Groupe Grimaud Report to the United Nations Global Compact:

Giving life to Performance



Updated April 2014



- Contents -

•	Groupe Grimaud Chairman' s Commitment		р. З
•	The development of Global Compact principles within Groupe Grimaud		
	1.	With internal teams	р. 5
	2.	In continual improvement	p. 12
	3.	In Quality – Safety - Environment policy development	р. 13
	4.	With our suppliers and subcontracting partners	p. 17
•	 Summary of the key actions 		
	1.	Human rights	р. 18
	2.	Work standards / conditions	р. 18
	3.	Environment	p. 19
	4.	Anti-corruption	р. 19



The Chairman's undertaking to support Global Compact:

Groupe Grimaud is committed to corporate world citizenship, with industrial and research facilities located in 9 countries, and marketing products and services to around one hundred countries in all.

The story of our company is a human adventure in which People are placed firmly at the centre of our concerns, in a Win-Win relationship where the company grows through the fulfilment of individuals.

It goes without saying that although we don't live in a perfect world – unsettled economic environment being difficult, demanding, and sometimes aggressive - we have no doubt that enterprise remains an excellent tool for development, in the broadest sense of the term.

Our commitment to Global Compact is in keeping with our principles of continual improvement, the sustainable development of our corporate objectives, and taking into account the fundamental values in which we believe and to which I am personally committed - both within the company and in our dealings with our partners.

All this fits in time and must be conducted with consistency in "delivering every day work on job" to be sure to stay the course.

To produce an annual report is not so easy. It is not an announcement effect but a will to repeat again and again what we think is essential, by implementing it with coherence.

Throughout these pages you re-read most of what we already said: that is what we are trying to do with rigor. You could also discover our latest development.

Have a good read !

Frédéric Grimaud

April 2014







The development of Global Compact principles within Groupe Grimaud







Because "a champion alone cannot go far", we are particularly attached to our Group's Human Resources Management.

<u>Recruitment / Workforce management:</u>

- At all levels of the Group, the line manager is responsible for the recruitment of team members. In other words, the human resources department offers technical support - particularly in terms of regulatory aspects - but does not stand in for managers in the choice of employees. Beyond the minimum technical skills required, our main concern is the constitution of well-matched teams sharing a system of harmonious values.
- Due to particularly unfavorable economic conditions in Western Europe, Groupe Grimaud unfortunately had to downsize in 2013, reducing its headcount by more than one hundred employees. By creating a trusting work environment, we enhanced our collaboration with the social partners. We presented the downsizing measures as part of a "social plan" and negotiated all the terms with them,
- There is of course no question of using child and/or adolescent labour below the minimum legal working age (nor
 of systematically having teams work beyond legal working hours).
- Considering its international organisation, the Group employs team members from many countries. Nevertheless, a local manager has been chosen to head each subsidiary, in order to seamlessly integrate the subtle cultural details that are essential to the smooth operation of both the teams and the organisation.
- Within the Group, the Male/Female ratio is almost 50/50 and the accent is on increasing female representation in posts - as much from an ergonomic point of view as in terms of flexible working hours. There is no doubt that this mixed environment encourages the development of creativity and balance within the company.
- Lastly, wherever possible, we choose internal promotion over external recruitment; this is an excellent generator of motivation. In 2012-2013, around 20 employees were thus able to develop their responsibilities within the Group.





• <u>Training:</u>

This is a major issue, in terms of both company performance and individual fulfilment - two criteria which are intimately linked.

- Each year the Group invests more than twice the legal minimum in training.
- The measures focused on technical objectives relating to business activities as well as individual development and management. In 2013, around 500 coworkers benefitted from individual and group training courses.
- Each training course is part of an overall plan, and the subject of a specific evaluation.



Delegation:



This is a true company value - supporting each person's undertaking to carry out the delegated task as though it was for him or herself.

- Delegation begins at the level of the Group's strategic thinking. The Strategic Orientation Committee (SOC) meets quarterly. It is made up of company managers and the main people responsible for transversal services. The 5-year project is formulated and shared at this level.
- With his or her own team, each manager then autonomously transforms the Group's 5-year project into annual priorities for the company for which he or she is responsible with his or her Steering Committee (SC).
- Simple and practical steering tools have been developed within the Group, to enable efficient management at both group and individual levels. In concrete terms, this is a matter of:
 - electronic-format meeting invitations and minutes, allowing us to implement precise monitoring of all decisions without the possibility of any being 'forgotten' or neglected
 - face-to-face intercalary meetings between general managers and their operational managers, systematically taking place between 2 SCs
 - 5 systematic management charts: commercial production quality human resources economic
 - · annual evaluation meetings with all team members
- The right to make a mistake is one of the values promoted within the Group to stimulate and above all to enable initiative and innovation. Or, how to create the conditions of innovation.
- We support the stimulation of proactivity, both through formal means and by making time available to employees, within their working hours. This takes the form of:
 - an Economic Proposals Group (EPG) this is a fixed-term transversal working group, which has a precise working method, and whose task is to suggest improvements which will generate performance. In 2013, 6 EPG worked on different items such as management of ergonomics, optimization of the logistics and administrative efficiency.
 - 'Progress Proposal Sheets' are also available to all employees. The General Direction always gives answer to these "sheets".



Information:



Transparency in terms of information encourages people to initially subscribe to - and remain committed to - the Group project in the long term.

- A convention is organised every year, at which a large part of the Group's workforce is present. In 2014, more than 500 employees from all over the world attended it. This is a special event, at which the results for the last financial year are presented, and the corporate objectives re-examined. At the end of this convention, a mini-booklet is personally handed to all of the Group's team members, summing up the essential points of the updated corporate objectives.
- A 'Quarterly Meeting' is organised every 3 months at the Group's main sites. This is an 'informal' taking of stock, hosted by the company's GM and if possible the Chairman of the Group, usually followed by a light meal. Each person is then able to express themselves, free of hierarchical barriers. In 2013, around 20 'Quarterly Meeting" were held on different sites.
- A 'Newsletter' is published once per semester and distributed to all employees.
- We have also implemented 'Tigrou' a Group tele-information system relaying important live information (on screens) about the life of our companies. In addition, on the main production sites, it displays charts monitoring, for example, accidents at work, customer satisfaction levels and printed paper.
- The fact that the Group has signed up to Global Compact has been broadly relayed in the companies, both through the Group newsletter and through a poster campaign.
- The open door policy is also broadly developed within the Group. In concrete terms, in order to remove partitions from
 offices whilst preserving a minimum level of privacy, doors are openwork, and large windows ensure the transparency of
 premises whilst respecting 'private' work spaces.
- Labour relationships are also constructed through ongoing exchange and dialogue with bodies representing employees: personnel delegates, Works Committees, Trade Unions and Health, Safety and Working Conditions Committees. Annual pay negotiations are carried out in consultation with personnel representatives and Trade Unions. In these organisations, votes systematically take the form of secret ballots.
- In 2013, we launched our new corporate brochure called « Tell me how ». It is a booklet that puts into perspective, gives meaning and values our business.
- We also printed some posters from this brochure to put on our offices.





Rewarding success:

10 'Well-dones' for every reproach !

Success, and above all its acknowledgement, fuel motivation: within the Group, no day should pass without a manager having congratulated or thanked his or her team members for the quality of their work and the contribution they make. Being attentive to success, and creating a dynamic of trust and motivation, is a vital aspect of behaviour. This positive aspect also guarantees the credibility of the manager when he or she has to correct any drift or errors.





Sharing success:

Our Group distributes more than one quarter of pre-tax current income to employees before anything goes to shareholders !

A diverse range of financial reward systems is used:

- Bonus related to objectives, performance and efficiency,
- Obligatory and Optional Profit-Sharing, mainly on an egalitarian basis rather than proportional to salary. In France, in 2014, based on 2013 results, we distribute more than 800 € per employees for Obligatory and Optional Profit-Sharing.
- Results Bonus, proportional to the earnings before tax and interest of the company for which they are responsible, for managers,
- Stock Options Group members of the Strategic Orientation Committee.
- In 2014, a PERCO (collective retirement saving plan) is setting up for all French based employees.





Workers' welfare:

New programs have been initiated in 2013:

- Development of telecommuting: 5 administrative associates benefitted from this program.
- Qi Gong sessions: each week, more than 20 people participate to a 30-minute session which is taking place at Groupe Grimaud's headquarters.
- "Live my job": this program is designed for employees who wish to have an insight of what their coworkers' jobs consist of. About 10 people benefited from this program on 2013.
- Picnic areas: at Groupe's headquarters, picnic areas have been created to welcome employees during lunch time.
- Bikes: Groupe Grimaud offers bikes that employees from urban areas can use for their home-to-work travels.
- As a mean to prevent occupational injuries and illnesses, warm-up exercises are offered to employees performing physical tasks.
- New common facilities have been set-up at the Groupe's headquarters, offering friendlier and newly
 decorated rest rooms, nap rooms, and multimedia meeting rooms designed as a lounge.



The development of Global Compact principles within Groupe Grimaud

2. In continual improvement:

Today's record should be tomorrow's baseline!

- Rationalizing and standardizing best practice:
 - Observing our best practice is quite simply a matter of regularly taking a close look at how we work, and making sure it evolves positively against force of habit.
- Producing at lowest cost:
 - Although we have only limited control over our retail prices which are mainly dictated by market conditions - we do have control of our cost prices. So it's up to us to make the gap between these two variables as wide as possible – this is essential to our economic effectiveness.
 - We therefore have summary charts which allow us to continuously track our production performance. These charts – just like the quality charts – are permanently displayed on the production sites. They are, of course, shared with employees - as well as with many visitors.





3. In the development of the quality, safety, environment policy:



A commitment to resources implemented with determination and rigorousness!

Looking after employee safety

- The accidents at work chart is displayed via 'Tigrou' (decentralized electronic information), or in paper format, on all production sites, with a 'longest incident-free period' challenge. For us, this is a major issue to be taken into account by all employees.
- In 2013, we implemented a reward system based on the longest time without occupational injury. This new
 system allowed us to extend the number of days without occupational accident to 291 days.
- In 2013, the occupational injury incidence rate was lowered by more than 30%
- A Health, Safety and Working Conditions Committee operates in the majority of the companies, under the leadership of the General Manager.
- As previously stated, several programs have been implemented as part as our focus on employees' wellness:
 - Collective agreement, negotiated with the social partners, for the prevention of the risks linked to physically strenuous work
 - Warm-up sessions at work stations
 - Shiatzu sessions
 - Qi Gong sessions





...3. In the development of the quality, safety, environment policy:

Making sure our products and services are safe and of quality

- The Group's analysis laboratories meet 'COFRAC' (French Accreditation Committee) standards. More than 70,000 control analyses are carried out every year, enabling us to ensure the sanitary safety of products. This guarantee of resources is totally transparent with regard to customers who, in the event of any health risk, are given preventive information and can therefore refuse the batch in question.
- Within our biopharmaceutical activities, the development of vaccines is carried out in facilities meeting world standard 'GMP'.
- All these technical resources are piloted in compliance with standardized procedures, constituting the best possible safety pledge for our customers. Groupe Grimaud has been ISO 9001 certified on 16 industrial sites since 1995.
- The Group also produces its own auto-vaccines a biological solution to fighting bacterial pathologies. In this
 way, use of antibiotics as a preventive measure is forbidden, being exclusively reserved for therapeutic treatment
 in the event of contamination in spite of the vaccinations. This approach allows us to considerably limit instances
 of antibiotic resistance.
- Within the context of this preventive approach, and relying more on biology than on chemistry, the Group is also developing new approaches to hygiene based on the management of bacterial ecology by developing builtbacterial flora: "Filaflor".



...3. In the development of the quality, safety, environment policy:



<u>To welcome workers with disabilities</u>

- In 2013, we maintained our commitment to maintain and actively integrate handicapped employees to our workforce.
- To prevent the risk of occupational injuries and illnesses
 - For the last three years, free Shiatsu sessions have been offered to Roussay-based employees as part as our worker's welfare approach and our program for the prevention of the risks of musculoskeletal disorder. More than 150 people have participated regularly to those sessions.
 - In 2013, a weekly Qi Gong session was offered to HQ employees.
 - In parallel, as previously stated :
 - Warm-up sessions continued to be developed at production sites.
 - A bonus for the longest time without occupational accident was set up.
- In 2013, Groupe Grimaud also continued its program for the promotion and implementation of the "Natural Concept"

www.natural-concept.fr





...3. In the development of the quality, safety, environment policy:

• <u>A Corporate Citizen Company</u>

- Groupe Grimaud also supports certain humanitarian and re-integration initiatives:
 - support for a re-integration centre for young disabled people, at a pilot farm <u>http://www.fermedesmauges.com/accueil/</u>
 - financing of an original solution for the improvement of tropical gardens, allowing familial production of vegetables in a sub-Saharan climate
 - financial support of the Red Cross in its emergency humanitarian actions.



The development of Global Compact principles within Groupe Grimaud



4. With our suppliers and subcontracting partners:

To not subject them to anything that we could not endure from our clients

- <u>To optimize and create a framework for our procurement procedures and contractual relationships:</u>
 - In 2013, a "procurement policy" was written and distributed
 - Its goal is to set out the legal framework, bringing clear guidelines to conduct business with our suppliers in the intent to foster long-term win-win relationships.



Summary of the key actions which moved Groupe Grimaud forward in terms of its Global Compact undertakings in 2013-2014:



We would like to state once again that this approach is part of a continuous improvement process that leaves no place for mere marketing hype.

- Human Rights:
 - Promotion to the entire workforce of the Groupe's commitment to the "Global Compact"
 - New social climate survey in 2014.
- Working Standards/conditions:
 - Development of telecommuting
 - Qi Gong sessions offered to HQ employees
 - "Live my job"
 - Creation of picnic areas
 - Bikes at the disposal of workers living in urban areas
 - Development of warm-up sessions for the employees having a physically strenuous job
 - New common rooms and multimedia meeting rooms at the Groupe's headquarters



Summary of the key actions which moved Groupe Grimaud forward in terms of its Global Compact undertakings in 2013-2014:



Environment:

- Promotion and development of the "Natural Concept" in house as well as outside the company during numerous trade shows around the world.
- <u>Anti-corruption:</u>
 - Promotion to our business partners, clients, and suppliers of our commitment to the "Global Compact" and its principles.
 - Implementation of a "Procurement policy".

