply of our industrial sites and deliver our products. Furthermore, our operational facilities are subject to specific authorizations as they can be considered potentially adverse for the environment or the health of people.</p>

*Learn more about the Furnace of the Future Project in section 3.1

CSR at SGD Pharma

About our CSR strategy

SGD Pharma has always supported and been involved in sustainable development actions. The Group is a responsible organization that has always been compliant with all environmental, social and ethical requirements applicable to its operations. We recently created an integrated and harmonized approach covering the entire scope of our operations. In 2017, due to rising concerns about environmental, social and ethical topics, SGD Pharma decided to build a CSR team, working at Group level, in order to fulfill stakeholders' expectations, legal requirements and harmonize actions.

In 2018, SGD Pharma launched its first **materiality analysis*** to identify the main challenges and risks associated with its activities. This analysis took place in three stages:

- An in-depth analysis of our internal challenges
- An external analysis of CSR standards, regulations and best practices
- The collection and integration of our stakeholders' expectations

The issues identified in this materiality analysis were grouped, summarized, and then sorted by theme. The result was a CSR approach based on **3 pillars**, which serve as the foundation of our **long-term commitment toward corporate social responsibility**.

Among topics identified through our materiality analysis, **9 can be highlighted as key CSR topics for our company**. Every year, we make sure our material topics are still relevant by comparing them to changes in stakeholders' expectations and our internal improvements.

*Find out more about our materiality analysis in the appendix.

THE 3 PILLARS OF OUR CSR STRATEGY



OUR PEOPLE

Health and safety
Career management and trainings
Social dialogue & diversity



OUR BUSINESS VALUES

Quality of service and competitiveness
Global business ethics policy
Sustainable procurement



OUR ENVIRONMENTAL ASPECTS

Energy consumption and greenhouse gas emissions
Reuse, waste and water
Local and accidental pollution prevention

Risks associated with material topics

In 2019, in addition to the annual review of our material topics, we pushed our analysis further by identifying the potential risks associated with each material topic. This risk-based approach meets the new expectations brought by the DEFP (The Declaration of Extra-Financial Performance) and the highest standards in terms of non-financial reporting (e.g. GRI). Furthermore, the identification of these risks and their integration in our group strategy allows us to secure our business activity in the long term.

Pillar of our CSR strategy	Material topics	Risks associated
 OUR PEOPLE	Health and Safety	Industrial processes used at our sites can expose employees to accidental events that could have consequences for their health and their safety . There are some factors such as furnace rebuilding or repairs which must be handled carefully with specific procedures and equipment to mitigate the related risks (response action p.12).
	Career Management and Trainings	SGD Pharma's success lies in the talent and dedication of its people, ensuring its development and tomorrow's prosperity. In a highly competitive environment, risks related to the identification, attraction, development and retention of talent are high (response action p.16).
	Social Dialogue and Diversity	There are numerous business issues and risks that can be associated with Social Dialogue and Diversity. For instance, the extension of decision making (hiring, firing, changes in work organization etc.), additional costs (wage and non-wage costs), or even greater risks of legal proceeding or damage caused to the employer brand and company reputation (response action p.20).
 OUR BUSINESS VALUES	Quality of Service and Competitiveness	Despite the highest level of concern and the best control system in place, a critical production defect can occur without detection. This could lead to substantial and lasting damage to SGD Pharma's reputation in the eyes of the customer and civil society (response action p.23).
	Global Business Ethics Policy	SGD Pharma operates in countries where the risk of corruption can be significant and could lead our employees and third parties acting on its behalf or its name, directly or indirectly, voluntarily or not, to adopt or witness practices contrary to SGD Pharma's Code of Business Conduct and Ethics and applicable laws and regulations (response action p.26).
	Sustainable Procurement	Conducting business with companies that do not use resources responsibly (resource scarcity), that do not comply with national and international laws and regulations on Ethics and Social issues, represents a high reputational risk as well as a threat for the supply (response action p.28).
 OUR ENVIRONMENTAL ASPECTS	Energy Consumption and Greenhouse Gas Emissions	Climate change could impact the availability of raw materials or resources and disturb the efficiency of our supply chain. Transitional risks are also threatening, especially those linked to regulation . Indeed, most of our operations are under a jurisdiction, putting a price on carbon (response action p.32).
	Reuse, Waste and Water	Treatment and disposal of healthcare waste may pose health risks and environmental impacts (if inadequate incineration, leak of chemical substances in environment while treating etc.). Regarding the risks related to water use, we operate in water stress areas and water is an essential resource in our production process. Water shortages could threaten the efficiency of our industrial process . Additionally, climate change can also be factor (response action p.38).
	Local and Accidental Pollution Prevention	SGD Pharma is exposed to various industrial risks that may impact the environment located near its plants. Events such as human or technical failure in the operation of its facilities, fires, explosions, discharges of effluents or spills of hazardous chemicals, could lead to involuntary pollution of the nearby ecosystems (surface and underground water, air, soil) and result in a degradation of the local fauna and flora (response action p.42).

Note on 2019 improvements and report methodology

Improvements and structure of our CSR approach

Between our first and current CSR report, SGD Pharma has considerably strengthened its CSR approach, especially by:

- Defining new key performance indicators which are already available in our 2019 CSR report.
- Harmonizing its CSR indicators and their definitions throughout the whole company and strengthening its reporting process.
- Defining both qualitative ("our commitments") and quantitative ("our targets") objectives on most of its key performances indicators covering all the material topics identified.
- Setting score targets regarding non-financial assessment: EcoVadis and CDP (see page 10) and using those non-financial assessments as feedback to correct the shortcomings of our CSR approach.
- Launching new actions and programs that have a positive impact and continuously improve on all our material topics.

Methodological framework and boundaries of the CSR Report

This report has been prepared in accordance with the Global Reporting Initiative Standards: Core option (find our GRI equivalence table in the appendix).

It discusses our progress and challenges related to our material topics. Herein, we present the results from 2019 and compare these results with 2018.

The reporting scope covers our five industrial sites, our headquarters, our sales offices, our sorting facility (SSV) and our decoration warehouse (Embelia). This applies for human resources, ethical, climate-related and waste indicators. The reporting scope related to other environmental indicators covers our five industrial sites. The majority of our environmental impacts are linked to our industrial process.

Interview



"Since the first edition of our CSR report*, which was synonymous with the launch of our CSR approach at Group level, we have substantially improved our CSR management system. Indeed, under the impulsion of the top management, with the support and the will of our teams, we are gradually integrating CSR principles in all our operations and departments. As a part of the definition of our 2020-2025 Business Plan, we have set targets for our major CSR KPIs and defined our commitments regarding material topics over this period."

LAURENT MILLET
GROUP QUALITY, EHS & CSR DIRECTOR

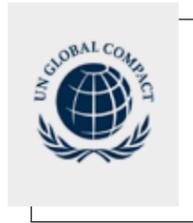


METHODOLOGY

*Our first CSR Report was released in November 2019

2019 achievements

CSR Initiatives and Assessments



Signature of the United Nations **Global Compact**



Silver medal **EcoVadis** for the Group, its site in Zhanjiang and its subsidiary Embelia



3 self assessments and **1 on-site audit**



Score C for Climate change and score **B-** for supplier engagement

CSR Performance



-18% water consumption



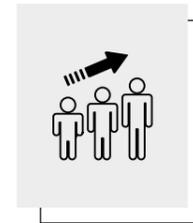
0,765 tons of CO₂ emitted per ton of glass produced



39% of women employed in the company and **32%** of women at top management



41% of recycled waste



28,25 average training hours per capita



2,5 FR1* index for the group

Learn more in our CSR dashboard, which contains key figures from our 2018 and 2019 reporting. Find our 2025 objectives in the appendix.

*FR1: Frequency Rate 1 (with lost time accident)



1



OUR
PEOPLE

HEALTH
AND SAFETY
SUBCONTRACTOR FOCUS

●
SOCIAL DIALOGUE

●
CAREER MANAGEMENT
AND TRAINING

As a company, we see our people as our best asset, and because we are a technical industry working for pharma, we need skilled employees.

SGD Pharma's philosophy comprises a combination of social and economic objectives. We have developed policies that protect our employees and foster their personal development and well-being, while supporting the company's business goals.

In 2019 and for the third year in a row, SGD Pharma was identified as one of the best employers in France, and in the top 6 in its sector. This ranking is completed every year through a survey conducted by Statista with 20 000 employees. It is published by Capital, an economic newspaper.

This award is a great achievement and services as a recognition of our efforts to design and deliver a relevant HR Policy.

Interview



"In 2019, we launched the **SGD Pharma Way**, a project aimed at preparing the company for the future by reviewing the way we work: decision processes, innovation, and people development etc. Our management community was closely associated with this effort. The outcome is a clear roadmap on how to prepare for the next level, including the way we should recruit, retain and develop our people.

In France, we also focused on the renewal of the social dialogue, with a re-organization of the works council and the signature of 3 important agreements with the unions on social dialogue, profit sharing, and 2019 & 2020 salary review".

PIERRE-MICHEL BATAILLARD

CHIEF HUMAN RESOURCES OFFICER



PEOPLE

1.1 ENSURING HEALTH & SAFETY OF ALL EMPLOYEES AND SUBCONTRACTORS

PEOPLE

Health & Safety (H&S) is a top priority in SGD Pharma's EHS policy. The industrial processes used at our sites can expose employees to accidental events that could have adverse consequences for their health and/or safety, such as cuts, burns, and exposure to noise pollution or high temperatures.

Our Health & Safety policy

Commitment

SGD Pharma is committed to providing a safe and healthy work environment for our employees and stakeholders. Our most important goal is to have zero accidents and zero occupational illnesses. Health and safety are our core values. They come before any other consideration in the way we conduct business.

Accountabilities

Line management is accountable for the prevention of injuries and occupational illness. In turn, employees and stakeholders are expected to contribute to a safe environment through discipline, visible commitment and proactive engagement with one another.

Rules

Engagement

- Line managers demonstrate their leadership in safety through setting goals, progress review, coaching, proactive field interactions, active communication and audits. They mobilize human and investment resources and relentlessly pursue solutions to address unsafe conditions and behaviors.
- Employees are all encouraged to identify unsafe conditions or processes. They are empowered to stop a task which is deemed unsafe and employ the necessary means to correct the situation.
- Each industrial facility has a formal H&S continuous improvement plan.

Risk Management

- Major risks are identified and managed through group standards and recommendations.
- In addition, each plant identifies specific hazards not covered by the group standards.
- No work team or operator starts a job without prior job risk analysis.
- Local H&S regulation compliance is regularly assessed and identified gaps are immediately corrected or addressed through action plans.
- Every site defines and effectively communicates emergency plans at the appropriate level (site, workshop etc.).

Learning & Progress

- Competencies and safety behavior are considered during the recruitment process. New employees are trained according to each sites' safety plan to safely perform their duties and manage H&S in their respective areas. Safety is part of our annual performance assessment.
- All accidents and major near-misses are reported, including root cause analyses, and corrective and preventive actions are implemented. Correlated actions are shared and discussed among the SGD Pharma Group and are recorded in appropriate accessible databases.



Our 2019 Health & Safety actions

At the end of 2019, three of our sites were certified in accordance with ISO 45001 standards. We implement targeted action plans across all our sites to prevent occupational illnesses and work accidents. In case an event happens, we have developed specific response measures.

Raise awareness among employees and developing a company-wide H&S culture

SGD Pharma top 10 safety rules

A key driver of our EHS strategy is prevention. In 2019, SGD Pharma launched a new prevention campaign and displayed its newly implemented 10 golden rules everywhere on its different premises. Managers must ensure that each member of their team has acknowledged these rules and that they are properly applied.

1. Report all hazards
2. Follow procedures without using any shortcuts
3. Ensure personal safety by using the right PPE
4. Be vigilant while on the move
5. Work on jobs that you have been trained and authorized for
6. Follow and use the safety guidelines
7. Use adequate materials and tools
8. Safely intervene
9. Be cautious when using harmful chemicals
10. Be mindful of your own and others safety

2019 Safety Week

This event allows us to promote safety improvements and achievements from each of our sites and is also a way to develop a specific health and safety company culture.

Main objectives of our 2019 Safety week:

- Get each plant manager and plant steering committee to actively organize a safety event for the plant staff
- Have our CEO & COO present in plants and deliver their safety message directly to plant staff
- Share with all a set of information on Group safety results of the previous year and priorities for 2019
- Have 100% staff attendance
- Share our new Health and Safety policy (see p.14), built by our CEO and co-signed with regional General Manager and Plant Head during the Safety Week



Pictured above, Plant Manager Bernd Schulda delivers his safety messages to our German teams.

Health & Safety trainings

Health & Safety training is an integral part of our EHS risk prevention strategy and is a key driver for embedding a H&S safety culture in the company. In 2019, we considerably increased the number of hours dedicated to H&S training with positive effects on our H&S indicators (see 2019 results p.15)

Top 8 training session provided in 2019:

- Machine operator training
- Electrical accreditation
- Hazardous material transport
- Development of radioactivity skills
- Training emergency first aid at work
- Fire safety training (internal staff)
- ISO 45001 system training
- Training received from local authorities



Safety production training held by the Government on 2019/08/09. Zhanjiang

Assess our performance against H&S standards and set improvement plans

Maturity matrix

The main objective of this project is to consolidate our EHS management system under control by setting a common baseline assessment and monitoring progress. The matrix, based on Bradley Curve, shows the EHS maturity level of the company both at Sites and Group level. It provides very precise insights of the current state of our EHS management system and identifies the main strengths and weaknesses, as well as existing opportunities and threats. It allows SGD Pharma to set a specific improvement plan by targeting the most important areas.

MATURITY LEVEL				
0	1	2	3	4
0%	20%	40%	60%	80%
non-existent	starting	basic	control	excellence

Scores represented in the rating grid above come from an average score based on the following 4 criteria:

- **Leadership** (policy and management, roles and responsibilities, communication and meetings)
- **Discipline** (mastery of discipline, training and skills)
- **Conformity** (compliance and audits, EHS risk assessments, equipment and buildings design)
- **System** (management system, accident & incident analysis, emergency system)

At the beginning of 2019 our maturity score was **52 out of 100**.

At the end of the year 2019, thanks to several actions and projects conducted, our maturity score reached **67 out of 100**, which is the equivalent to **grade 3** on the matrix above. This grade means that most of our sites' objectives are addressed, that employees are involved, and information is easily accessible.



Subcontractor Health & Safety

At SGD Pharma, we sometimes engage the services of contractors and subcontractors to perform various tasks on our premises. We are committed to protecting the health and safety of these workers. The company has a duty to ensure that all practical steps are taken to safeguard our contract employees by considering the nature of hazards to which they may be exposed and minimizing the risk of injury. The first step in mitigating these risks at SGD Pharma is to enforce our policies covering subcontractors working on the company premises and provide them with the appropriate equipment and training.



“On December 25th 2019, we held our annual safety training session for all our contractors and suppliers, many of those who attended this important activity were leaders or top management of suppliers, which reflects their respect, consideration and high attention to our contractor safety”

XIAOBIN YANG
EHS MANAGER ZHANJIANG

2019 Results & 2020 objectives

	2018	2019	2020 Target
FR1 * results	2,6	2,5	1,1
LTA + NLTA**	38	27	19
Average hours of safety training per year per employee	4,31	5,59	-
Plant ISO45001 / OHSAS 18001 certified	2	3	5

Analysis of the results and objectives

We reached one of our ultimate goals at the Zhanjiang Plant in China by **recording 0 Lost Time Accidents (LTA) in 2019.**

The substantial increase in **H&S training hours** annually per employee is one of the key drivers that led to the **improvement of our injury frequency rate and our LTA and NLTA accidents.**

Our ambition regarding our EHS maturity:

As we exceeded our 2019 target, we raised our 2020 objectives. Thus, for 2020 we aim for an overall maturity score of **73 out of 100**, with each of our sites being over 60 out of 100.

Additionally, in 2019 we made the required preparations to have our 5 plants ISO 14001 and ISO 45001 certified by the end of 2020. As a result, we aim to have **100% of our plants certified** against these two management systems.

* Injury Frequency Rate (number of Lost Time Accident/hours worked x 1000000)
** LTA+NLTA: Lost Time Accident + Non Lost Time Accident



1.2 SGD PHARMA WAY PROJECT



Preparing for the future in a collaborative way

We launched this company-wide project to review our way of working and adapt for the future, with a perspective of growth and higher performance.

The **SGD Pharma Way** covers our decision processes, organization, people development, and performance management.

Voice of Managers

The SGD Pharma Way has been very interactive. Over a period of 2 months, we collected feedbacks and inputs from managers to benchmark our current practices and identify opportunities of improvement.

Voice of managers consisted of two steps. The first was an online survey and focus groups involving over 130 managers. The collaborative process was widely appreciated, and the survey received an impressive completion rate of 95%.

In a second step, we organized focus groups on 6 specifics areas.



Example of workshop held at Kipfenberg, Germany

Main outcomes

Findings from managers were positive for SGD Pharma:

- Overall satisfaction is good
- People are committed and ready to move forward
- There were no strong warning or dissatisfaction expressed, but improvement areas were identified:
 - Collaboration modes across geographies
 - Good practices sharing
 - Talent development

To translate this feedback into actions, we launched 4 workgroups, in charge of defining a roadmap for the future:

- Innovation and product development
- People development
- Best practice sharing and transversal work
- Business performance management

A clear roadmap for people development

The people development workgroup conducted a detailed analysis of our capabilities for attracting, developing and retaining talent.

Based on this, they built a comprehensive roadmap for 2020-2021 in order to strengthen our practices in people development.

This roadmap covers:

- Employer's branding
- Recruitment and staffing
- Learning and development
- Compensation and benefits
- HR Information System

The HR team has now a clear path for the next 2 years.



Developing our people through the yearly Human Resources cycle

The yearly HR cycle is our integrated approach to people development. It covers performance management, talent development and reward. It is also a managerial commitment: spend quality time throughout the year with our people, have an open dialogue on their development, ensure a fair assessment of their performance and invest in their development.

This cycle is supported by SAP SuccessFactors, a market reference for HR information systems.

Focus on:

- Performance
- Talent
- Reward





Train our people: 2019 highlights

Developing a training center in France

Our two plants in France now have professional internal training staff able to deliver training programs to other employees. Our objective is to create a common training center in the country. The first program delivered by this center is 'Glass Discovery', an important training for all new comers in the company.

Kipfenberg: continued effort for skills development

Our German unit offers a training curriculum covering safety, good manufacturing practices, technical skills, and quality etc.

For managers, a specific curriculum is available around leadership, coaching, and people's development etc.

Train the Trainers in China

Last year, our Chinese unit launched an ambitious initiative to develop internal training: 40 trainers were selected and trained, and a curriculum of 35 programs was developed. An excellent way to develop our skills, the first results are very encouraging with a very high satisfaction of participants.

India: a strong training investment

India is our #1 location for the number of training hours per employee (> 50 hours per year). We delivered both management and technical training, such as Lean 6 Sigma Green Belt training (which is a management program in order to increase productivity), behavioural training and safety and quality training.

Management training in Sucy, France

To strengthen management skills in Sucy, we developed a specific blended program organized in 3 modules. 60 managers participated and could review their skills and practices in people management or communication.

Other measures regarding talent attraction and retention

Partnering with education institutions

SGD Pharma is continually seeking new talents, as a result we have developed partnerships with certain schools, such as:

- ENSCI (Ecole Nationale Supérieure de Céramique Industriel) Limoges
- Nanjing University of Science & Technology
- Dongguan University of Technology & CNAM (Conservatoire National d'Arts et métiers)



Above a picture of Christophe Nicoli, our CEO and Ming Jun Zhang, the Dean of DGUT-CNAM.

Enhance our employer brand

Improving our visibility and attractiveness is a key point identified with the work group "People Development"(see p.17). This is crucial in our effort to attract talent.

Interview



"As a medium-sized B2B-oriented company, we are fairly little known in the mainstream job-market. Moreover, SGD Pharma's sites are usually located in rural areas. Although SGD Pharma has been recognized as a "Best employer" for the last 3 years, these characteristics can induce more difficulties to recruit and to retain. Hence, it was key for us to improve our visibility and continue to reinforce our brand image. As a result, we have strengthened our communication skills internally, boosted external digital communication, changed our logo and aligned all our communication tools within plants and in HQ, supported our HR functions with new promotional tools, and strengthened our presence in pharmaceutical and glass events. This dynamic approach, in addition to the benevolent DNA of SGD Pharma and the internal People Development Project, contribute to making SGD Pharma attractive."

CAROLE GRASSI

CHIEF INNOVATION AND DEVELOPMENT OFFICER

2019 Results & 2020 objectives

	2018	2019
Attrition rate	12,6%	7,4%
Average hours of training per year per employee	25,87	28,25
% of employees trained vs. number of employees	-	85%

In 2020, our priority will be to:

- Enhance our training programs
- Improve talent retention



1.3 SOCIAL DIALOGUE AND DIVERSITY

We strive to create a positive work environment and atmosphere through social dialogue tools and measures fostering diversity. Social Dialogue is a term used to denote all instances of negotiation, joint working, or even simple exchange of views between employers' and workers' representatives. However, in Europe, most of these exchanges are formalized through collective agreements and take place in an organized Group committee.

Social Dialogue

New collective agreements - Europe

An important year in France

In 2019, we signed three new collective agreements which have all been approved by our major Trade Union:

- Salary agreement 2019 – 2020
- Voluntary profit-sharing agreement 2019 – 2021
- Agreement on Social Dialogue and Social and Economic Committee (CSE)

The new agreements and organization of dialogue and social relations in the company are the result of extensive discussions with both Trade Unions and employee representatives. Thus, in 2019, each of our French sites organized their first CSE elections.

Local and National agreements: Germany

Agreements arranged with local works councils

- Classification of work accidents
- Deployment of a shift work system

Agreements arranged at country level

- Tariff increase

In the process of signing these collective agreements, we consulted both trade unions and representatives from works councils.

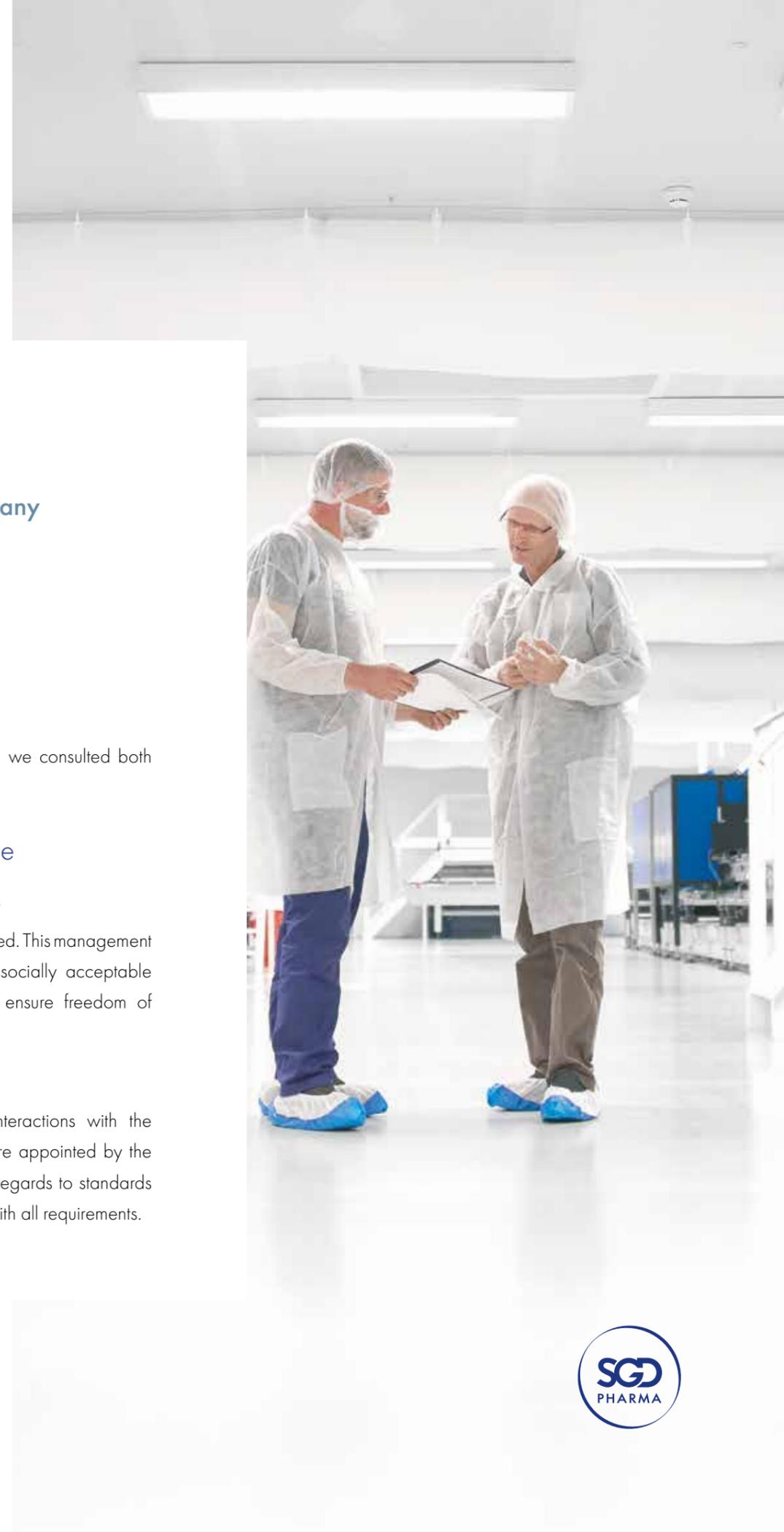
Social Dialogue promotion - worldwide

SA 8000 compliance: Zhanjiang plant

Our plant located in Zhanjiang (China) is SA8000 certified. This management system standard encourages organizations to apply socially acceptable principles. Among other principles, companies must ensure freedom of association and right to collective bargaining.

Indian specificities

Social Dialogue is promoted through continuous interactions with the Inspector of Factories department. These Inspectors are appointed by the Indian Government and monitor our compliance with regards to standards set by the government. SGD Pharma is in compliance with all requirements.



PEOPLE



Diversity

By nature, SGD Pharma is an international and multicultural company. At SGD Pharma, we truly believe that diversity is a key driver for cohesion, knowledge transfer, and ultimately performance.

Gender equity

Industrial and glass are typically sectors where men are a majority. However, for several years, we have made changes to increase equity in both managers and the overall population of employees. As a result, we received a good score of 32% at the Gender Equity Index on the French scope.

Our young generation of trainees

Every year, we call on many young trainees and apprentices. This young population is very proactive and offers a source of inspiration for the company. In return, we try our best to help them improve in both hard and soft skills. In 2019, we had 74 trainees and apprentices among us in Europe.

For our elders

At SGD Pharma we value all age groups. For instance, in China we have developed specific programs that integrate the older generations.

2019 Results

	2018	2019
% of the total workforce covered by a formal agreement	70%	73%
Number of collective agreements signed	-	8
% of women in top management position	32%	32%
% of women in the whole organization	37%	39%
% of trainees/apprentices (in France and Germany)	3,7%	4,3%

2



OUR BUSINESS VALUES

QUALITY OF SERVICE AND COMPETITIVENESS



GLOBAL ETHICS POLICY



SUSTAINABLE PROCUREMENT

We believe that the way we conduct our business and build our relationships with all our stakeholders must be aligned with the highest standards and must foster sustainable and ethical practices and principles within our value chain and our sphere of influence.

As a member of the United Nations Global Compact, it is our duty to share our commitment to the ten principles and promote them both internally and externally.

BUSINESS

Interview



"In a complex and uncertain global environment, SGD Pharma must conduct its business in accordance with ethical principles which are intended to rule its activities and must ensure compliance with applicable laws and regulations specific to the countries where it operates."

EMMANUELLE CAMUS-NIKITINE
GROUP GENERAL COUNSEL



2.1 QUALITY OF SERVICE AND COMPETITIVENESS

Our business has an inherently high scrap rate and requires multiple manufacturing steps due to the sophistication of our products. Striving for excellence, SGD Pharma has developed a strict quality policy that addresses two major challenges:

- Meeting the highest level of customer satisfaction.
- Strictly complying with the requirements of the Health and Drug regulations and standards (FDA, CFDA, EMEA etc.)

Our Quality Policy

Our Quality Policy revolves around 5 axes:

Priority to patient safety

- Consider the patient's safety in every decision we make.

Customer first

- Develop a customer-oriented mindset across the company
- Strive to exceed client's business expectations
Deliver best in class quality products
- Provide fast technical support
- Provide a regulatory and compliance assistance

Integrate Pharma and regulatory environment

- Ensure that Good Manufacturing Practices remain our primary focus
- Stay ahead of regulatory requirements for pharma glass primary packaging
- Maintain the certification ISO 15379 across the Group keeping all manufacturing sites and head office certified

Develop our talents

- Ensure all employees are fully aware and actively involved in the Group's quality objectives and targets
- Create an environment to develop individual skills and facilitate sharing of best practices
- Monitor employees qualifications, assess related risks, take preventive and corrective actions

Progress toward zero defects

- Develop annual key performance indicator targets to follow the progress of the quality produced and the quality and service delivered to customers, with a focus on continuous improvement
- Dedicate the necessary resources (financial, human, equipment) needed to avoid manufacturing and delivery defects.
- Routinely assess the risk and collect the needs for risk mitigations
- Sponsor and support any new development tools or technology that could lead to "zero defects"

Focus on Quality Days

Three times a year, we gather our quality managers from each plant across the world for two days to work on common issues and share sites' best practices. Through this kind of workshop, we instill a Pharmaceutical mindset in the company and enhance team spirit and company quality network.



Contribution of Quality to CSR Strategy

As a sustainable partner for our customers, we provide them with the highest quality of products and services, while responding to their needs and requirements. In 2019, SGD Pharma's quality improvement strategy focused on 4 axes:

Reinforce customer care

- We have a multifunctional team dedicated to addressing specific customer needs.
- We have reinforced regulatory support and follow-through with the tracking of new KPIs such as the number of regulatory requests received and the response time.
- We proactively review our quality agreements and specifications signature to adapt to any potential customer.
- Additionally, we provide regulatory support to most of our customers.
- Ultimately, we developed a program for proactive customer visits and have set a standard model for complaints answers across the Group.

Process robustness and control

- In 2019, we implemented new equipment to control processes better and reduce process variations (gob watch, automatic swabbing robot etc.)
- Additionally, we set good practices standards with in communication between plant production heads.
- SGD Pharma continuously invests in new control machines based on a delivery defect risk matrix.
- We benchmark control plans between plants, share risks assessments, and optimize accordingly.

Enhance employees' knowledge about customer environment

Reinforcing our pharma mindset and developing a customer-oriented culture is an absolute priority at SGD Pharma. This goes through two types of actions:

- For plant managers: Refresh GMP knowledge*, validation, customer portfolio and sales strategy.
- For all plant employees: Product use, customer needs and claims. Discipline in GMP applications

Agility and direct flows

In the pharmaceutical area, reliability and flexibility are among the most important considerations. Thus, in 2019, we focused on two major projects:

Data Science for Supply Chain Forecast is a new forecast process to better respond to market volatility while avoiding overproduction.

There are two main steps in this project.

- During the first phase, we continued to use data provided by our sales representatives as a basis for our demand forecast while using data from statistics model and machine learning (ML) as a verification tool. This has led to impressive results, with the forecast **BIAS rate** (historical average error) dropping from **12% to 5%**.
- The second step was initiated at the end of 2019. The main objective was to reverse our approach and use forecasts from the statistics model and ML as the basis for setting both the production and budget targets.

Tracking of product deliveries: Implementation of an integrated tool, allowing us to centralize and improve tracking of our shipments on sea. With this tool, we will be able to provide customers with a higher level of information and services.

* GMP : Good Manufacturing Practices

Interview



"At SGD Pharma, our approach to sustainability is proactive. We believe that it is our duty to maintain high social and environmental commitments while conducting our business. We share this vision with our similarly committed customers and develop joint initiatives with them to enforce actions related to sustainability. Corporate social responsibility is a key pillar of our relationship with the customer."

LAURENT ZUBER
CHIEF COMMERCIAL OFFICER AND
GENERAL MANAGER WEST WORLD

2019 Results & 2020 targets

	2018	2019	2020 Target
Quality			
Customer claims evolution in ppm* (from a y-1 basis)	-13%	-14%	-46%
CAPA** treatment (%)	97%	98%	100%
ISO 15 378 certified plants	100%	100%	100%
Supply			
Customer claims evolution in ppm (from a y-1 basis)	99,1%	99,3%	99%
Regulatory affairs			
Number of regulatory inquiries	629	744	-
Average time (in days) to close a regulatory inquiry	11	11	<20

In 2019, as usual, we monitored the compliance of all our plants, sites and headquarters against ISO 15378 certification through external on-site audits. No issue of major non-conformity were found, which supports our proficiency in GMP.

Overall, we saw a positive improvement on most of the KPIs related to Quality, Supply and Regulatory. However, we had a counter performance for customers complaints in 2019. This will represent a major challenge for 2020 with an **ambitious target defined**.

*ppm: part per million
**CAPA: Corrective And Preventive Actions



2.2 BUSINESS ETHICS

SGD Pharma conducts business in many countries and is therefore under the scope of various regulations. As a result, we are very attentive to any change or new regulation that could affect our operations.

Group policies

Our Code of Conduct and Ethics

SGD Pharma's Code of Conduct is the foundation of the Group's actions in terms of business ethics. In 2017, it was strengthened with the highest standards and new regulations. The Code of Conduct and Ethics is an integral part of SGD Pharma's culture, acknowledged and followed by every employee or person acting on the behalf of the company. It is divided into 8 parts:

- Respect for individuals
- Confidentiality and protection of sensitive information
- Respect for health, safety and the environment
- Prevention of conflict of interest
- Combat corruption and influence peddling
- Respect for the principles of free competition
- Health and safety in relation to service providers
- Whistleblowing procedure

FCPA Policy

This policy clarifies and develops the guiding principles mentioned in our Code of Conduct. The purpose of this policy is to ensure compliance with all applicable laws (e.g. U.S. Foreign Corrupt Practices Act, U.K. Bribery Act) and to prevent employees, managers, directors and any affiliates or person acting on the behalf of the company, from being involved in "active" (offering, promising, granting) or "passive" (soliciting, agreeing, receiving) corruption by setting forth the appropriate guidelines and principles.

Our 2019 action plan

SGD Pharma believes that the way we achieve results is equally as important as the result itself. In 2019, our improvement strategy on Business Ethics-related topics revolved around 3 main axes:

1. Training on anti-corruption

We believe that the best way to mitigate risks related to corruption and prevent corruption acts is to educate our employees and develop an anti-corruption company culture.

Following our first anti-corruption training campaign, conducted at Group level in 2018, our goal for 2019 was to focus on at-risk areas, particularly in the Asia-Pacific regions.

We conducted further trainings with our teams located in China on anti-corruption and ethical issues by exploring the following topics:

- Internal policies and procedures (**Code of Business Conduct and Ethics, LOA*, Whistleblowing procedure, Anti-Corruption Policy**)
- Specific PRC** laws and regulations (criminal law, anti unfair competition law, Supervision law...)
- Specific practices in the life science industry (RDPAC 2019 Code, AdveMed)
- Case studies and examples of common practices, forbidden gifts and behaviours and thresholds for gifts.

Additionally, we conducted the similar type of training for our team in the U.S.

*LOA: Limitation of Authorities

**PRC : Research programs



2. Assessment of third parties: review and improvements

National and international laws and regulations recently came into effect, with an objective of strengthening the obligation for firms to ensure that their third-parties are not under international sanction lists and have not been convicted of corruption.

All third-parties are impacted by the procedure to our Group (customers, suppliers, distributors, sales agents...). In 2019, we reviewed our third-party validation procedure:

- **Initial control:**

Simplification of the process. Once in advance contact with a new third-party, they are all assessed, regardless of their country.

- **Periodic control:**

Intensification of the verification cycle of all our database. Ranges from one periodic control a year to at least one per semester.

If a serious issue with a third-party is detected through Dow Jones' watch, the case is brought-up to the legal department for further investigation. In the cas that issues appear to be proven and substantial, we should instantly cease the process with third party (if not already validated) or break the contract.

3. General Data Protection Regulation (GDPR)

This new regulation was a pivotal change that impacted the way we previously collected, used and stored data. From now on, companies must gather consent for any and all data processing and only collect and store necessary data. Moreover, they must ensure that all private data is securely stored and processed. Eventually, individuals will have control over their data and they have the right of access, rectification, erasure and portability of their data.

Any breaches to this regulation may expose the company to severe reputational risks and even tremendous fines in some cases. In order to mitigate risks and preserve our reputation, we have developed specific procedures and adapted the way we handle personal data.

The first step was the release of our **GDPR policy** in March 2019, enhanced with the creation of the SGD Pharma **GDPR Committee**.

A few examples of actions implemented:

- **Register sheet** for the integration of a new employee (description of data and information needed, the purpose of their collection, their use and security measures taken)
- In 2019, our IT team has enforced a new tool **for data security and insider threat detection**. We are able to manage access rights and identify which data or folders could be at risk.

So far, we have received zero complaint concerning breaches of customer privacy and losses of customer data.

2019 Results & 2020 Objectives

	2018	2019	2020 Target
% of at-risk employees trained on business ethics issues	96%	96%	100%
Number of alerts reported through whistleblowing hotlines	0	0	0
Number of compliance committees held	3	5	3
Third-party verification through Dow Jones (Customers and agents): issues brought up	-	6	0

We started assessment through Dow Jones and identified 6 minor issues related to third parties, but **none were relevant enough to engage further procedures**.

However, we did not renew the Group-wide anti-corruption campaign. This will be our main 2020 objective.

Interview



"In early 2019 we implemented our first sustainable procurement policy. In the following months we developed a specific management system to integrate the CSR principles mentioned in our policy into our purchasing practices and decisions. From now on, our suppliers will be rated on their overall performance, which includes Quality, Delivery, Financial and CSR criteria. Purchasing volumes and new contracts will be distributed given this overall score."

BIHAG SHAH

GROUP PURCHASING DIRECTOR

2.3 SUSTAINABLE PROCUREMENT

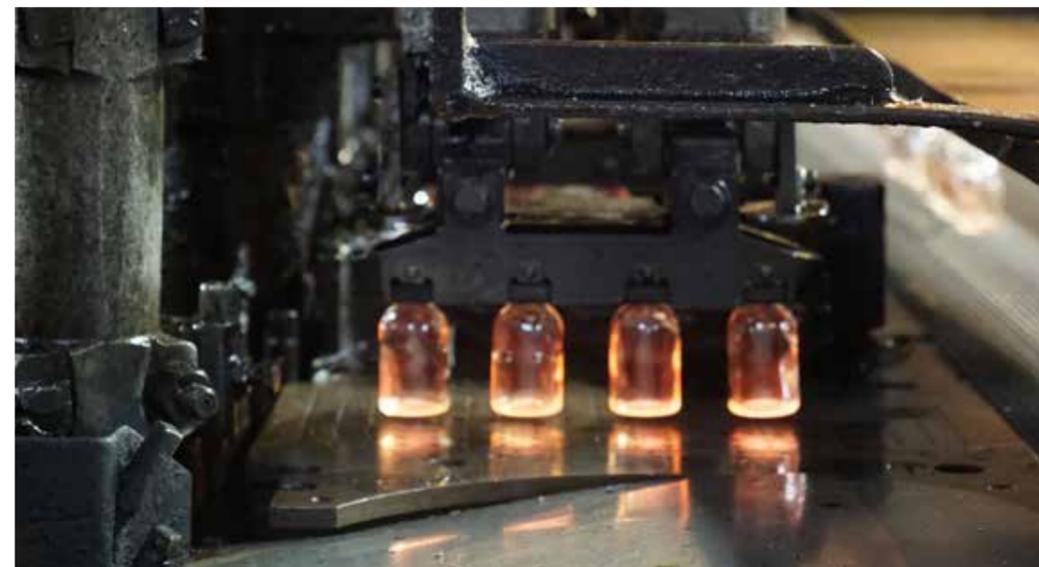
As part of our commitment to sustainability, we are working with our key suppliers to improve their sustainability initiatives. Suppliers to SGD Pharma play an important role in the success of our business model and sustainability program. We strive to conduct business with suppliers who share our commitment to high ethical standards and operate in a fair and responsible manner.

Our sustainable procurement policy

In 2019, we reviewed our Purchasing Policy and raised ethical, social and environmental standards. The Purchasing Policy provides clear guidelines of Group expectations in terms of purchasing practices to be carried across all entities. Our purchasing policy is governed by the following documents:

- Our Code of Business Conduct and Ethics (see p.26)
- Our FCPA policy (see p.26)
- Our Limitation of Authorities policy
- Our Third-Parties validation procedure (see p.27)

The overall goal of purchasing is to procure quality products and services in the most cost-efficient manner while satisfying the company's requirements on a timely basis. Company requirements comprise the total cost of ownership* and ethical, environmental and social matters.



*Total cost of ownership (TCO) takes into account the overall costs associated with life cycle and use of a product. It helps buyers determine the direct and indirect costs of a product or system.



Embed CSR principles in purchasing practices and decisions: our management system and actions

Clauses in suppliers' contracts

The first measure that we implemented in 2019 was the integration of Social, Environmental and Ethical clauses in our contracts with suppliers. Clauses contain essential prerequisites for which we want our suppliers to be compliant with, such as:

- Applicable social and environmental laws
- Notification of any safety, health or environmental issues
- Compliance of its subcontractors

In the case of non-compliance or a serious breach to the principles enacted in the contracts, we reserve the right to immediately terminate any or all contracts with the supplier

Third party verification: regulatory compliance and CSR controversies

As presented in the Business Ethics section (see p.27) , we conduct a third party verification for each new supplier, whether or not it comes from an at-risk country, and bi-annual control of our whole critical supplier base.

Dow Jones brings up any judiciary process against a supplier or any controversies issued in the press. Corruption cases are of the utmost importance as well as environmental and social controversies.

Supplier Code of Conduct

In 2019, we drafted a new Supplier Code of Conduct. This Code of Conduct enacts general principles and requirements to be followed by our Suppliers. It revolves around 4 axes:

- **Ethics** (conflict of interest, corruption, free competition, conflict minerals, animal welfare, privacy and data protection, confidentiality etc.). We offer our stakeholders, including our suppliers, a whistleblowing hotline that allows individuals to come forward and report any person or party's actions that may constitute as bribing.
- **Labour & Human rights** (forced and child labour, working hours and wages, respect and dignity, freedom of association, discrimination)
- **Health & Safety** (worker protection, process safety, emergency preparedness and response, hazard information...)
- **Environment** (environmental authorizations, climate change, efficiency of resources, waste and emissions, spills and releases)

We encourage our suppliers to implement management systems to facilitate adherence to all applicable laws and regulations and strive for continuous improvement.

Ultimately, we **want 100% of our critical suppliers** to acknowledge and recognize the principles enacted in this Code of Conduct by signing it. We plan to send to all our suppliers the Code of Conduct in September 2020.

Assessment through CSR questionnaires

We developed a CSR questionnaire to assess our supplier performance on CSR topics and learn more about their practices. The questionnaire comprises more than 80 questions, spread around 4 themes (human rights, labour, environment and business ethics). It has been developed in accordance with the **United Nations Global Compact 10 principles**.

It comprises 3 main types of questions:

- Enforcement of policies and procedures
- Management systems and actions implemented
- Results, especially GHG emissions Scope 1 & 2 (in order to launch the assessment of our Scope 3 emissions)

Please find below the rating grid:

SUPPLIER GRADE		
C	B	A
<60%	60% < score < 80%	>80%
Average	Good	Excellent

This CSR score will be included in the overall rating of our suppliers (with quality, delivery and financial criteria), and purchasing volumes will be allocated accordingly.

We have **371 critical suppliers** over a total of more than 2 500 that represent over 80% of purchasing value and volume. These suppliers are vital for our business and starting their assessment is a strategic choice.

We plan on launching the assessment at Group level in September 2020. Key findings and results will be available in our 2020 CSR Report.

2019 Results & 2020 Objectives

	2019	2020 Target
% of risky suppliers for which conflict minerals information are available	100%	100%
% of critical suppliers assessed through Dow Jones (Compliance and CSR controversies)	100%	100%
% of the overall purchasing value covered by the assessment of critical suppliers	80%	>80%

We implemented solid management tools to assess our suppliers and ensure they comply with our standards and applicable laws and regulations.

For 2020, our action plan deals with 3 major axes:

- Assessment of our critical suppliers through CSR questionnaires and signature of Supplier Code of Conduct. Monitoring and analysis of the results. Embedding in global supplier rating.
- Reinforcement of third party verification through Dow Jones. Extend assessment to non-critical suppliers.
- Proper monitoring of CSR clauses in our supplier contracts.

These actions and their monitoring will allow us to implement a new set of key performance indicators.



3



OUR ENVIRONMENTAL ASPECTS

ENERGY CONSUMPTION AND GREENHOUSE GAS EMISSIONS

REUSE, WASTE & WATER

LOCAL & ACCIDENTAL POLLUTION

Due to the nature of our business, SGD Pharma uses a high amount of energy, leading to greenhouse gas (GHG) emissions. Glass manufacturing requires large amounts of raw materials (sand, water, ores etc.) and can lead to hazardous releases if not well controlled.

We have set clear long-term objectives for minimizing environmental impact by reducing energy consumption and CO₂ emissions, as well as optimizing water use, waste management and resource efficiency. These are all areas for improvement that require financial and human investments to remain competitive.

Nevertheless, glass remains the best material to store sensitive drugs as it has limited interactions with the contents and is a stable barrier to oxygen and gas. In addition, glass can be 100% recyclable.

Interview



"SGD Pharma has the strong ambition to develop its environmental approach and mitigate its adverse impacts as well as the related risks. Since 2019, the Group has been looking for an experienced EHS Director. Step towards achieving this ambition was my appointment in early 2020. I will strive to apply the experience gained over 15 years spent managing the EHS performance of a large international industrial group, to support SGD Pharma. By strengthening and consolidating what already exists, we will set ambitious targets on our environmental challenges and we ensure we have the tools to reach them."

LAURENT THURET
GROUP EHS DIRECTOR



3.1 ENERGY CONSUMPTION AND GREENHOUSE GAS EMISSIONS

Glass manufacturing is a highly energy-intensive process due to its very high melting temperature (above 1500°C). Additionally, some of the raw materials used in the fusion contain CO₂, which is emitted into the atmosphere during the melting process.

Thus, in order to reduce our GHG emissions and mitigate climate change, we strive to continuously improve the energy efficiency of our industrial processes. As a result, we invest in the Best Available Technologies (BAT) for our furnaces and continuously upgrade our installations throughout the industrial process.

SGD Pharma Carbon Footprint

To integrate the reduction of greenhouse gas emissions in our Group strategy and define our climate strategy, we have conducted a precise inventory of our Scope 1 and Scope 2* GHG emissions and we have identified which categories of Scope 3 emissions were relevant for our business.

To do so, we have been supported by ERM, a consulting firm that is specialized in environmental consulting. We have selected the GHG Protocol's Corporate Standard as the basis to calculate our GHG emissions.

We took this into account the GHGs emissions for the following sites:

- Our 5 factories
- Our headquarter
- Our sales offices
- Our sorting facility
- Our vehicle fleet



*Please find the definition of Scope 1 and Scope 2 GHG emissions in the Glossary in appendix

Interview



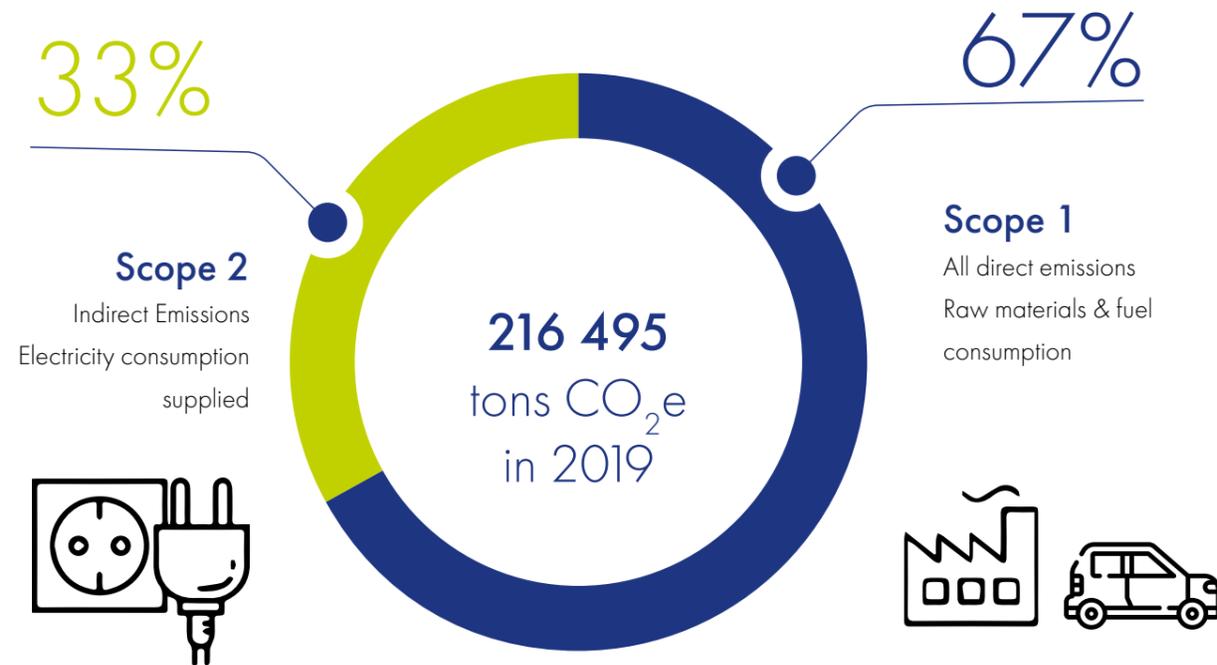
“One of SGD Pharma's top priorities is to embed climate-related objectives in our 2020-2025 Business Plan. This demonstrates our strong commitment to address and mitigate climate change while also reducing the risks associated with our business. In the coming years, we will rebuild most of our furnaces. With the reconstruction, we will invest in the Best Available Technologies. We want to ensure that we have the means to meet our climate targets.

By 2025, we plan to reduce 5% of our CO₂ emissions per tons of goods produced.

This initiative will save over 10 000 tons of CO₂ by 2025.”

CHRISTOPHE MUGUET
CHIEF OPERATING OFFICER





Scope 3
4 material categories
of Scope 3 emissions

Distribution of GHG emissions by scope and sources

The GHG Footprint Scope 1 & 2 at our five production sites represents over 99% of our overall emissions (216 187 tons of CO₂e)

Among our plants, we have identified 3 main sources of CO₂ emissions, which account for over **99% of the overall emissions**:

- **Fuel consumption** for heat generation represents **52%** of our overall emissions.
- **Emissions from process**: represents almost **15%** of our overall emissions. However, plants producing Type 1 glass (borosilicate) have a much lower rate of process emissions.
- **Electricity**: represents **33%** of our overall CO₂ emissions. This is equivalent to Scope 2 emissions. These emissions come primarily from our production sites in Asia and Germany, as electricity is largely carbon-free in France.

Not-mentioned but accounted: steam/cold/heat imported from the grid, refrigerants leakage, and mobile combustion sources, which all aggregated for less than 1% of the total emissions.

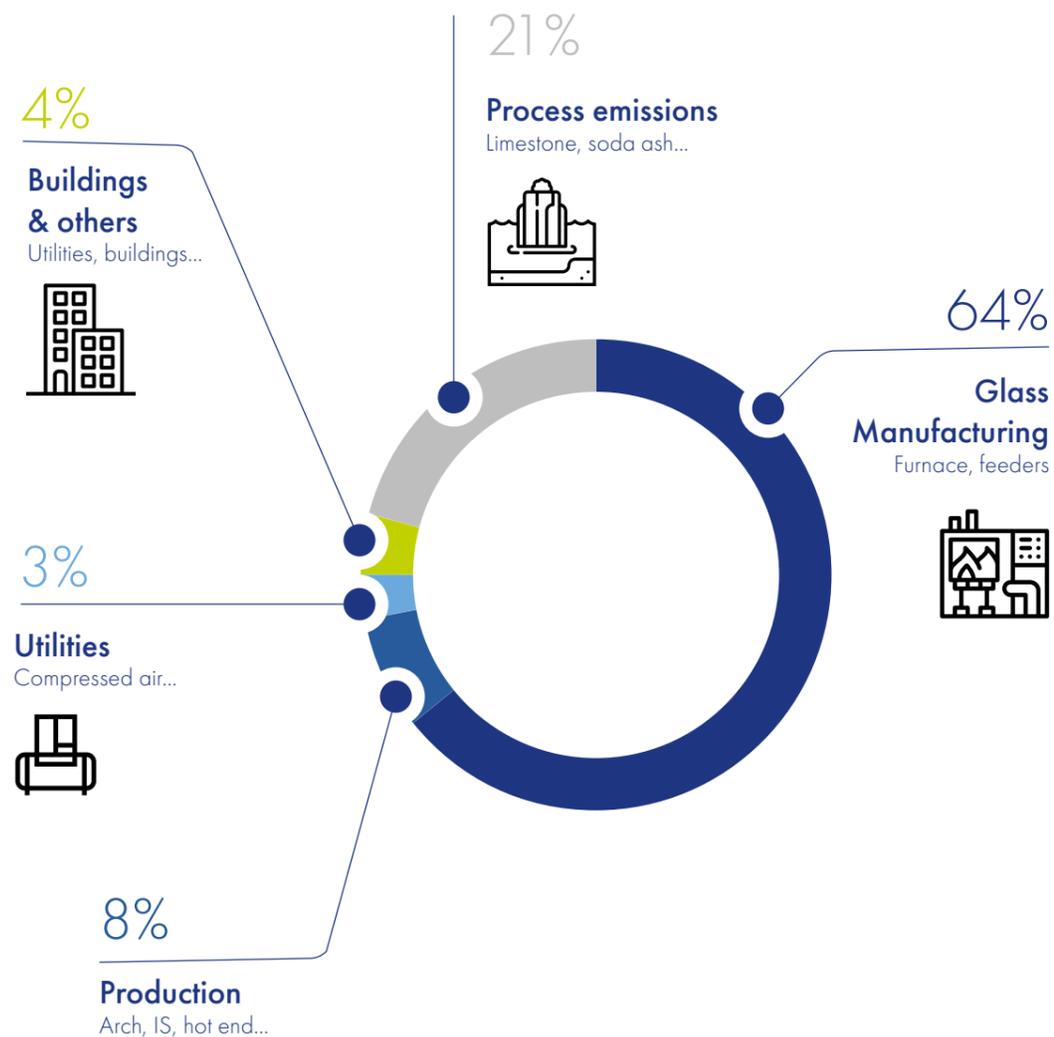
While conducting the inventory of our Scope 1 and 2 GHG emissions, we also identified which categories of the Scope 3 emissions were relevant to focus on. 4 categories are relevant for us:

- Downstream transportation
- Purchased goods and services
- Use of sold products
- End of life treatment of sold products

This study will be researched in greater depth in 2020. However, we have already enforced actions to tackle Scope 3 emissions (see p.37, load factor optimization) and calculated our Scope 3 emissions related to business travel. This represented 1899 tons of CO₂e in 2019.

Distribution of greenhouse emissions on production sites

This diagram represents the average distribution of GHG emissions at our production sites. (However, it is not representative for Type 1 manufacturing site i.e. Saint-Quentin and Vemula). We observed that around **85%** of our CO₂ emissions are linked to glass conception, either due to energy consumption or raw materials (ores) decarbonation. Therefore, our main focus will be to improve the design and energy efficiency of our furnaces to reduce our carbon footprint.



2019 Results on GHG emissions & 2020 objectives

	2019	2020 Target
Tons of CO ₂ e emitted (Scope 1 & 2)	216 495	+2,2%
Tons of CO ₂ e / melted tons of glass	0,765	=
Tons of CO ₂ eq / M€ revenue	639	-4%
CDP score	C	B-

For 2020, we forecast a **slight increase** in our GHG emissions in absolute value, as **production volume increases** while our furnaces age and will soon be reconstructed.

Our mid-term objectives is to **reduce** the carbon intensity of our glass production by 5% by 2025 (compared with 2019 levels). This will save more than 16 500 tCO₂e compared to business as usual.

Moreover, in 2020, we will **assess Scope 3 emissions categories**, which have been identified as material, to launch emission reduction programs and quantify the reductions.

Eventually, with regards to CDP assessment, our score has slightly increased in 2019, reaching **score C**. For 2020, we aim to **score B-** and score B in 2021.

Energy management at SGD Pharma

Once a furnace is lit, it cannot be switched off. If not heated at a sufficient temperature, glass will freeze, making it impossible to restart the furnace, which can consequently lead to the need to construct a new furnace. As a result, glass manufacturing requires a reliable and continual supply of energy. Additionally, we have seen that over 85% of our CO₂ emissions are a result of electricity and fossil fuel consumption. Energy management is a top priority at SGD Pharma.

Hence, we have developed an internal energy management system standard that continually improves the energy performance at all SGD Pharma plants and develops a Group culture of energy performance.

This management system includes 4 phases (based on a classic Plan-Do-Change-Adjust approach):

- **Energy review:** identification of main energy uses, set energy performance indicators, objectives, targets and related action plans
- **Implementation:** of previously designed action plans and integration of energy performance objectives in procurement practices
- **Verification:** through monitoring, measurements and analysis
- **Corrective actions:** improvement phase considered with non conformities



Interview



"This Group-wide management system complements the systems already implemented in our plants. Currently, we have 3 sites ISO 50001 certified (Sucy-en-Brie, Kipfenberg and Vemula) and our short-term ambition is to have all plants certified by the end of 2021.

Thus, this management system represents a great framework which will be used as the basis for the certification of the 2 remaining sites: Saint-Quentin-la-Motte and Zhanjiang."

PASCAL RIVIERE
TRANSFORMATION PROJECT MANAGER

Improvements in energy efficiency and energy savings

Furnace rebuilding at SQLM

The furnace is responsible of the highest consumption of energy during our industrial processes. In 2019, we rebuilt a furnace at our factory at Saint-Quentin in France. This enabled us to implement several upgrades to the furnace leading to important energy savings.

Heat recovery project, Vemula

In August 2019, we installed a new heat recovery system at Vemula, India. With this new system, we can recover the wasted heat that is generated by our furnace. Hot flue gases are captured at the exit of the furnace and are used to produce cool water which is then used to cool our ISO 8 clean rooms. This allows us to reduce our fossil fuel consumption and offers other environmental benefits since the fumes released in the environment are much cooler.

New 2020 - 2025 impetus for SGD Pharma: furnace rebuilding and improvements

Between 2020 and 2025, we will rebuild all our furnaces and upgrade them with new technologies (live monitoring systems, better thermal insulation, increased electric boosting). These improvements will eventually enable us to improve our overall energy efficiency by at least 7% by 2025.

2019 Results & 2020 objectives relative to energy performance

	2018	2019	2020 Target
Electricity consumption (MWh)	211 952	222 593	+2%
Fossil fuel consumption (MWh)	529 960	567 347	+1,6%
Overall energy consumption (MWh) / melted tons of glass	2,698	2,759	-0,2%
ISO 50001 certifications	3/5		-

There are three main reasons for the increase in our energy consumption in 2019:

- An increase in glass production
- Most of our furnaces are aging and lose energy efficiency
- We improved our methodology and are better with our energy reporting and our energy mapping



Other projects and initiatives related to energy efficiency and carbon emission reductions

SGD Pharma is involved in various short- and long-term projects, which are part of its overall strategy to reduce Greenhouse gas emissions. For instance, we are involved in the Furnace of the Future steps, led by FEVE in which we collaborate with 20 European glassmakers. We have also taken initiative to reduce our **Scope 3 emissions** and will develop actions in the coming years. We will carry out a precise inventory of the Scope 3 material categories previously identified which will allow us to prioritize our actions. Eventually, we will also conduct internal studies on the potential to **substitute several raw materials**, which could reduce our Scope 1 emissions.

Actions related to Scope 3 emissions: "Downstream transportation"

- Most of our products are shipped through **maritime transport** (e.g. from Sucy-en-Brie Plant to Le Havre harbor). This is a more time-consuming process, but offers substantial reductions in carbon emissions, compared with road transportation.
- SGD Pharma requires specific statements from our carriers that specify that they use recent vehicles with lower emissions for our good transportation.
- In 2018, SGD Pharma launched the "**Load Factor Optimization**" project. This project aims to optimize the filling rate of our carriers' trucks and therefore reduces costs and carbon emissions.

Use of low carbonated raw materials:

Currently, we are considering replacing some of our carbonated raw materials with decarbonized raw materials while maintaining the quality of our glass. This would allow us to save up to 30 000 tons of CO₂e per year.



Furnace of The Future Initiative:

A VISION FOR CLIMATE NEUTRAL PACKAGING

For the first time, 20 companies from the glass industry have joined forces to create, fund and test a pilot furnace project.

This will be the world's first large-scale hybrid oxy-fuel furnace to run on 80% renewable electricity.

- Capable of processing over 300 tons of glass per day
- Ability to melt all types of glass together with recycled glass

This will replace current fossil-fuel energy sources and reduce CO₂ emissions by 50%.

Through this joint initiative, we also intend to seek the support of the European Commission's EU ETS Finance for the Innovation Fund Program in 2020.

Through its participation in this innovative project, SGD Pharma aims to develop new technologies that will help reduce its carbon footprint. When onstream, SGD Pharma will need to adapt the processing capacity of the furnace to its own standards



3.2 REUSE, WASTE AND WATER

The basic input resources in our manufacturing processes are:

- Raw materials (sand, lime, soda ash, etc.)
- Energy (fossil fuels, electricity)
- Water

In the global context of **resource scarcity**, we are using natural resources with the utmost care. We **reuse our internal glass offcuts** for raw materials and ensure no raw material is wasted.

Using cullet in the process offers several advantages. It reduces energy usage as the melting temperature decreases and it reduces CO₂ emissions that are related to energy consumption and raw material decarbonization.

Glass manufacturing generates specific types of waste such as waste related to packaging (wooden pallets, plastic and metal packaging...), equipment and facilities (refractories, metal scraps etc.) and process (refrigerants, sludges, oil etc.).

We have a clear ambition for waste management: **reduce, reuse and recycle**.

To demonstrate our environmental commitment, we had **3 plants ISO 14001 certified** in 2019 (Kipfenberg, Zhanjiang and Vemula) and we plan to **certify the remaining plants** (Sucy-en-Brie et Saint-Quentin) by the end of 2021.

Water management

Our water management approach revolves around 2 axes.

- Responsible consumption of the resource
- Treatment of water and monitoring its quality (discussed in section 3.3)

SGD Pharma uses water mainly for cooling purposes in the melting and forming part of the industrial process (see figure "our production process" p.61).

To reduce our water consumption, we installed closed-loop circuits at all our production sites. Water is primarily taken from public utilities and is used to level the water pressure in our closed-loop systems. Water is treated in a de-oiling and decantation tank before being reinjected in the system.

In 2019, we reduced our overall water consumption by **18%** in comparison to 2018. As a result, we saved more than **156 000 m³** of water which has mainly been achieved by the outstanding performance of our French plant at Sucy-en-Brie.

This has been made possible through important investments and upgrades at our facilities and water management systems including:

- Improvements to the pumping system
- Improvements to the sump and sump pump
- More regular water pressure in the closed loop system
- New live monitoring system: flow meter, hydrocarbons, pH, temperature.

Waste management

At SGD Pharma, our objectives related to waste management are:

- Reduce waste generation
- Foster reuse and recycling
- Eliminate waste to landfill

In 2019, we consolidated our waste sorting and treating approach, allowing us to follow new KPIs at Group level. Our Group approach is based on sharing best practices between our sites. Our French site, Sucy-en-Brie represents our benchmark for waste management.

Foster reuse and recycling

Our current strategy to foster reuse and recycling focuses on 3 axes:

- Train our team and raise awareness
- Identify new treating and sorting partners
- Improve internal sorting and flow management

In 2019, the global recycling rate of the company was 41%. This does not include other types of recovery (reuse, energy recovery or anaerobic digestion).

In 2020, we plan on developing a recovery ratio indicator at Group level.

Road to “Zero Waste to Landfill”

One of our biggest objectives is to reduce waste in landfills. In 2019, our plant, Sucy-en-Brie led the way to achieve this goal. At the time, only small amounts of plasticized glass were being sent to landfill. However, we found a new partner who is now able to re-use these on their own process.



Interview



“I arrived at SGD Pharma in 2017 on a work-study contract. The objective of my assignment was to monitor the management and treatment of waste both internally and externally and also on cost aspects and disposal methods.

Since then, we have made significant progress on the following topics:

- Awareness of staff throughout the plant on issues related to waste sorting.
- Improvement of the plant’s internal sorting center and waste collection areas across the site.
- Development of relationships with our external service providers and search for new contractors.

In the coming years, we will focus on consolidating our waste inventory methods and improving the control of waste flows and sorting, to achieve a better recovery.”

CAMILLE LAILÉ
EHS ENGINEER



Reuse of glass

Project and initiatives: Enhance recycling for pharmaceutical glass packaging

One of the main qualities of glass is its infinitely recyclability without loss of its physical properties. Thus, internally we reuse the glass waste from production defects.

However, as a producer of primary glass packaging for the pharmaceutical industry, **our internal policy** does not allow us to use PCR (Post-Consumer Recycled) cullet in our production process, to **guarantee the high purity of our glass**.

The current state of global recycling channels makes it nearly impossible to track the origin of the glass. Subcontractors have been unable to guarantee the chemical properties of the PCR cullet they have collected.

As a result, we would be unable to manufacture glass that contains the correct chemical properties while meeting the quality standards demanded by our customers, if we were to use PCR cullet in our process.

However, we remain vigilant regarding changes in the sorting channels and are invested in FEVE's initiatives. A certificate of origin and quality of the glass collected could pave the way to a new circular economy for pharmaceutical glass.



CLOSE THE GLASS LOOP

The European ambition to collect more recycled glass, better, together

Close the Glass Loop is a European bottom-up, collaborative, public-private partnership that aims to increase the quantity and quality of available recycled glass.

This initiative follows the European Green Deal framework, which recently changed the objectives for the recycling rate to accelerate the transition toward a more circular economy.

Two key targets have been set:

- Raise the rate of glass collection to 90% by 2030 (up from 76% in 2019)
- Improve the quality of recycled glass to allow more recycled content to be used in a new production loop

Interview



“As a producer of glass primary packaging for the pharmaceutical industry, we have specific challenges:

- A part of our production is borosilicate glass, which is more energy intensive to produce and, so far, has no dedicated recycling channel.
- A significant part of our production is used in hospitals and, thus, is considered as infectious medical waste, making it non recyclable.

In order to reach our common goal of 90% collection rate of used glass by 2030 and enhance the quality of recycled glass, we aim to develop new recycling channels for our products, in close collaboration with FEVE and local authorities.”

LAURENT ZUBER

CHAIRMAN OF FLACONNAGE BOARD AT FEVE
[HTTPS://FEVE.ORG/](https://feve.org/)

2019 Results

	2018	2019
% of recycled waste	-	41%
Total amount of waste (in tons)	-	7709
Total amount of hazardous waste (in tons)	-	624
Water consumption quantity (in m3)	870 581	713 894
Water consumption relative to production (m ³ /tons)	4,228	3,166
Water discharge quantity	-	542 559
ISO 14001 certifications		3/5

In 2019, we significantly reduced our water consumption.

In general, we are starting to consolidate our environmental approach, especially regarding waste management. We plan to have **all our industrial sites ISO 14001 certified by end of 2021.**



3.3 LOCAL AND ACCIDENTAL POLLUTION PREVENTION

If our manufacturing processes and resources are not well handled, it may result in environmental impacts such as: air emissions linked to combustion, discharges of contaminated water and noise pollution. However, SGD Pharma remains proactive and committed to reducing these impacts and has implemented action plans and measures that prevent and mitigate these risks.



Our actions to prevent local pollution

Control of water discharge parameters

A significant amount of water consumed in our process is not including in the close-loop system. This water is discharged into the public water network and waterways and, therefore, must be treated and monitored.

We have installed de-oiling and decantation tanks at our plants to separate pollutants from the water.

In 2019, we implemented a new live monitoring system at our French plant of Sucy-en-Brie. This system allows us to continually monitor water parameters from our discharges. If thresholds exceed a certain level, we are alerted and can act quickly.

All our plants are monitor and collect regular samples for the following parameters:

- pH
- Temperature
- Hydrocarbon traces
- COD & BOD*

In 2019, the average thresholds for all these parameters were well below legal requirements.

Noise pollution

Manufacturing glass is considered a heavy industry. The melting and forming processes are especially noisy. To ensure the safety of our employees, we provide specific hearing protection equipment.

We respect important legal restrictions on noise level outside our factories, in both urban and rural areas, so as not to disturb communities nor wildlife.

*COD: Chemical Oxygen Demand is the total measurement of all chemicals in water
BOD: Biochemical Oxygen Demand is the amount of oxygen that requires for the bacteria to degrade the organics components in the water



Mitigate air emissions

The main pollutants released into the atmosphere during the manufacture of glass are Nitrogen Oxides (NOx) and Sulfur Oxides (SOx). In high concentration, these can have adverse impacts on human health and environment. Additionally, other air pollutants, such as dust, can be emitted during the manufacturing.

As a result, we have set up specialized equipment, such as electrostatic precipitators known as De-Nox systems at our plants. While the electrostatic precipitator was already installed at our Sucy plant, we have just recently installed a De-Nox system at our plant in Zhanjiang, China.

In addition, having an oxy-fuel combustion furnace and an electric furnace at our plant in Saint-Quentin dramatically decreases our SOx emissions.

Overall, each action that aims to reduce combustion or use of fossil fuels allows us to lower our air emissions.

2019 Results

	2018	2019
Number of air emission Non-Compliance	4	1
Total amount of NOx emitted (in tons)	-	509,2
Total amount of SOx emitted (in tons)	-	391,6
Number of water discharge non-compliance	9	14
Average pH of industrial water discharge	-	7,96
Average temperature of industrial water discharge (°C)	-	21,79
Noise non-compliance	0	0

Measurements of average parameters in the water discharged show that we are well below legal thresholds, even in countries where the regulations are highly stringent.

On the other hand, it appears that we have had some non-compliance issues related to air emissions and water discharges. In the coming years we will strive to stabilize our emissions and reinforce monitoring methods.

**FROM AROUND
THE WORLD**

4

OUR LOCAL INITIATIVES

SGD Pharma's local initiatives are programs, projects and actions that are conducted near our locations around the world. Through these initiatives, we support local and community development, promote health, sports, education, culture, and even protect the environment. These initiatives are conducted on a voluntary basis and reflect our ambition to share the value created through our activity with communities.

Our Local Initiatives

From around the world

Support local communities, Vemula India



In 2019, nearly 20 men and women suffering from various physical disabilities were given retrofitted vehicles by SGD Pharma India in the presence of MLA AllaVenkatesh. The beneficiaries were mostly from Vemula, Mahabubnagar and nearby villages.

Many students reside in inaccessible areas of the village and find difficulty attending school due to restricted mobility. SGD Pharma donated 100 bicycles to support these students.

"I want to thank SGD Pharma India for helping members of our community in need of assistance. We hope that other organizations to also come forward and take inspiration from SGD Pharma India in making this mission go forward."

ALLA VENKATEHWAR
MEMBER OF TELANGANA* LEGISLATIVE ASSEMBLY

*Telangana is a state in southern India, where our plant is located.

Our Local Initiatives

From around the world

World Environment Day 2019, Vemula India



Global warming is increasing day by day and air pollution & deforestation are also on the rise. SGD Pharma recognizes the importance of the environment to human well-being. Thus, we celebrate World Environment Day to raise global awareness, promote sustainable efforts and implement positive environmental actions.

Supporting our commitment to the environment, SGD Pharma India held a tree planting event at the factory premises on World Environment Day, i.e. June 5th 2019.

The committee was joined by the management team, to plant tree saplings in order to support World Environment Day.

"We thank SGD Pharma India management team, who gave us an opportunity and encouraged us to support tree planting at our place of work and improve the space around us".

VENKAT RAMANA
SENIOR MANAGER

Friendship basketball match, Zhanjiang China



On December 16th, 2019, SGD Pharma Asia Pacific held a friendly basketball match with the Hilti's plant.

Prior to the game, we visited the plant in Hilti and met with the top management under the leadership of Industrial Director Jingbo Shao and HR & Admin Director Michelle Liang. This exchange allowed us to increase our cooperation and facilitate our forces for future negotiation with Zhanjiang city.



Our Local Initiatives

From around the world

Blood donation camp, Vemula India



In December 2019, a camp for blood donations was organized by Palamuru blood bank on site at SGD Pharma India. A team of 6 doctors and nurses assisted in the blood drive.

The blood donation camp was initiated by our Sales team. As well as an overwhelming response from our SGD employees, the blood drive was opened up to other donors to join the event. A total of 65 units blood were collected in the camp. A Certificate of Appreciation, a donation card, and a refreshment were given to each donor to express our gratitude.

Zero Waste Event, Saint-Quentin-Lamotte, France



In November 2019, we aligned to the European week for waste reduction to raise awareness among our Saint-Quentin-la-Motte teams. They participated in several "Do it Yourself" workshops where they learned:

- How to make their own laundry detergent that reduces the use of chemical cleaning products
- How to make bee wraps that can replace and reduce the use of stretch plastic film.

This occasion also served as an initiative to promote new and more sustainable habits regarding the use of wipes, paper towels and other reusable fabric products.

The local council community of "les Villes Soeurs" concluded the event by sharing best practices about recycling.

Our Local Initiatives

From around the world

One World Run, Kipfernberg Germany



In April 2019, our teams from Kipfernberg participated in the One World Run, which took place in Titting, Germany. Twenty-four runners from SGD Pharma took part in this event. Organizers of this charity event offered generous donations per four km round completed by a participant.

Together, our teams covered 82 laps, making a total of 328km. As a result, they collected over a thousand euros.

The proceeds were donated to YEBO Zululand Initiative in South Africa.

The YEBO Zululand Initiative, founded in 2002 at Dringenberg, aims to support professional, cultural and social people's projects in KwaZulu Natal (a region in South Africa). It promotes sustainable initiatives that develop the region and support the local community living there.

MOOC Vitra, Sucy-en-Brie France



In 2019, our teams in Sucy-en-Brie worked in close collaboration with the Cerfav (European Center for Research and Training in Glass Arts) and other partners, to create the "Vitra MOOC". This Massive Open Online Course (MOOC) is the first of its kind and addresses trades and processes in the glass industry. This MOOC allows us to deepen our culture and technical knowledge of the glass material. The MOOC is divided into 5 weeks of different lessons that address a specific aspect of glass culture and technique including:

- Glassblowing
- Glass decoration
- Glass casting
- Stained glass
- Zoom Glass finishing

CSR DASHBOARD 2019

& 2020 Objectives 1/2



Material topics	Commitments	Key performance indicator	Unit	Achievements		Trends	Objective
				2018	2019		
Our people							
Health and Safety	Zero accident, Zero occupational illness	TF1 (Lost time injury rate for direct workforce)	-	2.6	2,5	↗	<1,1
		LTA + NLTA (Lost time accident + non lost time accident)	-	38	27	↗	<19
		Average hours of safety training per year and per employee	-	4,31	5,59	↗	-
Career management and trainings	Attract, develop and retain our talents	Attrition rate	%	12,60%	7,40%	↗	-
		Number of employees trained vs number of employees	%	-	85%	↗	-
		Average hours of training per year per employee	hrs	25,87	28,25	↗	-
Social dialogue & diversity	Equal employment and promotion opportunities	% of the total workforce covered by a formal agreement	%	70%	73%	↗	-
		% of women in top management position	%	32%	32%	↗	-
		% of women employed in relation to the whole organization	%	37%	39%	↗	-



Material topics	Commitments	Key performance indicator	Unit	Achievements		Trends	Objective
				2018	2019		
Our Business Values							
Quality of service and competitiveness	Zero non conformity	OTIF 1 (On-time-in-full-delivery)	%	99,10%	99,30%	↗	99%
		Customer claims (evolution from a y-1 base)	%	-13%	-14%	↗	-46%
Global business ethics policy	Full compliance with national and international laws and regulations	At-risk employees across all locations who received training (e.g. e-learning) on business ethics issues	%	96%	96%	↗	100%
		Number of alerts through the whistleblowing hotlines	-	0	0	↗	0
Sustainable procurement	Strengthen our supply chain and en- sure business continuity	% of critical qualified suppliers assessed through Dow Jones (third-party verification)	%	0	100%	↗	100%
		% of purchasing value covered by the assessment of critical suppliers	%	-	80%	↗	>80%

CSR DASHBOARD 2019

& 2020 Objectives 2/2



Material topics	Commitments	Key performance indicator	Unit	Achievements		Trends	Objective
				2018	2019	2020	
Our Environmental Aspects							
Energy consumption and Greenhouse gases	Improve energy efficiency and tackle Climate Change	Energy efficiency: energy absolute annual consumption / tons of glass produced	MwH/tg*	2,698	2,759	↘	-
		Annual GHG emissions (scope 1 & 2)	tCO ₂ eq	191620*	216495*	↘	+2,2%
		GHG emissions (scope 1 & 2) per melted tons of glass	tCO ₂ eq/tg*	-	0,765*	↘	0,765
		GHG emissions (scope 1 & 2) per k€ generated	tCO ₂ eq/k€TO*	0,597	0,639*	↘	0,613
Reuse, waste and water	Optimize water use, reduce waste generation and abolish waste to landfill	Water consumption relative to production	m ³ /tg*	4,228	3,166	↗	-
		Water consumption	m ³	870581	713894	↗	-
		Waste recycling rate (recycled waste / total amount of waste generated)	%	-	41%	↗	-
Local and accidental pollution prevention	Having a positive impact on our local environment	Air emissions non-compliance	-	4	1	↗	0
		Waster discharge non-compliance	-	9	14	↘	0
		Noise non-compliance	-	0	0	↗	0

NON-FINANCIAL ASSESSMENT: SCORE & OBJECTIVES

Type of assessment	Entity	2018 score	2019 score	2020 target	2021 target
EcoVadis	Group	Silver	Silver	Gold	Gold
EcoVadis	SGD AP	Silver	Silver	Gold	Gold
EcoVadis	Embelia	-	Silver	Silver	Silver
CDP (climate change)	Group	C-	C	B-	B

Global reporting initiative equivalence table

SGD Pharma defined and aligned its CSR strategy and reporting methodology in accordance with the principles of the Global Reporting Initiative. The GRI provides a robust framework and allows us to assess our compliance against an international CSR standards, which are widely recognized and acknowledged as a benchmark for CSR reporting practices.

Global reporting initiative equivalence table

STANDARD DISCLOSURE N°	GRI INDICATOR	SECTION TITLE	PAGE	COMMENTS AND OMISSIONS
102	General disclosures			
<i>Organization profile</i>				
102-1	Name of the organization	-	1	
102-2	Activities, brands, products, and services	Business Model	5, 61	
102-3	Location of headquarters	Business Model	62	
102-4	Location of operations	Business Model	62	
102-5	Ownership and legal form	SGD Pharma Past and Present	64	
102-6	Markets served	Business Model	13	
102-7	Scale of the organization	Business Model	4	
102-8	Information on employees and other workers	Business Model	4	
102-9	Supply chain	Business Model & Our business values	4, 28	
102-11	Precautionary Principle or approach	Our Environmental aspects	42	
102-12	External initiatives	Business Model, Appendix	4, 5, 45, 46, 47, 48	
102-13	Membership of associations	Business Model	6	
<i>Strategy</i>				
102-14	Statement from senior decision-maker	Editorial	2	
102-15	Key impacts, risks, and opportunities	CSR at SGD Pharma	8	
<i>Ethics and Integrity</i>				
102-16	Values, principles, standards, and norms of behavior	Business Model, Our business values	4, 5, 26, 27	
102-17	Mechanisms for advice and concerns about ethics	Appendix	63	
<i>Governance</i>				
102-18	Governance structure (including committees of the highest governance body and their CSR responsibilities)	CSR Governance at SGD Pharma	3	
102-19	Delegating authority	CSR Governance at SGD Pharma	3	
102-20	Executive-level responsibility for economic environmental, and social topics	CSR Governance at SGD Pharma	3	
102-21	Consulting stakeholders on economic, environmental, and social topics	CSR Governance at SGD Pharma	3	
102-22	Composition of the highest governance body and its committees	CSR Governance at SGD Pharma	3	
102-23	Chair of the highest governance body	CSR Governance at SGD Pharma	3	
102-26	Role of highest governance body in setting purpose, values and strategy	CSR Governance at SGD Pharma	3	
102-32	Highest governance body's role in sustainability reporting	CSR Governance at SGD Pharma	3	

STANDARD DISCLOSURE N°	GRI INDICATOR	SECTION TITLE	PAGE	COMMENTS AND OMISSIONS
<i>Stakeholder engagement</i>				
102-40	List of the Group's stakeholders	Business Model	6	
102-41	Collective bargaining agreements	Our people	20, 21	
102-43	Approach to stakeholder	Business Model, Appendix	6, 59	
102-44	Key topics and concerns raised	Business Model, Appendix	6, 59	
<i>Reporting practice</i>				
102-46	Defining report content and topic Boundaries	CSR at SGD Pharma	9	
102-47	List of material Aspects identified in the process for defining report content	CSR at SGD Pharma, Appendix	7, 59	
102-48	Restatements of information	CSR at SGD Pharma, Appendix	7, 49, 50, 59	Restatement of information for contextualization purpose and data comparison
102-49	Changes in reporting	CSR at SGD Pharma, Our environmental aspects	9, 33, 34	New methodology for GHG inventory
102-50	Reporting period	CSR at SGD Pharma	9	
102-51	Date of most recent report	CSR at SGD Pharma	9	
102-52	Reporting cycle	CSR at SGD Pharma	9	
102-53	Contact point for questions regarding the report	Appendix	63	
102-54	Claims of reporting in accordance with the GRI Standards	CSR at SGD Pharma, Appendix	9, 52	
102-55	GRI content index	Appendix	52, 53, 54, 55, 56	
<i>Management approach</i>				
103.1	Explanations of the material topic and its Boundary	CSR at SGD Pharma, Appendix	7, 8, 9, 59	CSR at SGD Pharma
103.2	The management approach and its components	each sections	13-15	for each topic: context, policy, program, projects and actions
103.3	Evaluation of the management approach	each sections	13-15	for each material topic: results and targets
200 Specific disclosure: Economic				
<i>201. Economic Performance</i>				
201-1	Direct economic value generated and distributed	Business Model	4	
201-2	Financial implications and other risks and opportunities due to climate change	CSR approach, Our environmental aspects	8, 32	
201-3	Defined benefit plan obligations and other retirement plans	Our people	20, 21	
<i>203. Indirect Economic Impacts</i>				
203-1	Infrastructure investments and services supported	Business Model, Appendix	4, 45-48	
203-2	Significant indirect economic impacts	Business Model, Appendix	4, 45-49	
<i>205. Anti-corruption</i>				
205-1	Operations assessed for risks related to corruption	Our business values	26	
205-2	Communication and training on anti-corruption policies and procedures	Our business values	26, 27	
205-3	Confirmed incidents of corruption and actions taken	Our business values	26	
<i>206. Anti-competitive Behavior</i>				
206.1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Our business values	26, 27	

STANDARD DISCLOSURE N°	GRI INDICATOR	SECTION TITLE	PAGE	COMMENTS AND OMISSIONS
300	<i>Specific disclosure: environment</i>			
<i>301. Materials</i>				
301-2	Recycled input materials used	Our environmental aspects	39, 40, 41	Our position regarding the use of PCR cullet
<i>302. Energy</i>				
302-1	Energy consumption within the organization	Our environmental aspects	35, 36	
302-2	Energy consumption outside of the organization	Our environmental aspects	33	Scope 2 emissions calculated. Relevant categories of scope 3 emissions have been identified and will be assessed in 2021
302-3	Energy intensity	Our environmental aspects	35-36	
302-4	Reduction of energy consumption	Our environmental aspects	35-36	
302-5	Reductions in energy requirements of products and services	Our environmental aspects	35-36	
<i>303. Water</i>				
303-1	Interactions with water as a shared resource	Our environmental aspects	38	
303-2	Management of water discharge-related impacts	Our environmental aspects	42	
303-3	Water withdraw	Our environmental aspects	38, 41	
303-4	Water discharge	Our environmental aspects	38, 41	
303-5	Water consumption	Our environmental aspects	38, 41	
<i>304. Biodiversity</i>				
304.1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Our environmental aspects	42, 43	
304.2	Significant impacts of activities, products and services on biodiversity	Our environmental aspects	42, 43	
304.3	Habitats protected or restored	Our environmental aspects, Appendix	42, 43, 46	
<i>305. Emissions</i>				
305-1	Direct (Scope 1) GHG emissions	Our environmental aspects	33, 34	
305-2	Energy indirect (Scope 2) GHG emissions	Our environmental aspects	33, 34	
305-3	Other indirect (Scope 3) GHG emissions	Our environmental aspects	33, 34	
305-4	GHG emissions intensity	Our environmental aspects	33, 34	
305-5	Reduction of GHG emissions	Our environmental aspects	33, 34, 2	
305-7	Nitrogen oxides (Nox), sulfur oxides (Sox), and other significant air emissions	Our environmental aspects	43	
<i>306. Effluents and waste</i>				
306-1	Water discharge by quality and destination	Our environmental aspects	42	
306-2	Waste by type and disposal method	Our environmental aspects	39, 41	
306-3	Significant spills	Our environmental aspects	42, 43	
<i>307. Environmental Compliance</i>				
307-1	Non-compliance with environmental laws and regulations	Our environmental aspects	42, 43	
<i>308. Supplier Environmental Assessment</i>				
308-1	New Suppliers that were screened using environmental criteria	Our business values	28, 29, 30	

STANDARD DISCLOSURE N°	GRI INDICATOR	SECTION TITLE	PAGE	COMMENTS AND OMISSIONS
400	<i>Specific disclosure: Social</i>			
<i>401. Employment</i>				
401-1	New employee hires and employee turnover	Business Model, Our people	4, 19	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Our people	15	
<i>403. Occupational Health and Safety</i>				
403-1	Occupational health and safety management system	Our people	12, 13, 14, 15	
403-2	Hazard identification, risk assessment and incident investigation	Our people	14, 15	
403-3	Occupational health services	Our people	12, 13, 14, 15	
403-4	Worker participation, consultation, and communication on occupational health and safety	Our people	12, 13, 14, 15	
403-5	Worker training on occupational health and safety	Our people	12, 13, 14, 15	
403-6	Promotion of worker health	Our people	12, 13, 14, 15	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Our people	12, 13, 14, 15	
403-8	Workers covered by an occupational health and safety management system	Our people	12, 13	
<i>404. Training and Education</i>				
404-1	Average hours of training per year per employee	Our people	18, 19	
404-2	Programs for upgrading employee skills and transition assistance programs	Our people	14, 18, 19	
404-3	Percentage of employees receiving regular performance and career development reviews	Our people	16, 17, 21	not sorted by gender
<i>405. Diversity and Equal Opportunity</i>				
405-1	Diversity of governance bodies and employees	Our people, CSR Governant at SGD Pharma	21, 3	
405-2	Ratio of basic salary and remuneration of women to men	CSR at SGD Pharma, Our people	10, 21	Concerns only French scope
<i>406. Non-Discrimination</i>				
406-1	Incidents of discrimination and corrective actions taken		-	None
<i>407. Freedom of Association and Collective Bargaining</i>				
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Our people, Our business values	20, 27, 28, 29, 30	risk assessment and third party verification
<i>408. Child Labor</i>				
408.1	Operations and suppliers at significant risk for incidents of child labor	Our business values	29, 30	risk assessment and third party verification
<i>409. Forced or Compulsory Labor</i>				
409.1	Operations and suppliers at significant risk for incident of forced or compulsory labor	Our business values	29, 30	risk assessment and third party verification

STANDARD DISCLOSURE N°	GRI INDICATOR	SECTION TITLE	PAGE	COMMENTS AND OMISSIONS
412. Human Rights assessment				
412.1	Operations that have been subject to human rights reviews or impact assessments	Our business values	29, 30	
412.2	Employee training on human rights policies or procedures	Our business values	26	
412.3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Our business values	29	clauses in supplier contracts
413. Local Communities				
413.1	Operations with local community engagement, impact assessments, and development programs	Appendix, Business Model	45-48, 4	No impact assessment conducted on economic value generated through our local initiatives
413.2	Operations with significant actual and potential negative impacts on local communities	Our environmental aspects	42, 43	
414. Supplier Social Assessment				
414.1	New suppliers that were screened using social criteria	Our Business values	28, 29, 30	
416. Customer Health and Safety				
416.2	Incidents of non-compliance concerning the health and safety impacts of products and services		-	None
417. Marketing and Labeling				
417.1	Requirements for product and service information and labeling	CSR at SGD Pharma, Our People	8, 12, 13	
417.2	Incidents of non-compliance concerning product and service information and labeling		-	None
417.3	Incidents of non-compliance concerning marketing communications		-	None
418. Customer Privacy				
418.1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Our Business values	27	
419. Socioeconomic Compliance				
419.1	Non-compliance with laws and regulations in the social and economic area			None



United Nations Global Compact

SGD Pharma has joined the United Nations Global Compact in February 2020 and is committed to support its 10 principles. Through the equivalence table below, SGD Pharma further demonstrates its commitment toward the 10 principles. This report represents SGD Pharma's first Communication on Progress (COP 2020), highlighting its social, ethical and environmental improvement between 2018 and 2019.

N°	THE TEN PRINCIPLES OF THE GLOBAL COMPACT	SECTION
Human Rights		
1	Business should support and respect the protection of internationally proclaimed human rights	Our business ethics: 2.2
2	Make sure that they are not complicit in human rights abuses	Our business ethics: 2.2
Labor		
3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	Our people: 1.3
4	The elimination of all forms of forced and compulsory labour	Our business ethics: 2.3
5	The effective abolition of child labour	Our business ethics: 2.3
6	The elimination of discrimination in respect of employment and occupation	Our people: 1.3
Environment		
7	Business should support a precautionary approach to environmental challenges	Our environmental aspects: 3.1
8	Undertake initiatives to promote greater environmental responsibility	Our environmental aspects: 3.2
9	Encourage the development and diffusion of environmentally friendly technologies	Our environmental aspects: 3.1
Anti-corruption		
10	Business should work against corruption in all its forms, including extortion and bribery	Our business ethics: 2.2



GREENHOUSE GAS REPORT

FRENCH REGULATION

SGD PHARMA ISSUE ITS GREENHOUSE GASES REPORT ACCORDING TO THE FRENCH REGULATION.

THE MANDATORY IMPROVEMENT PLAN LINKED TO THIS REPORT IS AVAILABLE IN THE CHAPTER 3, « ENVIRONMENTAL ASPECTS » P.31 TO 43.

ID	Emissions stations	GHGs emissions					Avoided emissions of GHGs		
		CO ₂ (t CO ₂ e)	CH ₄ (t CO ₂ e)	N ₂ O (tCO ₂ e)	Other gas (t CO ₂ e)	Total (t CO ₂ e)	CO ₂ b (t CO ₂ e)	Uncertain (t CO ₂ e)	Total (t CO ₂ e)
GHGS DIRECT EMISSIONS									
1	Direct emissions of stationary sources of combustion	51 940				51 940		2 078	
2	Direct emissions of mobile thermal engine sources	152	0	1		153		8	
3	Direct emissions of non-energy processes	13 362	?	?	?	13 362		668	
4	Direct fugitive emissions				112	112		34	
5	Emissions from biomass (soils and forests)								
	Sub-total	65 454	0	1	112	65 567		2 787	
INDIRECT EMISSIONS ASSOCIATED TO ENERGY									
6	Indirect emissions related to electricity consumption	9 640				9 640		482	
7	Indirect emissions related to steam, heat or cold	0				0		0	
	Sub-total	9 640				9 640		482	
OTHER INDIRECT EMISSIONS OF GHGS									
8	Emissions related to non-included energy in stations 1 to 7	900				900		45	
9	Products or services purchases								
10	Assets immobilization								
11	Waste								
12	Upstream freight transport								
13	Business trips	1 882	17			1 899		300	
14	Upstream leased assets								
15	Investments								
16	Visitors and customers transport								
17	Downstream freight transport								
18	Use of sold products								
19	End of life of sold products								
20	Upstream franchise								
21	Upstream leasing								
22	Home-work trips								
23	Other indirect emissions								
	Sub-total	2 782	17			2 799		425	
TOTAL GHG RESULTS						78 007	tCO ₂ e	3 694	

3 steps of our Materiality analysis

In-depth studies of our internal challenges

 **ON-SITE AUDITS**
(environmental impacts, H&S practices)

 **INTERVIEW WITH TOP MANAGEMENT**
(identify risks & important topics)

 **IDENTIFY INTERNAL GOOD PRACTICES**
(following audits and interviews, EcoVadis, CDP)

Benchmark of CSR standards, regulations and practices

 **INTERNATIONAL STANDARDS**
(ISO26000, ILO, Global Compact, GRI, SGD...)

+  **APPLICABLE LAWS & REGULATIONS**
(Sapin 2, DPEF, Duty of Care Law, EU ETS)

 **BEST PRACTICES**
(Glass industry sector & general business environment)

Stakeholders expectations

 **SHAREHOLDER**

 **CUSTOMERS**

 **PEERS AND COMPETITORS**

 **SUPPLIERS**

 **LOCAL & NATIONAL AUTHORITIES**

 **LOCAL COMMUNITIES**

 **FEVE**

=

3 pillars of our CSR strategy

Our people, our business values, our environmental aspects

*EU ETS: European trading scheme: First large greenhouse gas emissions trading scheme in the world.
*REACH: Registration, Evaluation, Autorisation and Restriction of Chemicals



Glossary

UN Global Compact

United Nation Global Compact: is a voluntary initiative based on CEO commitments to implement universal sustainability principles

ILO

International Labour Organization

CDP

The CDP (formerly the Carbon Disclosure Project) is an organisation which supports companies and cities to disclose the environmental impact of major corporations. It mainly focuses on disclosures for climate change as well as water, forest and supply chain

EcoVadis

Ratings platform to assess corporate social responsibility and sustainable procurement

GHG emissions

Greenhouse Gases (abbreviated GHGs): Is a gas that absorbs and emits radiant energy within the thermal infrared range.

Scope 1 emissions

Scope 1 GHG emissions are direct emissions from sources that are owned or controlled by the company. It includes on-site fossil fuel emissions, process emissions and fleet fuel consumption (non exhaustive)

Scope 2 emissions

Scope 2 GHG emissions are indirect emissions from sources that are owned or controlled by the company. It includes emissions that result from the generation of electricity, heat, or steam purchased by the company from a utility provider

Scope 3 emissions

Scope 3 GHG emissions are all indirect emissions (not included in Scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions

SA 8000 Certification

Social Accountability. SA 8000 is an international certification standard that encourages organisations to develop, maintain and apply socially acceptable practices in the workplace

ISO 14001 Certification

ISO 14001 is the international standard that specifies requirements for an effective environmental management system (EMS). It provides a framework that an organization can follow, rather than establishing environmental performance requirements

ISO 45001 Certification

ISO 45001 is an international standard that specifies requirements for an occupational health and safety (OH&S) management system, with guidance for its use, to enable an organisation to proactively improve its OH&S performance in preventing injury and ill-health

ISO 50001 Certification

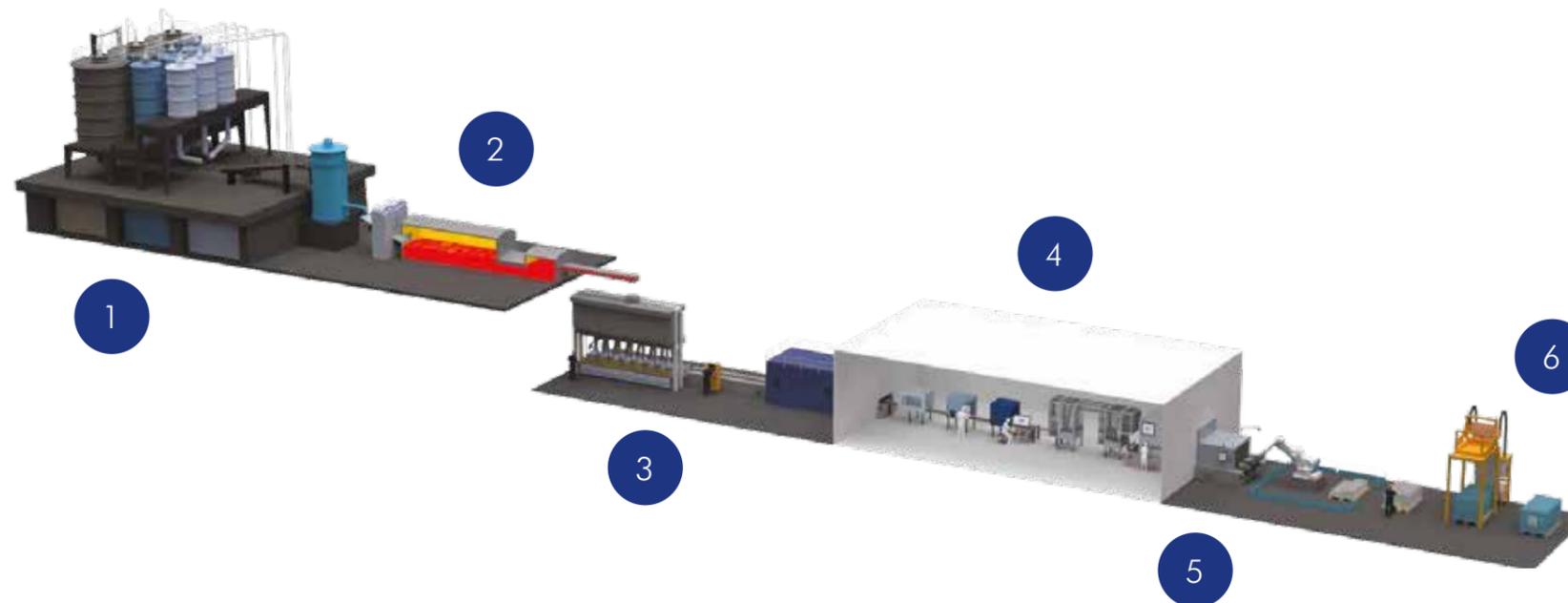
ISO 50001 is an international standard that specifies requirements for establishing, implementing, maintaining and improving an energy management system, whose purpose is to enable an organization to follow a systematic approach in achieving continual improvement of energy performance, including energy efficiency, energy security, energy use and consumption

Conflict Minerals

Conflict minerals are resources that are mined and used to influence and finance armed conflict, human rights abuses, and violence.

Our production process

With more than 100 years of know-how inherited from Saint-Gobain, SGD Pharma is a world-renowned technical referee in the glass packaging space.



Step 1: Batching

After incoming control, raw materials are stored separately in silos ; Glass composition is weighed, blended and introduced in the furnace ; SGD Pharma produces the 3 types of glass described in the pharmacopeia:

- **Type 1:** Borosilicate glass, neutral in the mass.
- **Type 2:** Soda-lime glass with a high hydrolytic surface resistance.
- **Type 3:** Soda-lime glass with a low hydrolytic resistance.

These 3 types of glass can be flint or amber.

Step 2: Melting

Specially-designed furnaces reach temperatures of up to 1,600°C (2,900°F) ; Raw materials are converted to molten glass over a 24-hour period within the furnace ; Gravity and convection currents facilitate optimum blending of materials.

Step 3: Forming

Gobs are formed, cut and delivered into the blank mold.

The vial is formed using either a press-and-blow or blow-and-blow process. In both processes, the vial is formed in 2 steps:

- A preform or “blank” is used, and the neck is formed.
- The blank is transferred to the finished mold to form the finished vial.

Fully-automated IS forming machines are equipped with multiple stations to form from 4 to 48 vials per cycle.

After forming, all vials are controlled and pass through annealing lehr to release glass mechanical stress.

Step 4: Inspection in the clean room

Once formed and cooled, 100% of the vials and bottles are inspected in a clean room environment (ISO 8) to control: Dimensions, including wall thickness and diameters ; Glass integrity ; Seal and bottle integrity ; Neck and bottom integrity ; Defaults, such as chips and blisters, that could affect tightness.

Step 5: Packing

Before packing, all vials and bottles are turned upside down and blown in the clean room to minimize risk of the presence of loose particles.

Shrink-wrapped packs are formed inside the clean room for maximum cleanliness.

Automated palletization offers consistency and eliminates the need for human manipulation of the vials.

Step 6: Release

Each label contains critical data for complete traceability.

Batch release is based on manufacturing track records and QC results.

SGD Pharma systematically issues compliance certificates with each delivery.

Our facilities



Contact point

For any questions regarding
the report, please contact:

LAURENT MILLET
CSR & Quality Director
laurent.millet@sgdgroup.com

SOIZIC QUERIC
Group CSR Coordinator
soizic.queric@sgdgroup.com



www.sgd-pharma.com



@sgd_pharma



@SGD Pharma



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@SGDPharma



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