



COMMUNICATION ON PROGRESS 2015

UN GLOBAL COMPACT

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STATEMENT FROM THE CEO



Welcome to the HRA Pharma 2015 Communication on Progress (COP) report. In this third report, we review our corporate responsibility efforts, performance and progress since we became a member of the UN Global Compact in 2011.

Our Company revolves around core values Dream-Dare-Share, which distinguish us and guide our actions. We dream of a world of responsible growth and sustainable health outcomes for all. We dare to take actions to advance, at our scale, societal goals and we share our convictions and successes with others. We conduct our business in a responsible and ethical manner. We support universal human rights, respect legal and regulatory frameworks and foster cooperation and engagement among our employees. We strive for sustainable business development with the objective to do our business responsibly while reducing our own environmental footprint.

On the following pages, you will read more about our progress against the 10 principles of the UNGC. We have laid the strategic and operational foundations for the challenges that lie ahead, and we are committed to expanding and extending our corporate citizenship efforts, moving forward to create sustained impact in communities around the world.

Erin Gainer
CEO of HRA Pharma

THE TEN PRINCIPLES OF THE UN GLOBAL COMPACT



This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

Launched in 2000, the United Nations Global Compact is a voluntary initiative for companies that are committed to sustainable business practices. It seeks to align corporate strategies and operations with universal principles on human rights, labour, environment and anti-corruption, and take actions that advance societal goals. More than 8300 companies from 161 countries have joined Global Compact. HRA Pharma signed up to the Global Compact in 2011 and has adopted its 10 principles.

HUMAN RIGHTS

PRINCIPLE 1

Businesses should support and respect the protection of internationally proclaimed human rights

PRINCIPLE 2

Make sure that they are not complicit in human rights abuses.

LABOUR

PRINCIPLE 3

Businesses should 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

ENVIRONMENT

PRINCIPLE 7

Businesses should 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

ANTI-CORRUPTION

PRINCIPLE 10

Businesses should work against corruption in all its forms, including extortion and bribery



DREAM
DARE SHARE

at HRA Pharma,
we support
women and men
in over 80 countries,
working every day
to fill unmet medical needs



HRA PHARMA AT A GLANCE

We are an international specialty pharmaceutical company focusing on identifying unmet medical needs in niche therapeutic areas and developing novel pharmaceutical products to treat them. We specialize in the therapeutic fields of women's health and endocrinology, which both involve regulation of the human hormonal system, and are particularly experienced in emergency contraception, uterine fibroids, and rare endocrine disorders such as Cushing's syndrome and advanced adrenal cortical carcinoma. We, together with our strategic partners, have discovered, developed, registered, and launched a number of innovative products including our key growth driver ellaOne, a new, more effective class of emergency contraceptive, and esmya, a novel therapy for uterine fibroids.

Our company was incorporated in 1998 and launched its first product, the emergency contraceptive pill NorLevo, in 1999, and through our commercialization efforts successfully made it the market leader in its category in Europe. We currently have a marketed portfolio of nine pharmaceutical products and devices, which include:

- ellaOne, the most effective emergency contraceptive pill in Europe and the United States (source: Trussell et al.) that can be taken within five days after unprotected intercourse or contraceptive failure. ellaOne was launched in 2009 as a prescription product. Following our successful Rx-to-OTC switch, ellaOne has been available as an OTC product since early 2015 in most E.U. countries and is experiencing dynamic growth.
- esmya, a novel therapy for uterine fibroids, which are benign tumors of the uterus. esmya is marketed in Europe and other major markets through a partner company.
- NorLevo, a first generation oral emergency contraceptive pill which was developed by us in 1999. Through our commercialization efforts, Norlevo has attained and maintained a leading position in the emergency contraception market in Europe.
- Lysodren, the only approved treatment for advanced adrenal cortical carcinoma in Europe; and
- Metopirone and Ketoconazole HRA, two different products for the treatment of Cushing's syndrome.

In addition to our marketed portfolio, we also have a pipeline of a number of new pharmaceutical products in women's health and endocrinology, which are currently in various clinical and pre-clinical stages of development. Since our founding we have been strongly focused on research and development, committing 15% to 20% of revenues to our R&D activities.

We have built a scalable business model, which includes a lean supply chain with outsourced manufacturing and an effective commercial organization. Our headquarters are located in Paris, France and we have 7 sales subsidiaries covering 11 European countries, with over 70 sales representatives targeting pharmacies, gynecologists, sexual health clinics, hospitals and endocrinologists and over 140 employees (Dec 2014). In addition to direct sales, we also have longstanding licensing and distribution partnerships for certain of our products with reputed pharmaceutical companies. Overall, our products are sold in over 80 countries worldwide.

We have grown our revenues by 43% between 2012 and 2014 to reach €70 million for the year ended December 31, 2014 and believe we have strong fundamentals to support our growth in the future.

Revenues

(2014, IFRS)

€70.2 M

Investment in R&D

(2014, IFRS)

€11.2M

Core EBITDA

(2014, IFRS)

€9.6M

148

Employees
in 2014



DREAM SHARE DARE

DREAM is an essential value of HRA Pharma without which nothing new or innovative can emerge. Dream is above all our ability to constantly push the boundaries, to question the certainties.

It is our desire to design new and intelligent solutions and deploy enthusiasm to develop them.

BUSINESS ETHICS

To better meet the needs of patients and healthcare providers worldwide, HRA Pharma has built a scalable business model while reaffirming the principles of integrity and responsible business conduct

FOSTERING RESPONSIBLE BUSINESS CONDUCT

All around the world, HRA Pharma strives to build lasting relationships with its industrial and commercial partners. We believe that building quality relationships with our business partners is one of the key factors to achieve growth and profitability.

Following our engagement with the UN Global Compact, HRA Pharma systematically introduces a clause to all newly negotiated and/or renewed contracts informing the partner companies about HRA Pharma's engagement with the UN Global Compact and requiring from every partner to confirm its commitment to the essential principles stemming from the Global Compact

Since the beginning of our engagement in 2012, 136 contracts with the "UN Global Compact" clause have been signed.

COMMITTED TO RESPONSIBLE AND COMPLIANT CONDUCT

Responsible and compliant conduct is integral to our corporate policies and forms the basis for the long-term success of our company.

HRA Pharma sells its products worldwide. Its global activities are subject to a wide range of national and international legislations, regulations and standards. HRA Pharma has put in place a robust corporate compliance department with the objective of providing a standardized, Group-wide compliance organization. Alongside ensuring that HRA Pharma's business practices are examined in detail throughout the entire Group, this organization also ensures that guidelines are updated and implemented as necessary.



Possible dysfunctions, violations of internal guidelines, and codes of conduct are reported through myMISHAP, an internal follow-up tool. Once recorded, incidents are examined, necessary measures are initiated and the successful implementation of such measures is monitored.

Compliance representatives are assigned to HRA Pharma subsidiaries and certain regions. In addition, training programs with a focus on corporate compliance will be introduced in the years to come. The corporate compliance organization reports directly to the CEO of the company.

RIGOROUS QUALITY CONTROLS AND PHARMACOVIGILANCE SYSTEM

Product safety is the basis for our comprehensive product responsibility.

HRA Pharma products are developed, manufactured and marketed under the strict governance of our quality management systems. We monitor our products in the market and follow up on observations relating to safety. When necessary, we notify the relevant authorities and undertake the measures required to ensure our patients' safety.

DEVELOPING A RIGOROUS QUALITY PROCESS

Manufacture of medicinal products and the active pharmaceutical ingredients used as starting materials in the production of these products is subject to strict good manufacturing practice regulations that are designed to ensure their quality, safety and efficacy.

HRA Pharma has put in place a rigorous quality process to identify, select and qualify its industrial and distribution partners. Standard Operating Procedures to this effect have been included to the Company's Quality system. This documents detail the steps that need to be implemented to adequately manage suppliers through the complete life cycle of the product, including:

- Supplier selection process
- Due diligence process
- Quality assessment of all suppliers
- Pharmaceutical change control assessment
- Supply chain security
- Ongoing monitoring and evaluation

At the end of August 2015, over 100 partners had been qualified worldwide. Through this innovative partnership strategy, HRA Pharma has now a world-wide database of partners that has been developed systematically and in accordance with a strict identification and qualification process.

ESTABLISHING A CORRUPTION PREVENTION PROGRAM

Corruption is a global ethical and legal issue of corporate and public life, having many forms and taking place in both developed and developing countries. HRA Pharma is committed to conduct its business with integrity and transparency and does not tolerate any form of bribery or corruption.

The company published a set of specific guidelines for its employees on conflicts of interest, gifts and hospitality. The objective is to guide all our employees in their daily practice, by supplying the necessary practical knowledge to detect and prevent corrupt practices, and to know how to act in compliance with anti-corruption laws.

Every employee is required to read the content of these guidelines and carry out his/her work and responsibilities in accordance with their principles.

Since 2012, HRA Pharma has undertaken its anti-corruption awareness efforts by providing training courses to any employee who might encounter situations at risk in their line of work.

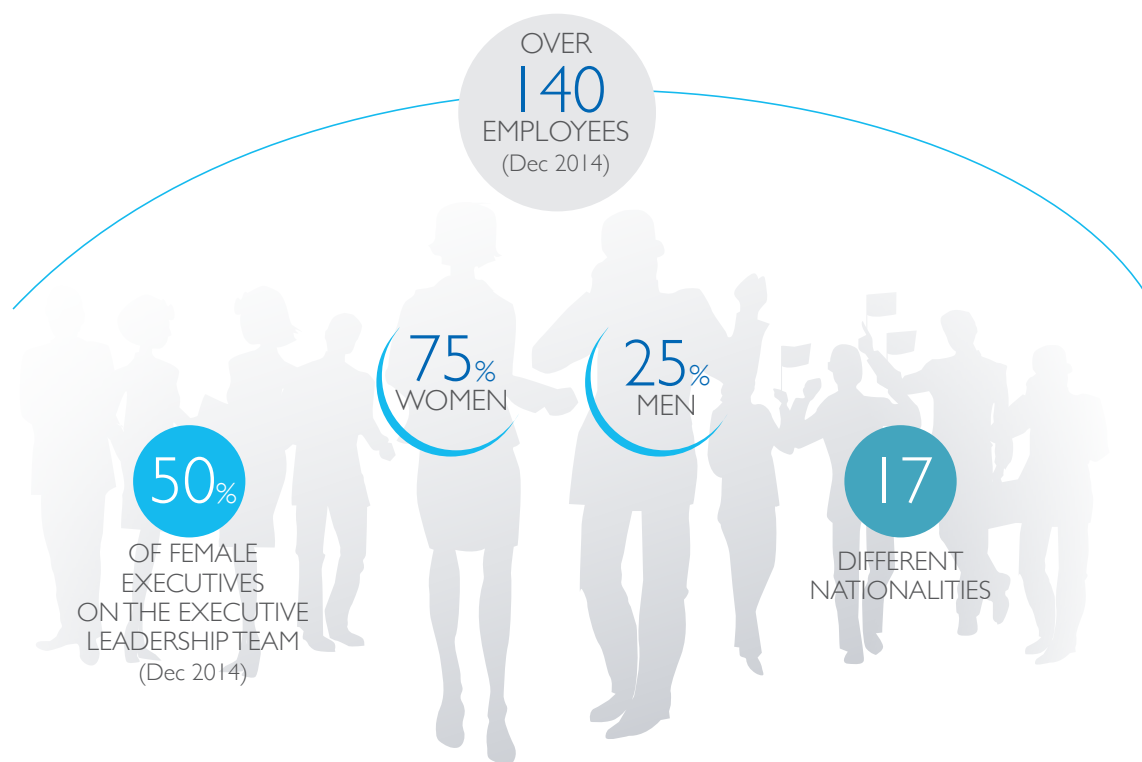


DREAM DARE SHARE

DARE is the ultimate manifestation of our willingness to constantly go beyond what is expected. Dare expresses the collective merging of ideas, talents and skills. By creating an innovative and exciting dynamic for all members of our company, Dare is the key to the sustainable growth of HRA Pharma

COOPERATION & ENGAGEMENT

Supporting professional development, providing a safe and healthy workplace for employees, promoting gender equality, ensuring a culturally and professionally diverse workforce are just some of the fundamental principles followed by the company



INTERNAL SATISFACTION & ENGAGEMENT SURVEY

HRA Pharma's people are critical to its success. Set up in 2013, HRA Pharma's internal survey was designed to understand employees' perception of the Company and its issues, to gauge their level of satisfaction and learn more about the vision they have of their work and career development within the Company.

Conducted every two years and divided into seven topic areas – project, commitment, compensation, training, evaluation, communication and traceability, the 2015 survey ran from March 9 to 20. This year's results that garnered an over 70% response rate showed strong individual motivation and trust in the company's project. 87% of responders expressed their trust and belief in the company's project and 83% reported strong commitment to their job, their team and the company as a whole. The average score of 77% ranks well above the average 55% score for other companies that use the same survey tool, making HRA Pharma an attractive company. The next survey of this type is planned in 2017.

BECOME AN EFFECTIVE MANAGER

The Company's objective is to help managers perform at their best and bring about improvements to the culture of the organization, so enabling improved staff wellbeing and enhanced organizational performance.

• GUIDANCE FOR MANAGERIAL BEHAVIOUR

In 2015, HRA Pharma embarked on an collaborative internal project to determine the most important behaviors of their managers on employee performance and well-being. Rather than apply generic management principles, HRA Pharma distilled the five most important behaviors in its own corporate culture.

The objective for the years ahead will be to integrate them into every manager's training, coaching and performance review sessions.

In 2016, the company plan to continue the work begun in 2015 by developing a central management guide and reference for managers in day-to-day decision-making. This Management Guide is meant to reflect the organization's purpose, mission, values and principles, and linking these to the standards of professional conduct and managerial behavior.

QUALITY OF LIFE AT WORK CHARTER


In 2015, HRA Pharma worked on a "Quality of Life at Work" Charter – the purpose of this charter is to provide a common framework for corporate practices and conduct. This Charter will be rolled out in 2016.

WORKING CONDITIONS FOLLOW-UP

Follow-up on measures taken since 2013 at HRA Pharma (data correspond to Paris HQs and HRA Pharma France)

▼ Percent of employees benefiting from programs designed to enhance quality of life at work:

	Dec 2013	Sept 2014	Dec 2015
One day per week telecommuting system	14%	21%	19%
Part time hours	Data NA	15%	11%
Professional training	80%	83% (1 Jan to 31 Dec 2014)	TBD
8-week intensive course in mindfulness based stress reduction (MBSR)	-	26%	7%
Child-care initiative	-	15%	16%
- slots at local day-care centers	-	5%	4%
- Childcare vouchers	-	10%	12%



DREAM DARE SHARE

At the heart of the company since its beginnings, SHARE drives the way we design, manufacture and market our products. It inspires our behavior within the company, the way we work with our colleagues and partners and the social and societal initiatives we support

SUSTAINABLE BUSINESS DEVELOPMENT

HRA Pharma is conscient of the ecological, social and economic impacts of each business activity and aims to develop its business while contributing to economic, environmental and social development

FOSTERING INNOVATION

Business structures designed to simultaneously cultivate innovation, encourage entrepreneurs, and provide real-world, practical support are key to driving innovation.

Late 2014, HRA Pharma has founded HRAi an incubator set up to support smaller businesses such as academia, biotech and/or spin-off companies in the health sector. HRAi offers its pharmaceutical and technical expertise and know-how to help innovative projects and technologies to emerge in. The company reviews early-stage projects to determine their potential for development. Since HRAi's inception, over 20 projects have been reviewed, with several moving forward toward active development.



AWARENESS ON WOMEN'S ISSUES

All around the world, International Women's Day represents an opportunity to celebrate the achievements of women while raising awareness of the challenges and struggles faced by women worldwide and calling for greater equality.

In March of each year HRA Pharma organizes an internal awareness raising event called "Women's Week"

with the aim of broadening understanding and mobilizing its staff around various women's issues. In 2015, a press cartoon exhibition «Let's Talk about Women» depicting women's condition in the world was held at the Company's Headquarters in Paris.

Additionally, HRA Pharma hosted a talk on women's condition worldwide by Ms. Elisabeth Crémieu, associate professor of geography at higher school preparatory classes and the author of the book "Geopolitics of the women's condition".

THE HRA PHARMA FOUNDATION

The HRA Pharma Foundation was established in 2012, to reinforce our historical corporate social responsibility commitment and further promote and support the implementation of programs and activities primarily in the area of women's health. Our mission is to foster young girls' and women's access to education, reproductive health and the arts across the world.

We partner with likeminded individuals and organizations worldwide to develop socially responsible programs in three focus areas:

- **Education**

We focus on providing educational opportunities to girls and women worldwide.

- **Reproductive health**

Through our initiatives, we aim to expand women's access to safe, effective and modern methods of contraception and reproductive health services.

- **The arts**

We recognize that art and culture play a vital role in promoting social development.

• FOSTERING EMPLOYEE ENGAGEMENT

The Foundation provides support for charity or community projects in which employees are encouraged to take part. Each September a call for projects is launched, aimed at employees, external individuals, organizations or associations.

Proposals can include full programs or proof of concept initiatives to be expanded on a larger scaled if pilot is successful. They should also include ways to evaluate the outcome of proposed initiatives whenever possible.

Following a rigorous assessment, focused in particular on the social impact, alignment with the Foundation's key areas of focus, employee involvement and budget, the board of HRA Pharma Foundation select one or several projects in each area defined above. Grantees are responsible for the final elaboration, implementation and monitoring of the project. They benefit from support from HRA Pharma or other identified partners.

In 2015, 17 projects have been founded and 13 are currently ongoing. To know more about projects supported by our Foundation please refer to HRA Pharma Company Foundation Activity Report 2014.

MINIMIZE OUR ENVIRONMENTAL IMPACT

We aim to minimize our environmental impact and help develop an environmentally responsible working environment. We intend to identify and control our environmental impact, and improve our environmental performance by:

- Disposing of waste in an environmentally responsible manner
- Reusing and recycling where practicable
- Developing environmentally responsible working solutions
- Promoting sustainability within the organization

• RECYCLING

HRA Pharma believes that recycling & recycling education are critical to sustainability.

Measures taken in this field include:

- Sorting plastic and paper for recycling
- Using recycled paper
- Printing double-sided by default
- Recycling printer cartridges
- Communicating electronically to reduce paper consumption.

▼ Paper bought versus paper recycled (in kg) at HRA Pharma Headquarters between 2012 and 2014.

	2012	2013	2014
Paper A4 & A3 format bought (in kg)	1351	1435	1342
Paper recycled (in kg)	2022	2075	2630
- CO ₂ equivalent (in kg)	1112	1141	1447
- kWh equivalent	8088	8300	10520

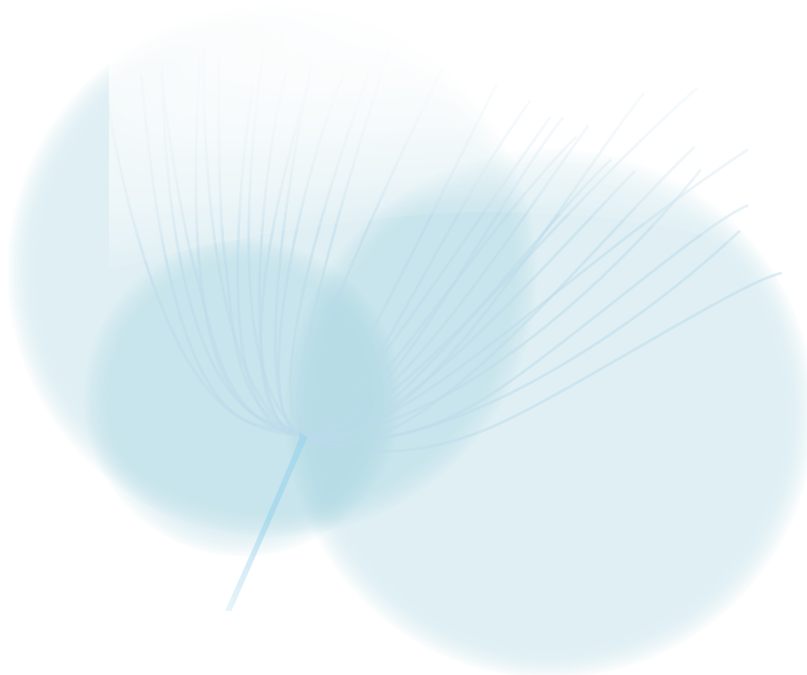
Starting, next year, HRA Pharma plan to carry out annual environmental mapping of the buildings we occupy including:

- Paper consumption & recycling
- Electricity consumption – electricity used for operating the offices and for heating, based on bills from supplier companies. In 2014, at HRA Pharma Headquarters, our electricity consumption in kWh / m² was equal to 156 kWh /m².

The mapping will be accompanied by an information campaign and initiatives directed toward the company's staff with the objective to ensure the reduction and recycling of waste, including the efficient use of energy.

• ENVIRONMENTALLY RESPONSIBLE WORKING SOLUTIONS

We seek out new technologies and maximize their use to reduce our environmental impact. This year, Lifesize Cloud, a virtual meeting technology that provides an effective alternative to travel, has been implemented in all of our offices worldwide. Currently, communications via this new videoconferencing system represent about 100 hours per month. The company always assesses the usefulness of air travel while actively recommending and promoting the use of information technology-based ways of communication.





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