



Sustainability Report 2015



Communication on Progress
to the United Nations
Global Compact

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Preface

Optima's way to corporate sustainability

Since 1984, Optima Pharmazeutische GmbH provides high-quality pharmaceutical products. For Optima, our responsibility as a company always extended beyond our factory gates – the ecological, economic and social dimensions of sustainability have been guidelines of our entrepreneurial activity from the very beginning.

With the signing of the UN Global Compact in 2014, we have officially committed ourselves to core values in the areas of human rights, labor, environment and anti-corruption compliance, and promised to spread and support them in our business and social environment. This is Optima's first Sustainability Report, and a milestone towards our goal of a comprehensive and effective sustainability management.

At the same time, it represents our annual Communication on Progress report to the UN Global Compact, and will be published on the UN Global Compact Website. We invite all business partners and other interested parties to provide feedback and get in contact with us in case of any questions or suggestions.

Moosburg/Wang, Mai 2015

Michael Kroll

Stefan Kroll

Statement by the CEO of continued support for the UN Global Compact

I am pleased to confirm that Optima Pharmazeutische GmbH reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

In this Sustainability Report, which represents our annual Communication on Progress, we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations. We also commit to share this information with our stakeholders using our primary channels of communication.

Sincerely yours,

Mr. Michael Kroll

CEO Optima Pharmazeutische GmbH

Further information:

Optima: Corporate Sustainability website
<http://nachhaltigkeit.optimapharma.de/index.php/en/sustainability/sustainability.html>

United Nations Global Compact
www.unglobalcompact.org

1 Human Rights

- **Principle 1:** We support and respect the protection of internationally proclaimed human rights
- **Principle 2:** We make sure that we are not complicit in human rights abuses

Human Rights in our own operations

Optima declares its full support for the United Nations Universal Declaration of Human Rights.

Optima's operations are based in Germany and Switzerland. According to the Maplecroft Human Rights Risk Index 2014, these countries have a low prevalence of human rights-related risks (see "Further information"). Therefore, direct implications are considered minimal.

Our research and development activities are carried out exclusively in Germany, in cooperation with renowned research institutions. All quality standards and sector commitments are fully adhered to. Our main research partner is also a signee to the UN Global Compact.

Human rights in our supply chain

In its supply chain, Optima collaborates with a number of tier 1 suppliers and contract manufacturers, of which the vast majority is located in Germany. Therefore, the exposure to human rights-related risks in case of tier 1 suppliers is also considered minimal.

As a main pillar of supplier engagement, in 2014 Optima has issued detailed sustainability standards for its suppliers, requiring them to

adhere to the UN Global Compact Principles (see "Further information").

Also, tier 1 suppliers are requested to report any human rights-related incidents in their own operations or supply chains to Optima. As a measurement of outcome, we monitor the number of complaints, incidents or other issues related to human right abuses, both in our own operations and our supply chain. In the last year, **no** such incidents were brought to the knowledge of Optima.

✓ 0 human rights-related incidents

Regarding tier 2 suppliers, no detailed evaluation has been conducted so far, but the topic will be addressed in cooperation with tier 1 suppliers. In 2015, Optima will enter a dialogue with tier 1 suppliers to screen their supply chains and promote Optima's standards for sustainable procurement. The target is to initiate a dialogue with **50%** of our main suppliers in 2015.

Human rights in the downstream value chain

Concerning downstream value chain partners (e.g. in logistics and distribution), Optima has limited insight into human rights conditions. However, approx. 76% of Optima's sales volume is directed to EU countries and 23% to Australia and New Zealand, therefore a broad compliance of value chain partners with the existing legal requirements can be assumed.

Regarding our downstream value chain partners, we encourage partners to participate in voluntary sustainability and human rights codices, like the UN Global Compact or the German Sustainability Codex.

In 2014, about **two thirds** of our key customers were signatories to the UN Global compact or similar voluntary codices (e.g. German Sustainability Codex), and/or have an own policy for the protection of human rights. The target for 2015 is to keep increasing this share.

✓ ✓ 2/3 of key customers are publicly committed to fighting human rights abuses

Further information

Optima: Standards for Sustainable Procurement (German)

http://nachhaltigkeit.optimapharma.de/images/microsites/nachhaltigkeit/pdf/standards_for_sustainable_procurement.pdf

Maplecroft: Human Rights Risk Index 2014.

<https://maplecroft.com/portfolio/new-analysis/2013/12/04/70-increase-countries-identified-extreme-risk-human-rights-2008-bhuman-rights-risk-atlas-2014b/>

2 Labour

- **Principle 3:** We uphold the freedom of association and the effective recognition of the right to collective bargaining;
- **Principle 4:** the elimination of all forms of forced and compulsory labour;
- **Principle 5:** the effective abolition of child labour; and
- **Principle 6:** the elimination of discrimination in respect of employment and occupation

Working conditions

We strive to ensure optimal working conditions for all employees, meeting and

where possible exceeding all legal requirements. Optima enables and encourages part-time employment of employees of both genders.

Equal opportunities and employee rights



Optima guarantees its employees the freedom of association and the right to collective bargaining as regulated by national and European laws and standards.

Optima is an equal opportunities employer. We strive actively against discrimination of employees. We fully comply with national and European employee protection and anti-discrimination legislation.

We monitor the number of incidents regarding employee rights or discrimination (e.g. formal complaints, legal conflicts etc.), of which there were **none** in the last year. For 2015, we aim to keep this number at zero.

✓ 0 labour rights-related incidents

No child or forced labour

Our employment policy is in accordance to legal requirements and we have no employees under the age of 18. The same applies to any kind of forced or compulsory labour.

Labour standards in our supply chain

The vast majority of our tier 1 suppliers are located in Germany and other neighboring countries that have:

- a low level of child labour risk according to the Child Labour Index 2014
- a low level of working conditions risk according to the Working Conditions Index 2014 (see "Further information")

Our supplier standards for sustainable procurement explicitly include the compliance with all legal requirements and the labour-related Principles of the UN Global Compact.

Regarding tier 2 suppliers, no detailed evaluation has been conducted so far, but the topic will be addressed in cooperation with tier 1 suppliers. The target is to initiate a dialogue with **50%** of our main suppliers in 2015.

Further information

Optima: Standards for Sustainable Procurement
http://nachhaltigkeit.optimapharma.de/images/microsites/nachhaltigkeit/pdf/standards_for_sustainable_procurement.pdf

Maplecroft: Child Labour Index 2014.
<http://maplecroft.com/portfolio/new-analysis/2013/10/15/child-labour-risks-increase-china-and-russia-most-progress-shown-south-america-maplecroft-index/>

Maplecroft: Working Conditions Index 2014.
<https://maplecroft.com/portfolio/new-analysis/2014/01/29/world-cup-host-qatar-among-11-countries-downgraded-lsquoextreme-risksquo-working-conditions-maplecroft-index/>

3 Environment

Principle 7: We support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies

Environmental sustainability is a key concern of the management and the employees alike. Although Optima's products do not require large amounts of energy or natural resources in production or use, we accomplish the responsibility for minimizing negative impacts. While Optima is not directly exposed to significant environmental risks, energy and resource availability play an important role.

Energy use

Energy production and use is a main source of greenhouse gas emissions. The use of renewable energies is a way to reduce energy-related emissions. For heat supply in our own office facilities, we use renewable energies in the form of pellet / woodchip heating.

Efficient energy and resource use is a topic that needs to be integrated broadly into business process. Optima has therefore extended its internal Quality Management Guidelines to cover these topics in relevant processes, for example in the training of new and existing staff members.

Contract manufacturers are also instructed to optimize energy efficiency. Optima requests yearly energy consumption figures from all contract manufacturers, related to the work carried out for Optima.

✓ 100% of contract manufacturers report on energy consumption

Regarding energy use for transportation and packaging, Optima is working continuously on optimizing logistic processes. One example is the restructuring of production for one of our main products. From 2015 on, production and final packaging will be done at the same location, from where the product is then distributed. Thus, the number of transports will be reduced notably.

Greenhouse gas emissions balance

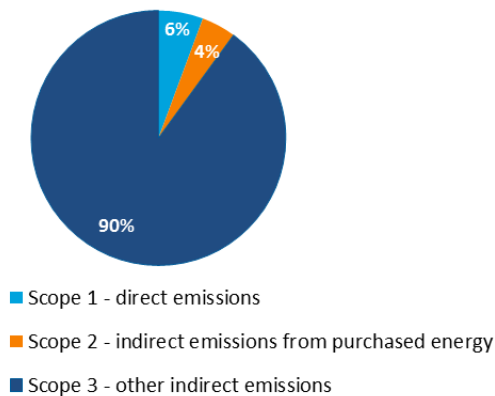


Starting with the year 2012, we are assessing our annual Corporate Carbon Footprint, meaning the greenhouse gas emissions balance of all company operations, including up- and downstream processes of the value chain. The advantage of the Carbon Footprint is that it includes emissions from energy and fuels, material-related emissions of the upstream and downstream value chains as well as other indirect emission sources like

business travel and commuting of employees. Thus, it gives valuable insights into the ecologic hotspots of a company's environmental balance and provides a single indicator that easy to monitor.



The calculation itself is carried out by our environmental consulting partner DFGE – Institute for Energy, Ecology, Economy, in accordance with the GHG Protocol standard. Results of the years 2012 and 2013 are shown in the figure below. Results for 2014 are not yet finalized.



The total emissions for Optima amount to **383 t CO₂e** for calendar year 2013. Of these, 6% are caused by consumption of fuels for vehicles and heating (Scope 1). Emissions from purchased energy (Scope 2) only amount to 4%. The majority of emissions, with 90%, are other indirect emissions that occur along the value chains.

Besides the absolute emission amounts, we calculate our “emission intensity”, i.e. the relative emissions per piece of production output. This provides a clearer view of improvements in efficiency, even if the absolute carbon footprint is increasing due to growth in business activity. From 2012 to 2013, relative emissions could be reduced by 13%

On the basis of the Carbon Footprint and the insights gained in the carbon footprint calculation, Optima has already targeted several areas for emission reduction. The goal

for 2015 is to continue the trend in reducing our emission intensity.

✓ Relative emissions reduced by 13%

Optima - a climate-neutral company

Energy and resource consumption and related emissions can be reduced by efficiency measures – but only to a certain point. However, Optima also takes responsibility for all non-avoidable emissions. Therefore, we compensate all our Scope 1, 2 and 3 emissions as calculated in the Carbon Footprint, by financing certified emission reduction projects.



Supported Reforestation project in Zimbabwe ©South Pole Carbon - southpolecarbon.com

In 2014, Optima has supported a reforestation project in Zimbabwe through the purchase of Verified Carbon Standard emission reduction certificates. This project not only contributes to reducing Greenhouse gas emissions, but also provides sustainable livelihood options for local communities.

The Carbon Footprint as well as the compensation have been certified by TÜV Hessen, and Optima has been awarded as “climate neutral company” according to the TÜV ProfiCert Standard Climate Neutrality.



Optima has committed itself to continue the compensation of 100% of non-avoidable emissions over the coming years.

✓ 100% of Scope 1+2+3 emissions compensated

Natural resources / raw materials

An important focus area regarding environmental impacts is the provenience of natural raw materials used. Depending on the method and region of production, these may have larger or smaller environmental impacts. In the case of Optima's products, paper is the most relevant material by quantity, as it is used in the individual product package, as well as for shipping boxes, leaflets etc.

Optima's goal is to use as much recycled paper as possible. For the remaining amount of non-recycled paper, we are increasingly using FSC (or alternatively PEFC) certified paper, wherever available: For product packaging, it is targeted to exclusively use FSC certified materials in 2015.

✓ Increasing share of recycled and certified paper sources

Equally, Optima's tier 1 suppliers and contract manufacturers are requested to use recycled paper wherever possible, and FSC (or PEFC) certified paper in all other cases. If no certified

products are available, materials from known and legal sources must be used, which do not cause avoidable negative ecological and social impacts like deforestation, land use conflicts etc.

Regarding product ingredients, two important naturally sourced materials are ethanol and soy lecithin, which may be related to increased ecological impacts. However, the absolute amount of material used is limited. Optima's tier 1 suppliers are requested to comply with all applicable environmental, health, labour and social standards when sourcing natural materials, and ensure that they do not cause avoidable negative ecological and social impacts like deforestation, land use conflicts etc.

Waste and recycling



Regarding our products, the central focus lies on supreme quality and safety, but we also care about their end-of-life phase: Our products are not harmful to the environment and can be safely disposed of by regular means. Paper boxes, leaflets, empty glass containers and plastic caps can and should be recycled.

Through their innovative formulation and application method, our liposomal eye sprays have a much longer usage time compared to

alternative products. This means that the amount of waste is reduced drastically compared to other products, especially those with one-dose packaging.

Further information:

DFGE/Optima: Carbon Footprint Balance Year 2013
- Management Summary

http://nachhaltigkeit.optimapharma.de/images/microsites/nachhaltigkeit/pdf/optima_carbon_footprint_report_2014.pdf

TÜV Hessen: Certificate– Climate Neutrality

http://nachhaltigkeit.optimapharma.de/images/microsites/nachhaltigkeit/pdf/optima_tuevhessen_klimaneutralitaet.pdf

Southpole Carbon: Reforestation Project
Description

http://nachhaltigkeit.optimapharma.de/images/microsites/nachhaltigkeit/pdf/project_forestprotection.pdf

4 Anti-Corruption & Fair Business Practice

Principle 10: We work against corruption in all its forms, including extortion and bribery.

Clear stance against corruption

Optima condemns all forms of corruption. We believe in fair and open competition and are convinced that quality, innovation and efficiency are the key to long term business success.

The commitment to prevent all forms of corruption has been integrated in our internal Quality Management Handbook.

Anti-corruption action in our value chain



The 2014 Corruption Risk Index by Maplecroft shows that the countries in which Optima operates and where the majority of suppliers are located have a “low” risk of corruption, with the exception of Austria with “medium” risk (see “Further Information”).

Optima has issued clear standards for its suppliers that include the compliance with all legal requirements and requests them to adhere to the UN Global Compact Principles on fighting corruption.

Optima monitors the amount of incidents related to corruption of any form, both within the company and the supply chain. In the last year, there were **none** such incidents brought to the knowledge of Optima. We aim to keep up this performance in the coming year.

✓ 0 corruption-related incidents

Furthermore, we monitor the share of key customers that have published an own code of conduct or policy regarding corruption and/or are signatories to the UN Global Compact or similar codices. In the last year, about **two thirds** of our key customers have made such a public commitment.

✓ 2/3 of key customers are publicly committed to fight corruption

Further information:

Maplecroft: Corruption Risk Index 2014.
<http://maplecroft.com/portfolio/new-analysis/2013/09/24/corruption-risk-index-reveals-long-term-lack-will-tackle-corruption-brics/>

5 Community Engagement

Since 2014, Optima is supporting the Plant for the Planet Foundation. It is a non-profit organization based in Bavaria that has the mission to combat climate change by promoting reforestation and the planting of new forests in Germany and all over the world. With Optima's contribution, trees were planted that each year sequester CO₂ in the order of magnitude of Optima's total Carbon Footprint.

Further information:

Plant for the Planet: Supporter List.
<http://www.plant-for-the-planet.org/de/unterstuetzen/partnerschaft>

6 Outlook

In the path towards corporate sustainability, Optima will continue the path taken with the signing of the UN Global Compact in 2014. Actions will be initiated in all relevant areas, as presented in this report, and proven instruments like the Carbon Footprint calculation will be continued.

However, we are aware that fundamental and systematic improvements must include the entire value chain, from raw material providers to the final consumer and beyond. A key element of our sustainability actions in 2015 will be the engagement and dialogue with our up- and downstream value chain partners.

We therefore invite all partners, customers, suppliers and other stakeholders to communicate openly with Optima regarding all sustainability topics.

All new information and reports will be published in the sustainability section of our homepage:

<http://nachhaltigkeit.optimapharma.de/index.php/en/sustainability/sustainability.html>



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