



SUSTAINABILITY  
**REPORT**

2018

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## Our Convictions

At SGD Pharma, we have the strong conviction that glass packaging can significantly contribute to a safer and better environment;

Glass packaging offers exceptional benefits:

- **Sustainable.** Reduced environmental impact over other traditional packaging methods.
- **Chemically Neutral.** Prevents interaction between packaging material and drug product.
- **Potentially Infinitely Recyclable.** Can be refilled and recycled continually without compromise to quality.

## Our Commitments

Based on our core values, and as a leader in molded glass pharmaceutical packaging, SGD Pharma considers prioritizing CSR to be both a responsibility as well as an opportunity to enhance our company's performance.

Our CSR strategy revolves around three major axes: **people**, **impact** and **values**. In every aspect of our business, we are committed to empowering our employees, promoting the best health and safety practices, protecting the environment and maintaining exemplary ethical standards.

We are proud to present this first CSR report as a contribution to a better planet, fully in line with our long-term vision.

CHRISTOPHE NICOLI  
CHIEF EXECUTIVE OFFICER



# SGD Pharma

## past and present

### **A unique history:**

**Backed by more than a century of french expertise, SGD Pharma has expanded internationally to become the market leader in glass pharmaceutical packaging for healthcare.**

SGD Pharma is a global leader in glass pharmaceutical packaging. We produce more than 8 million vials and bottles per day across our five manufacturing plants in Europe and Asia.

SGD Pharma is recognized worldwide as a reliable partner supporting new product development with on-time delivery, the highest quality and regulatory standards. Customers benefit from our long-established institutional expertise and best-in-class manufacturing capabilities and facilities. We have a long-term plan to continuously invest in our facilities and people to remain on the cutting edge of technology and at the forefront of the industry.

SGD Pharma employs the same set of standards across all of our facilities. Since 2016, all plants are GMP compliant, certified according to the ISO 15378 standard and equipped with ISO 8 clean rooms.



2018 Sales

**321 M€**

**2+** Billion vials  
manufactured per year

**90** agents  
& distributors

**9** sales offices  
around the world

**5** manufacturing  
facilities  
ISO 15378 certified

over  
**3 000**  
employees

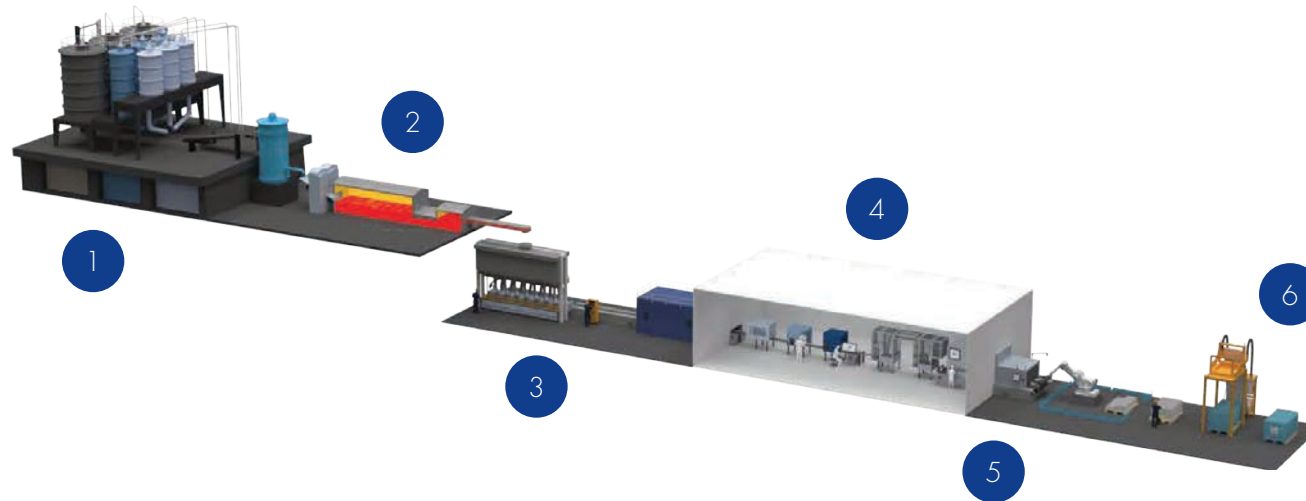




-  Headquarters
-  Sales office
-  Plant
-  Sorting facility

# 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 CSR approach

SGD Pharma CSR strategy is based on our vision, which has been built from extensive market research. As such, we conducted in-depth studies of customer expectations, competitor positioning and FEVE's sectoral strategy to develop a CSR approach that aligns with the interests of all SGD Pharma stakeholders.

To gain a deeper understanding of the importance of CSR in our industry, we conducted in-depth studies on the practices in our market sector and the expectations of our major clients. The benchmark scope involved our competitors, our customers and the European Container Glass Federation (FEVE) positioning, which includes CSR sectoral guidelines. From this research, we have formed a robust CSR framework closely aligned with the needs and expectations of our stakeholders, our operations and FEVE's positioning.

## Customer expectations

- Climate change
- Business Ethics
- Health & safety

## Competitor positioning

- End-of-product cycle
- Local & accidental pollution
- Energy

## FEVE's focus

- Good health and well-being
- Clean water and sanitation
- Decent work and economic growth
- Industry, innovation and infrastructure
- Sustainable cities and communities



# Corporate strategy and governance

## Mission and vision

**A global and patient oriented player  
in the pharmaceutical primary packaging industry**

### Our mission

Improve and protect patients' health by providing high-quality, reliable, and innovative primary glass packaging to our pharmaceutical customers.

### Our vision - we want to:

- Expand our leadership in molded glass and grow market share in tubular.
- Be recognized by our customers as their global partner of choice by supplying them with high-quality products and reliable service, while continuously improving our offering.
- Reinforce operational excellence in all we do to strengthen the company's finances, enable investment and create value for our shareholders, while minimizing the impact of our activities on the environment.
- Be acknowledged as a great place to work by our employees, by focusing on safety, work atmosphere, and the development of our people.

# Corporate strategy and governance

## Our 5 guiding principles

### **A global and patient oriented player in the pharmaceutical primary packaging industry**

#### **Partner with the customer**

- We build long-term relationships with our customers
- We are agile and responsive to customer needs
- We optimize the customer experience by being reliable and transparent
- We innovate in collaboration with our customers to improve our offering

#### **Commit to patient safety**

- We understand our critical role in safely delivering drugs to patients
- We place the utmost importance on the quality provided to our customers
- We strictly adhere to GMP standards

#### **Work as one efficient team**

- We consider accountability, mutual respect and trust to be foundations of our work
- We transform local ideas into global projects by sharing best practices
- We leverage the diversity of our people in one SGD Pharma culture, emphasizing reliability and transparency

#### **Act responsibly**

- We are collectively responsible for our employees' safety
- We put compliance and ethics at the top of our priorities
- We minimize the impact of our activities on the environment

#### **Develop people & talent**

- We train, develop and invest in our people.
- We strive to create a positive work atmosphere
- We provide a path of growth within the company based on leadership and expertise

# PILLARS

## 3 pillars of our CSR strategy



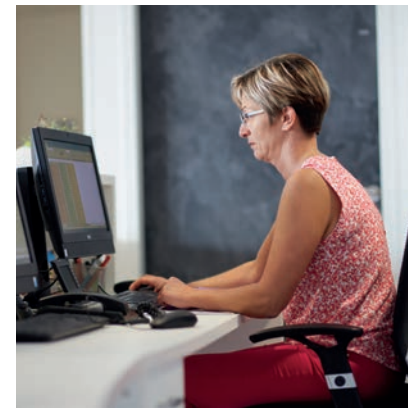
### Managing CSR to achieve standards of sustainability

As a socially responsible organization, SGD Pharma integrates sustainable development priorities into our corporate strategy.

We strive to make a positive impact on society and our planet, which we achieve through our strong corporate identity, values and employees involvement.

Our ongoing commitment to innovation, continuous improvement and collaboration across the global SGD Pharma organization supports the development of the highest quality glass vials to ensure patient safety. Each day, SGD Pharma staff contribute to the satisfaction of our customers, while supporting our commitment to sustainable development through the three main pillars of our CSR strategy:

**our people, our business values,  
our environmental aspects.**



# PILLARS

## Our people

### Health and safety

Safety is a top priority for our company. Each day, we implement preventive actions to strengthen our culture of safety and protect our employees around the world.

### Career management and trainings

Staff training is a critical component of our CSR strategy. We have several training centers dedicated to the professional development of our people, and we maintain strong relationships with Schools and Universities to attract top talent and expand our institutional expertise.

### Social dialogue

The SGD Pharma Way centers on recognizing the results we achieve both collectively and individually, while providing all of our employees with optimal social welfare. We continuously invest in our plants and offices to improve the workplace environment and promote productive social dialogue.



## Our business values

### Quality of service and competitiveness

At SGD Pharma, our ambition is to inspire confidence. We commit to patient safety by delivering the best pharmaceutical glass primary packaging in the world. To support this vision, our quality policy is based on progress toward zero defect.

### Global business ethics policy

As the leader in our market, SGD Pharma aspires to the highest standards of business conduct. We are extremely attentive to business ethics issues and, more specifically, compliance, anti-bribery and anti-competitive practices.

### Sustainable procurement

We strive to increase our responsible purchasing by regularly updating our purchasing policy, assessing our suppliers and involving them in our CSR approach.

## Our environmental aspects

### Energy consumption and GhGS\*

Energy is a primary environmental consideration; therefore, we closely monitor energy use as a key indicator of both environmental and operational performance across our global footprint.

### Eco-design, reuse and water

The quality and performance of our global manufacturing facilities are renowned among the glass industry. This is a testament to the efforts of our people and our ongoing commitment to optimize resource consumption (energy, raw materials, etc.) and protect the environment.

### Local and accidental pollution

We are highly focused on mitigating our soil, air and water impact. We measure the environmental impact of our products and processes over the production cycle and strive to reduce this impact through environmentally-sound practices.

\*Greenhouse gases (abbreviated GhGs): Is a gas that absorbs and emits radiant energy within the thermal infrared range. Only 1% of the Atmosphere is composed of Greenhouse gases. Those gases are very important, they are naturally present in the atmosphere. They are regulating the overall temperature on earth. Without natural GHGs, overall temperature on earth would be -18°C instead of current 15°C.



# Our people

A company is nothing without its talents.

At SGD Pharma, we are unrelentingly committed to the wellbeing of our people. Health and safety are deeply embedded in our core values, as we strive to be the safest company in the industry ; a priority that is defined in our group's vision.

Health and safety are also at the heart of our sustainability principles. Through continuous improvement and best practice, we are wholly focused on protecting our most valuable resource, therefore ensuring the long-term sustainability of our organization and the environment around us.



## Health & Safety Policy

### Commitment

SGD Pharma is committed to providing a safe and healthy work environment for our employees and stakeholders. There is no more important goal than zero accidents; zero occupational illnesses.

Health and safety are 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 goal setting, 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).

### Learning & Progress

- Competencies and safety behavior are considered during the recruitment process. New employees are trained according to each site's 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.

CHRISTOPHE NICOLI

CHIEF EXECUTIVE OFFICER - MAI 2019

*C. Nicoli*

## 1 HEALTH & SAFETY POLICY



Health and safety are vital considerations in an industrial company. That is why we have set ambitious targets to achieve zero accidents and zero occupational diseases.

### Safety

One objective in particular that illustrates our commitment to safety is our participation in World Safety Day. In 2018, SGD Pharma employees attended workshops to gain awareness of various occupational hazards and ensure they know the appropriate emergency procedures. In China, employees have been trained in evacuation procedures and first aid. In France, employees participated in workshops focused on hand hygiene and fire prevention. This is a notable achievement for our company, and we must continue to make progress toward zero accidents.

This significant improvement in our safety practices is the result of work from dedicated teams across each of our sites, considerable capital expenditure, action plans that are monitored monthly and a communication system enabling alerts and the cross-company exchange of best practices.

### Health

At the end of 2017, two of our sites were certified in accordance with OHSAS 18001. We implement targeted action plans across all of our sites to prevent occupational diseases. We aim to provide all of our employees with healthcare in line with best practices in their country of residence as well as financial protection in the event of a non-work-related accident. We encourage involvement in sports and participate in a number of events, including the Marathon de Paris and the Transbaie Race.

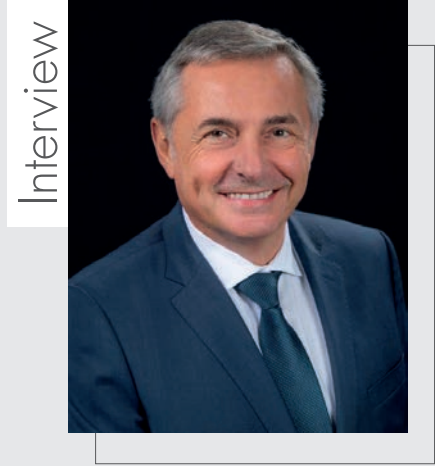


# 2018

## Achievements

TF1 results	<b>2,6</b>
TF2 results	<b>6,2</b>

TF1 : Taux de Fréquence 1 : Enjury Frequency Rate 1 (number of Lost Time Accident / hours worked) x 1 000 000)  
 TF2 : Taux de Fréquence 2 : Enjury Frequency Rate 2 (number of LTA + Non Lost Time Accident)/hours worked) x 1 000 000)



### Health & Safety Focus

“During 2019 Safety Week, in all of our plants and offices, we have been working to bring the health and safety of our employees to the right level: zero accidents; zero occupational illnesses. Through these activities, we have seen a high level of dedication from our collaborators over the last several years.

### Safety is a top priority at SGD Pharma.

It is an integral part of our human resources and manufacturing strategies, as highlighted throughout our new Global Health and Safety Policy.”

CHRISTOPHE NICOLI  
 CHIEF EXECUTIVE OFFICER - MAI 2019





## 2

**SUBCONTRACTOR  
FOCUS**

## PEOPLE

**How we treat our people**

At SGD Pharma, we sometimes engage the services of contractors and subcontractors to perform various tasks on our premises, and we therefore commit 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.

# 2018

## Achievement

Average hours of safety training  
per year per employee

**4,31**

ACCIDENT RATE IN THE LAST 5 YEARS DIVIDED BY 3

Interview



"Daily and preventive actions are implemented to strengthen the safety of all employees all over the world. The goal is to apply H&S best practices based on shared experiences across our global manufacturing facilities."

**CHRISTOPHE MUGUET**  
CHIEF OPERATING OFFICER

# 3 PEOPLE

## CAREER MANAGEMENT AND TRAININGS

SGD Pharma has over 3 000 employees across three continents. Our staff comprises men and women producing and selling primary glass packaging for healthcare, a job that carries an inherent commitment to the health and safety of patients.

We strive to be a responsible company and an attractive place to work. Manufacturing pharmaceutical glass is a business so specific that competency is invaluable capital. Thanks to our highly skilled staff, SGD Pharma is able to consistently maintain a wealth of technical knowledge in house, progressively refining our glass expertise to maintain our market leadership.

### A known and shared direction

Staff training is critical to our company's success, as this ensures the safety of our workers while improving their performance, company contribution and employability. We have several training centers to develop employee competencies. We foster relationships with schools and universities to attract top talent and continuously expand our institutional knowledge.



### Diversity

The SGD Pharma staff is a multicultural team with varied skills. As an organization, we strive to promote diversity, facilitate and accelerate knowledge transfer across teams, motivate and involve employees in company initiatives, and encourage social and human commitment.

### Performance recognition

At SGD Pharma, we provide our employees with ample growth opportunities through an individual performance evaluation system at all levels of the organization. We aim to attract, develop and retain our talent, as we recognize that our people are the backbone of our company.

# 2018

## Achievements

Average hours of trainings  
per employee per year

**25,8**

% of women in top  
executive positions

**40%**

Interview



"Training, personal growth and career development are crucial for bolstering our employees' skills and nurturing in-house talent; these efforts play a vital role in our human resources strategy."

**PIERRE-MICHEL BATAILLARD**

GROUP HUMAN  
RESOURCES DIRECTOR

A handwritten signature in black ink, appearing to be 'PMB'.



## 4

**SOCIAL  
DIALOGUE**

## PEOPLE

Our strong human resources policies allow us to implement specific measures on collective agreement and the treatment of our employees.

**Social commitment**

SGD Pharma would like to highlight the positive impact of our presence on our local communities to our involved partners, local authorities, neighbours, employees, customers, NGO and surrounding companies.

In India, SGD Pharma supports the development of the Vemula village, where our facility is located. Here, we have participated in the following initiatives:

- Improving local school facilities and donating school supplies.
- Facilitating easier access to drinkable water with the installation of two bore wells and a water tank.
- Helping the local police department organize training for new recruits.

**Collective agreements**

Promoting social dialogue and providing optimal working conditions are top priorities for SGD Pharma.

Our plant in China is certified SA8000, which guarantees our employees decent working conditions. Moreover, all of our European plants have elected employee representatives in accordance with the law.

**Human resources policies**

SGD Pharma has issued comprehensive policies that demonstrate both our qualitative and quantitative objectives regarding labor and human rights issues the company faces. Additionally, our HR policies have exhaustive organizational elements addressing allocation of responsibilities, policy violation protocols, formal review processes, communication of the policy to all relevant parties and more.

In accordance with our company values, SGD Pharma does not practice any form of discrimination in hiring, remuneration, training access, professional promotion, dismissal or retirement based on race, ethnicity, nationality, religion, age, disability, sex, marital status, sexual orientation, trade union or political party affiliation.

# 2018

## Achievement

**100%**

of our employees are covered by collective agreements on working conditions

Interview



"We are proud that our employer achievements and social policies have been recognized through the Capital Best Employer 2019 award."

**PIERRE-MICHEL BATAILLARD**  
GROUP HUMAN  
RESOURCES DIRECTOR



PALMARÈS  
**Capital**  
**MEILLEUR  
EMPLOYEUR**  
2019

SGD Pharma, manufacturer of pharmaceutical glass packaging, ranks among the best employers in France in the heavy industry and materials category for the second year in a row. This ranking, published every year for four years by Capital magazine, is the result of a survey conducted by the Statista Institute with 20,000 employees.



**QUALITY OF  
SERVICE AND  
COMPETITIVENESS**

•

**GLOBAL  
ETHICS POLICY**

•

**SUSTAINABLE  
PROCUREMENT**

## Our business values

Our concept of social responsibility is shared with all of our partners and includes our quality of services and competitiveness, business ethics and procurement policy. As a global leader in our industry, we must set an example and make our actions sustainable so that we can make a positive contribution to the local ecosystems surrounding our plants and offices.

We believe that economic and social performance can be conducted while exercising ethical values.

## 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. In order to reduce our environmental impact, the first step is to simplify workflows and improve industrial process control.

### Improving our product quality

Continuously improving the quality of our products will not only allow us to meet our customers' expectations, but also reduce the amount of waste generated by getting it right the first time. Between 2017 and 2018, we witnessed a significant reduction in the number of customer complaints for non-conform delivered products (-9%) and total customer claims (-18%).

### Agility and direct flows

In the pharmaceutical arena, reliability and flexibility are among the most important considerations. For this reason, we are fully committed to achieving On Time In Full (OTIF) 1 and 2 KPIs.

We are always working to optimize our workflows and the agility of our processes to be able to respond to increased market volatility while avoiding overproduction and non-value-added operations.

# BUSINESS



# 2018

## Achievements (compared to 2017)

Customers claims for non-conform delivered products	<b>-9%</b>
Customers claims and reduction percentage	<b>-18%</b>
On Time In Full deliveries 2 (OTIF 2)	<b>&gt;95%</b>

Interview



"In terms of sustainability, SGD Pharma quality commitment allows us to maintain our know-how in glass manufacturing, reduce product defects and detect these defects internally to protect our customers and, ultimately, patients. It also enables us to further develop our pharma mindset, which means being a sustainable partners that pharmaceutical companies can rely on for GMP' applications, full supply chain traceability, robust investigations, technical and regulatory support."

**LAURENT MILLET**

GROUP QUALITY, EHS & CSR DIRECTOR

## 2

**BUSINESS  
ETHICS**

As the leader in our market, SGD Pharma must set an example in how we conduct our business. This approach has been in place for several years.

**New impetus**

SGD Pharma operational approach has received new impetus following the introduction of the French Sapin 2 law on transparency, anti-corruption and the modernization of the economy. We also aim to be in strict compliance with the US FCPA, UK anti-bribery laws and other international laws governing corrupt practices.

**Concrete actions**

In 2017, we strengthened our Code of Ethics, shared it with all of our employees and published it to our company intranet and website. Our anti-corruption policy has been

implemented through the following measures:

- Creation of a compliance committee comprising members of our management committee.
- The introduction of a multi-issue whistleblowing procedure covering corruption, conflicts of interest, money laundering and failures.
- A procedure for assessing third parties via the internationally-used Dow Jones database.
- A procedure for limiting authority (e.g., setting a limit for the value of business gifts).

**Risk mapping**

In 2018, our focus was to finalize the risk mapping process, which is used to identify areas for future improvement. We will also continue to raise awareness among our employees through further training sessions.

BUSINESS

# 2018

## Achievements

% of the total workforce across all locations who received training (e.g., e-learning) on business ethics issues

**100%**

% of all entities for which an internal audit/risk assessment concerning business ethics issues has been conducted

**100%**

“

ALL EMPLOYEES IN SENSITIVE POSITIONS  
HAVE BEEN TRAINED TO PREVENT  
CORRUPTION AND BRIBERY

Interview



“Our ethics and compliance programs promote an organizational culture that encourages the highest ethical standards of business conduct and a commitment to compliance with the law. A whistleblowing system has been in operation since 2016.”

EMMANUELLE CAMUS-NIKITINE  
GROUP GENERAL COUNSEL

# 3 BUSINESS

## SUSTAINABLE PROCUREMENT

We share our CSR strategy with our supply partners. Our goal is to convince 100% of our suppliers to sign our CSR charter.



## Selecting and monitoring our suppliers

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 that share our commitment to high ethical standards and operate in a fair and responsible manner. To reinforce the standards of SGD Pharma Code of Conduct, we require our suppliers to acknowledge and adhere to our principles.

We are currently identifying the suppliers that have a significant CSR impact and are updating our purchasing policy to include a CSR charter and regulatory questionnaires, which will contain new CSR clauses.

# 2018 Achievement

% of suppliers for which conflict minerals information is available

**100%**

Interview



"As part of SGD Pharma sustainability commitments, we are engaging our key suppliers to improve their sustainability initiatives through assessment questionnaires and on-site audits."

**BIHAG SHAH**

GROUP PURCHASING DIRECTOR



# Our environmental aspects

Due to the nature of our business, SGD Pharma uses a considerable amount of energy.

The management of natural resources and energy is a key indicator of environmental and global performance. This indicator helps to build sustainable long-term growth, benefiting our customers, employees, partners and other stakeholders.

Investing in efficient, environmentally responsible production processes is an exciting challenge.

SGD Pharma has set clear long-term objectives for reducing our environmental impact by cutting energy consumption and CO<sub>2</sub> emissions as well as optimizing water and waste management. These are all areas for improvement that require financial and human investments to remain competitive.



ENVIRONMENTAL

# ENVIRONMENTAL

## ENERGY CONSUMPTION AND GHGs

# 1

### Energy consumption

SGD Pharma aims to continuously improve energy efficiency, in part through the use of the best technologies available. At each furnace reconstruction, the energy supply is carefully examined in order to select the most efficient technology for this high-energy equipment. Two of our operational sites are focused on the implementation of a certified energy management system

in accordance with ISO 50001 requirements. These plants have instituted a suitable organization with the appropriate means to manage and continuously improve the energy management system and overall energy performance.



### GHGs emissions

Since 2005, SGD Pharma has implemented various approaches to reduce greenhouse gas emissions in compliance with the following global initiatives:

- The EU Emissions Trading Scheme (ETS) greenhouse gas emission quotas
- The UN Sustainable Development goals
- The Kyoto Protocol
- The European Climate Objectives of 2007

# 2018

## Achievements

**ISO 14001** certified sites  
(environmental management system)

**3 sites**  
(Kipfenberg, Zhanjiang, Vemula)

**ISO 50001** certified sites  
(energy management system)

**3 sites**  
(Kipfenberg, Sucy-en-Brie, Vemula)

“  
0.646 tCO<sub>2</sub> / TONS OF GLASS PRODUCED  
IN 2018 (-9.14%)

Interview



“Improving SGD Pharma environmental footprint requires some specific and long-term actions. We introduced the carbon price in our recurring energy cost to stimulate research on efficient and affordable long-term solutions.

We have developed a company-wide program to coordinate and develop innovative solutions within our manufacturing processes to reduce gas emissions”

**JÉRÔME BRASSENS**  
CHIEF FINANCIAL OFFICER

Interview



“Our environmental and energy management systems are part of SGD Pharma strategy to develop and implement sustainable activities at our Kipfenberg site.”

**KONRAD STENGL**  
EHS AND QUALITY MANAGER KIPFENBERG PLANT

## ECO-DESIGN, REUSE & WASTE

# 2



### Reuse & waste

Waste and water are the recycling work streams of SGD Pharma. As active members of European associations such as FEVE and La Glass Valley, we have led improvement projects focused on the optimization of waste treatment processes and the internal recycling and reuse of cooling water. Today, we aim to manage waste by reducing our environmental impact and recycling our non-hazardous waste. For hazardous waste, we have established group-wide processes for labeling, storing, handling and transporting harmful materials.



### Water management

With water expected to be a major challenge for the future, SGD Pharma is acting as a responsible company today to help protect the integrity of water resources. We are working to optimize the water cycle, maximize wastewater treatment and reduce water consumption through a number of water management methods, including:

- The installation of a closed water cooling system in our Saint-Quentin-Lamotte plant.
- Steps to detect and eliminate groundwater contamination.
- Use of energy-efficient equipment and technology to reduce water consumption.
- De-oiling processes and settling tanks to render wastewater reusable.



## ***FEVE's Positioning***

We have modeled the issues that drive our industry with those of the UN's Sustainable Development Goals (SDGs). Indeed, the SDGs require the participation of all actors in society, including industries. As such, we identified three critical SDGs that are relevant to our industry and where we believe we can have a strong, pragmatic impact.

### **SDG 12: Ensure sustainable consumption and production patterns.**

Glass is essential for the creation of sustainable consumption and production patterns, as it is a permanent material that is infinitely recyclable, reusable and retains its properties through every cycle.

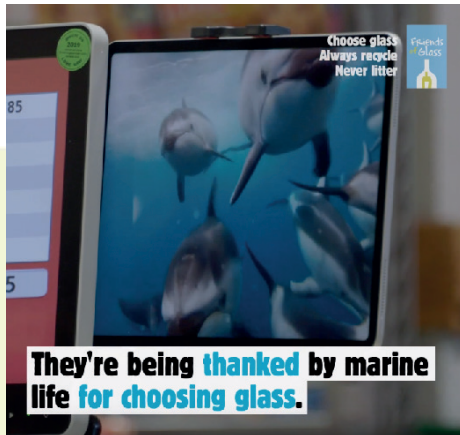
### **SDG 13: Take urgent action to combat climate change and its impacts.**

The glass sector is working to reduce emissions across the full supply chain. That is why our industry has turned to more environmentally-friendly sources of energy, with almost all of our plants now running on natural gas. Additionally, we are reducing the amount of energy needed for glass production, a factor of competitiveness in our sector, with energy accounting for well over 20% of European spending.

### **SDG 17: Strengthen the means of implementation and revitalize the global partnership for sustainable development.**

Integrating SDGs into our long-term, unified sector strategy is imperative to our business and society. We are strongly committed to collaborating with our members, policymakers, researchers and supply chain stakeholders, as well as players outside the glass market, to ensure a positive future for our industry and the world around us.





## Friends of Glass partners with the ocean for 2019 consumer campaign

*Ever been thanked by a dolphin while checking out your groceries? If not, there's a first time for everything. As Friends of Glass – the consumer platform of FEVE, the European Container Glass Federation – heads into the second year of its 'Endless Ocean' campaign, the group is set to create a series of retail pop-up occasions that reward people for making everyday ocean-friendly purchasing decisions, such as choosing glass.*

When it comes to the environment, conversation about packaging waste usually flows back to one place: the ocean. As a packaging material, glass is endlessly recyclable. With recycling rates reaching 74% at European level and the industry leading in the implementation of the Circular Economy, glass offers a positive answer to the ongoing issue of excess marine litter. Launched in 2008, Friends of Glass unites a community of over 220,000 glass lovers, in Europe and beyond, with the aim of promoting glass as the number one food and beverage packaging choice. If everyone buys just one more glass bottle per week in place of other materials, it will have a positive impact on the health of the planet. In short, glass is the ocean's friend.

Last year, Friends of Glass raised a glass and said a 'cheers' to the ocean. Now, they're set to flip the celebration of glass with a 'cheers' from the ocean - creating a one-of-a-kind self-checkout at supermarkets. Over the next month, ordinary shoppers in selected stores will find themselves face-to-face with a school of dolphins on the checkout screen, thanking them for making an ocean-friendly purchasing choice. Imagine buying a glass Coke bottle but instead of the usual beep you hear the magical underwater clicking of a Maui Dolphin! The retail activation follows hot on the heels of a weekend trip to the Atlantic coastal town of Biarritz, France, where Friends of Glass brought together a pan-European crew of glass lovers to experience a very special 'cheers to the ocean.' Coming from six different countries, the crew took part in a surf initiation session and beach clean-up mission led by volunteers of Surfrider Foundation Europe – culminating in a toast to the ocean that they'll always remember. Glass has never been cooler.

Join the growing community of glass advocates on Facebook and Twitter, and add your voice to the Friends of Glass community today at [www.friendsofglass.com](http://www.friendsofglass.com).

## 3

**LOCAL AND  
ACCIDENTAL  
POLLUTION**

Measures to monitor and reduce local and accidental pollution are core to SGD Pharma environmental policy.

**Actions to prevent local pollution**

With regard to local and accidental pollution, we have strict measures in place to protect all local stakeholders through the reduction of waste, the removal of air particles using electrostatic precipitators (ESPs) and the continuous monitoring of noise emissions on sites.

We have established group-wide processes for labeling, storing, handling and transporting hazardous waste in order to prevent accidental spills as well as the mixing of incompatible materials. We carefully monitor emissions in the air to maintain compliance and achieve our reduction goals. We conduct various investment projects at our Chinese plant, including the abatement of NO<sub>x</sub>.\*

\*Nitrogen oxides (NO<sub>x</sub>) is a pollutant that act as indirect greenhouse gases.

ENVIRO  
MENTAL

# 5M€

OF INVESTMENT  
IN BEST-AVAILABLE  
TECHNOLOGIES

Interview



"I am delighted to apply my experience with FEVE to support the flaconnage industry in continuing to deliver sustainable packaging solutions to our customers in a context of competitiveness"

**LAURENT ZUBER**  
CHIEF COMMERCIAL OFFICER,  
GENERAL MANAGER,  
BUSINESS UNIT WESTWORLD,  
CHAIRMAN OF FEVE FLACONNAGE

A handwritten signature in blue ink, appearing to read 'L. Zuber'.

## EFFICIENCY OF THE PRODUCTION PROCESS

4

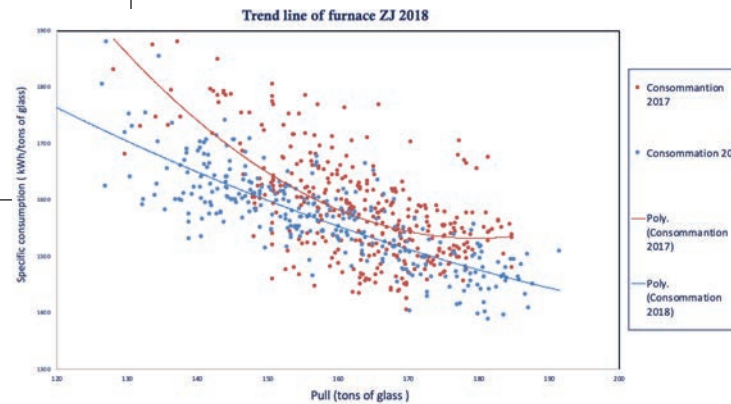


As the leader in our market, SGD Pharma conducts business with a constant focus on innovation and operational excellence. This approach has been in place for several years.

### Process efficiency - Zhanjiang

At SGD Pharma, we plan to continue to reduce our energy consumption through the use of energy-efficient equipment and best-available technology. Each time we need to rebuild a furnace, for example, we use innovative

technologies and process optimization to reduce GHGs emissions. The graphic on the left illustrates how we upgraded the furnace at our Zhanjiang, China plant from oil to LNG firing. As a result of this innovative process, we have eliminated oil usage in the plant and improved our energy performance by reducing energy/kg of glass by 16% since February 2018.



### Case study: new furnace in Sucy-en-Brie

After 12 years of operation, one furnace will be completely rebuilt, expanded and elevated to the same level as the second one. This work, which will require a change in the building's superstructure, will allow a more efficient operation (10% decrease in energy consumption) as well as a reduced environmental footprint (10% decrease in emissions). The production lines will all be modernized with the latest technologies. Finally, a newly-acquired inspection line and control equipment will improve the detection of anomalies.

# 2018

## Achievements

% of energy consumption  
reduction in Zhanjiang furnace

**16-19%**

% of energy consumption  
and air emissions reduction in Sucy-en-Brie

**-10%**

Interview



"On the way to operational excellence, reduction of energy consumption, carbon footprint and emissions is part of our DNA. Implementation of best-available technology is the key to ensuring our future."

**LUC DEFFONTAINES**

TECHNICAL AND ENGINEERING DIRECTOR



# Sustainability trends:

## Key company figures

2017 to 2018 highlights

### Our people

- 7,3%** decrease in **accidents**
- +1%** average increase in **safety training hours**
- +14%** average increase in **training hours** per year per employee (excluding safety)

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### Our business values

- 34%** of employees with sensitive positions trained on **information security**
- 18%** decrease in total **customer claims**
- Zero** legal cases related to **business ethics**

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### Our environmental aspects

- Zero** noise violation
- 1,5%** decrease in **GHGs emissions** on our European perimeter since 2017 (3 plants)
- 1,3%** decrease in relative **water consumption** per ton of glass produced
- 9.1%** decrease in **GHGs emissions** relative to tons of glass produced

## 2017 / 2018 CSR Dashboard &amp; Objectives

PILLAR	THEME	KPI	STARTING POINT 2017	ACHIEVED 2018	UNITS	TRENDS	
Our people	Health & Safety	Lost time accidents	21	16	N/A	↘	
		LTA + NLTA	41	38	N/A	↘	
		TF1	3,4	2,6	N/A	↘	
		TF2	6,7	6,3	N/A	↘	
		Average hours of safety training per year per employee	4,27	4,31		↗	
	Career management and trainings	Average hours of training other than HS training per year per employee	5,36	9,42		↗	
Our values	Quality of service and competitiveness	Customer claims for non-conform delivered products	N/A	- 9%	%	↘	
		OTIF 2	98	99,1%	%	↗	
		Customer claims	N/A	- 18%	%	↘	
		Regulatory affairs requests (and treated)	409	536		↗	
	Global business ethics policy	% of the total workforce across all locations who received training (e.g., e-learning) on business ethics issues	N/A	100%	%	→	
		% of the total workforce across all locations who received training (e.g., e-learning) on information security	N/A	34%	%	→	
Number of legal proceedings related to business ethics		0	0	N/A	→		
Environmental aspects	Energy consumption and GHGs	Electricity	Absolute annual consumption	202 000	206 175	mWh	↗
		Relative annual consumption/tons of glass produced	1,011	0,989	mWh/ton	↘	
	Fossil fuels	Absolute annual consumption	395 500	513 667	mWh	↗	
		Relative annual consumption/tons of glass produced	1,98	2,465	mWh/ton	↗	
	GHGs	GHGs Emissions in absolute values	142 000	134 593	Tons of CO2	↘	
		GHGs Emissions in relative values	0,711	0,646	Tons of CO2/ton of glass	↘	
	Eco-design, reuse & water	Water	Water consumption	846 254	870 581	m³	↗
			Water consumption relative to production	4,237	4,179	m³/ton of glass	↘
		Waste	Waste cost	142 211	293 923	€	↗
	Local and accidental pollution	Air emissions non-compliance	Air emissions non-compliance	4	4	N/A	↘
Water discharge non-compliance			5	9	N/A	↗	
Noise non-compliance			1	0	N/A	↘	

# 2018 case studies:

## Local CSR initiatives

Vemula Village, near our Indian plant



India

Before



After



Before



After

## Developing local communities and infrastructures

As part of our CSR approach and desire to put our people first, we initiated a project in 2018 to support the Vemula village community, where our Indian plant is located. Most villagers are either employees of SGD Pharma or their family members. We chose the Zilla Parishad School located near the Vemula village. The school was in need of improvements to its infrastructure and basic amenities. We gathered a team of engineers to identify major improvement areas and provide insight into the work required.

Our team identified several critical upgrades that were needed, including electrical lights, ceiling fan and incoming cable. To reach our goal, we needed to upgrade the school's entire electrical wiring system. Hygiene is critical in this area, which is why we also invested in new hand washing areas and proper toilets (with doors and tiles) for the villagers.



# 2018 case studies:

## Local CSR initiatives

Zhanjiang, location of our Chinese plant



Asia Pacific



Loving Mother House inauguration to host and care for our female collaborators.



New recruits having a meeting with our Asia-Pacific General Manager, Frederic Barbier.

### Fostering talent and diversity as part of our CSR strategy

Maintaining partnerships with local stakeholders like civil communities, schools and health facilities helps us foster talent and diversity, which are important components of our business.

In 2018, SGD Pharma created job opportunities for our disabled and low-educated employees at our Chinese plant in Zhanjiang.

Also in 2018, we established a strong partnership with a local school for hearing and speech-impaired students. We recruited and trained two students from this school who now work in our cold-end industrial processing unit.

These are just two initiatives among many from our teams in Zhanjiang. We help our employees experiencing hardship and make regular donations to "Guangdong province property" to enhance local development projects. We offer and guarantee medical assistance to all of our Asia Pacific employees. In 2017, we built a care facility for female employees named Loving Mother House.

# 2018 case studies:

## Local CSR initiatives

Saint-Quentin-Lamotte,  
Location of one of our French plants



### SGD Pharma Saint-Quentin-Lamotte Eco-pasture

Eco-grazing is an easy, effective and sustainable way to maintain the grounds. After several years of mowing by the sheep, we have seen positive changes on the lawns they occupy. Birds and insects are no longer hunted by mechanical devices and return frequently to enjoy the space. The grazing is also more environmentally friendly due to the natural fertilization from the sheep, eliminating the use of chemical weed-killers.

Sheep do not create noise or odor nuisances and have a distinctly favorable carbon footprint compared to mechanical mowing. Eco-grazing is part of the ISO 14001 certification. Our plant in Saint-Quentin-Lamotte works mainly with Ouessant sheep. These sheep are ideal for eco-grazing because of their hardiness and low weight, which prevents damage to the soil. Depending on the climate and site configuration, other types of animals are utilized, including Solognote or Castillonaise sheep as well as Rove goats and goats of the ditches.

# 2018 case studies: from around the World



## SGD Pharma India Safety Award - New Delhi

SGD Pharma India was selected for the 2018 Grow Care Safety Award in New Delhi. This award recognizes good safety performance by industrial establishments and encourages managers and workers to participate in accident prevention and safety promotion programs.

*"We sincerely thank everyone for helping to achieve this award & let us all work together over the coming years to continue to improve and receive a lot more awards in the field of health and safety."*

Sathaiya Ganapathy,  
Senior Health and Safety Manager



## SGD Pharma India women self-defense training

SGD Pharma is committed to the safety of our female employees. We are proud to have hosted a self-defense training session for our female employees in India. The goal of the training was to empower women to defend themselves in the face of danger.

*"This program helped the women in the plant with their physical strength and, in turn, created a healthy mindset to grow professionally."*

Surya Nandini,  
Sr. Executive Human Resources



## SGD Pharma Kipfenberg "Donate instead of take"

At SGD Pharma Kipfenberg, we supported the need of a local elementary and middle school in Kipfenberg with the motto, "Donate instead of take."

The donation was presented by Bernd Schulda, General Manager of SGD Pharma Kipfenberg, to Michael Betz, Principal of the elementary and middle school at the Limes.

Our donation supported a new air track mattress for the physical education program.





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