

COMMUNICATION ON PROGRESS

2016



HRA Pharma

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STATEMENT FROM THE CEO



We are actively engaged in promoting actions to encourage a socially responsible business behavior, which is for us a substantial source of growth and performance”



HRA Pharma is a dynamic and fast-growing company, rich in accomplishments with a proven track record of success in introducing innovative medicines that make a difference for people's health. The products that we develop and distribute, in an ever increasing number of countries, enable women to control their reproductive life as their wish and rare diseases patients to benefit from effective therapeutic options and services.

As a highly committed pharmaceutical company, we believe we have a particular responsibility to our stakeholders and to society at large. To meet these expectations, we strive for sustainable business development with the objective to do our business responsibly while pursuing our vision to reinvent healthcare for women and rare diseases patients. Beyond the strict compliance with current legislation, we are actively engaged in promoting actions to encourage a socially responsible business behavior, which is for us a substantial source of growth and performance.

HRA Pharma was honored to join the United Nations Global Compact in 2011. In this fourth report, we describe our activities and progresses made in 2016 and we provide an overview of actions for the years to come. We hope you will enjoy this report, and get a sustainable look at HRA Pharma.

François Vuillet
CEO of HRA Pharma

THE TEN PRINCIPLES OF THE UN GLOBAL COMPACT

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. As of Dec. 8, 2016, 9 146 companies from 168 countries have joined Global Compact (source: www.unglobalcompact.com). HRA Pharma signed up to the Global Compact in 2011 and has adopted it 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.

ENVIRONMENT

PRINCIPLE 7

Businesses should support a precautionary approach to environmental challenges

PRINCIPLE 8

Undertake initiatives to promote greater environmental responsibility

PRINCIPLE 9

Encourage the development and diffusion of environmentally friendly technologies

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

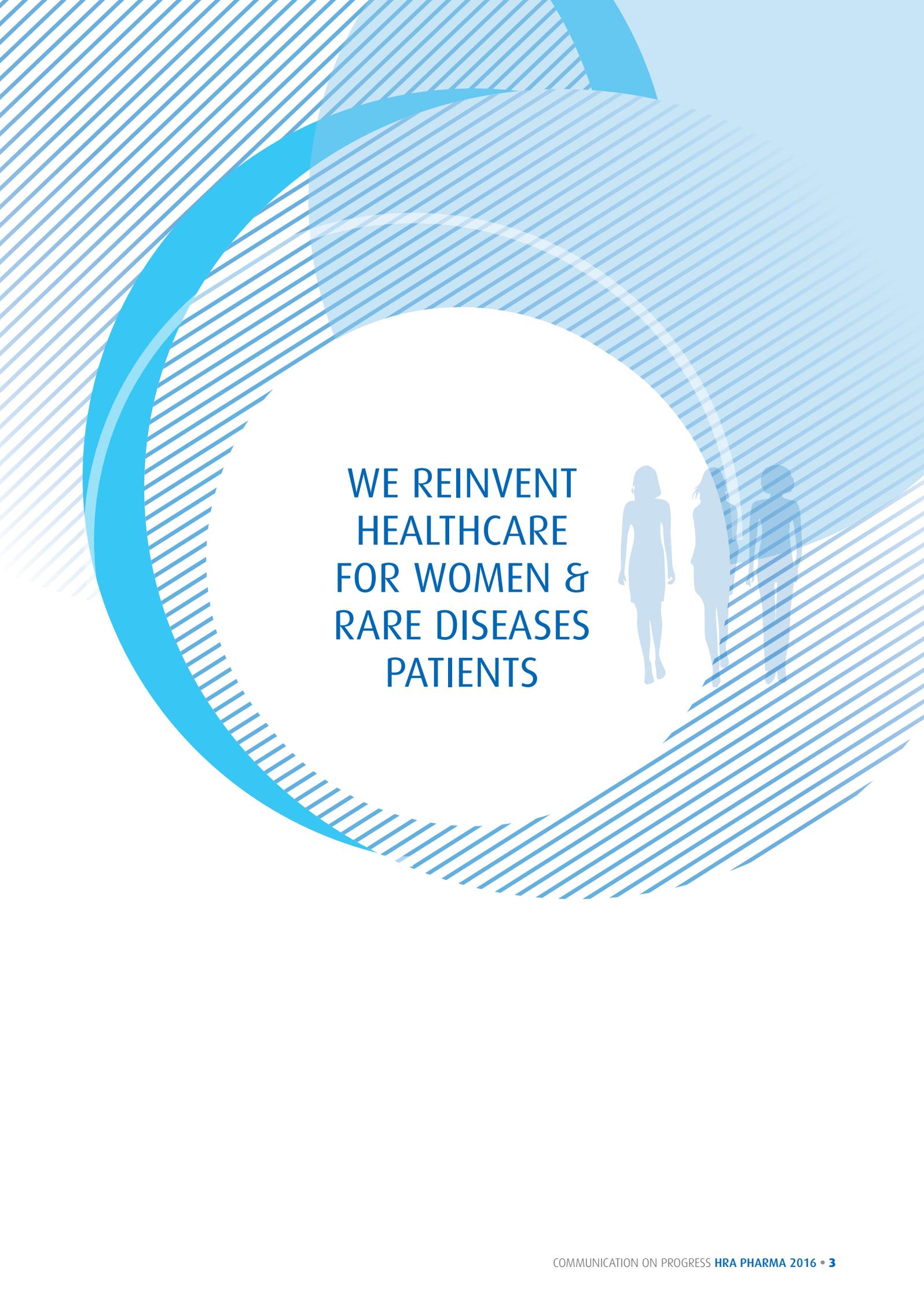
PRINCIPLE 6

The elimination of discrimination in respect of employment and occupation

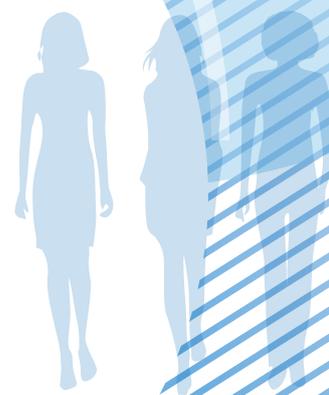
ANTI-CORRUPTION

PRINCIPLE 10

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



WE REINVENT
HEALTHCARE
FOR WOMEN &
RARE DISEASES
PATIENTS



HRA PHARMA AT A GLANCE

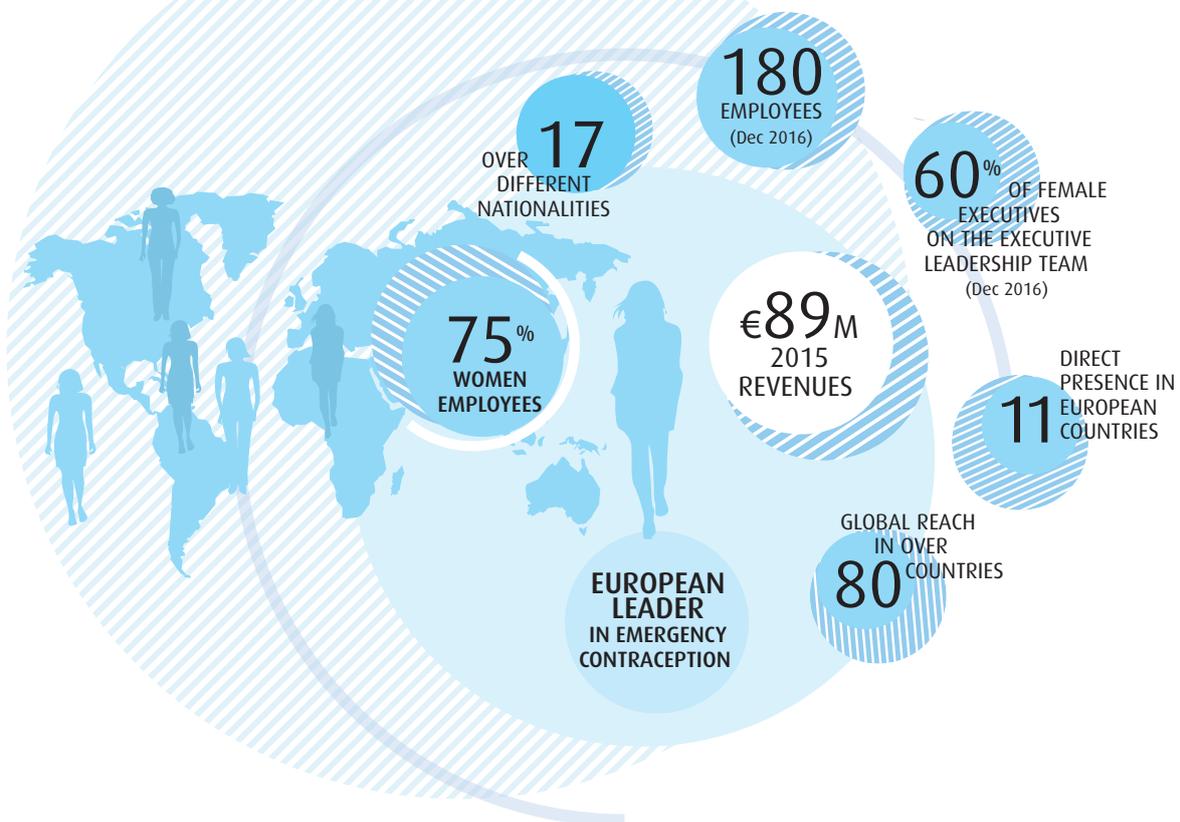
We are a fast-growing specialty pharmaceutical company focusing on identifying unmet medical needs in niche therapeutic areas and developing novel pharmaceutical products to treat them. We specialize in the therapeutic fields of women's health and endocrinology, which both involve the human hormonal system, and are particularly experienced in emergency contraception, uterine fibroids, 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.

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 an effective business model, which includes a scalable supply chain with outsourced manufacturing and an efficient commercial organization. Our headquarters are located in Paris, France and we have 7 operational subsidiaries covering 11 European countries, with over

90 sales representatives targeting pharmacies, gynecologists, hospitals and endocrinologists and 180 employees (as of Dec 2016). 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 25% between 2014 and 2015 to reach €89 million for the year ended December 31, 2015 and believe we have strong fundamentals to support our growth in the future.



A promising development throughout the world

Building on its solid presence in Europe, HRA Pharma is committed to developing its activities worldwide. We have a direct presence in 11 European countries and distribute our products in over 80 countries worldwide.

RESPONSIBLE BUSINESS

We believe responsible business is at the core of our corporate identity. It is embedded in who we are as a company, what we do and why we do it.

• PROMOTING UN GLOBAL COMPACT AMONG OUR BUSINESS PARTNERS AND SUPPLIERS

HRA Pharma is a global company that markets its products in over 80 countries worldwide. Doing business globally entails many challenges, particularly in international settings when concepts of appropriate business conduct can vary widely depending countries and cultures.

We continually encourage our business partners and suppliers to commit to the essential principles stemming from the Global Compact. Following its 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 our engagement with the UN Global Compact.

Since the beginning of our engagement in 2011, 185 contracts with the “UN Global Compact” clause have been signed.

• IMPROVING BUSINESS PROCESSES

This year we started to implement ERP (Enterprise Resource Planning) system with the objective to improve our operational efficiency, secure and automate our business processes. Sales forecasting is now captured and updated at one point with no duplication of effort nor errors risks.

In 2017, our supply chain will be integrated to the ERP system in real time. As our Supply Chain Department interact with numerous suppliers and partners in order to obtain the raw materials and resources needed to bring finished products to market, ERP will play a vital role in combating inefficiency, reducing waste and meeting the needs of changing business circumstances.

• PROMOTING TRANSPARENT INTERACTIONS

We believe that collaboration with medical community is instrumental to identify patients’ needs, develop innovative medicines and enhance the quality of health education.

To foster a better understanding of how these collaborations work and under the EFPIA Code on transfers of value disclosure, we have committed to disclose the transfers of value made to healthcare professionals (HCP) and healthcare organizations (HCO).

This self-regulatory approach, has been implemented by EFPIA’s member associations in a manner consistent with all applicable national regulations and legislations beside local codes of conducts for all European countries.

From June 30, 2016, information about transfers of value made by HRA Pharma to HCPs and HCOs is available on a specifically dedicated webpage of our corporate website http://www.hra-pharma.com/index.php/en/our_commitments/transparency.

• PREVENTING CORRUPTION IN BUSINESS

Corruption is a global ethical problem 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. In 2017, anti-corruption training sessions will take place at headquarters and subsidiaries for all HRA Pharma employees.

• COMPLIANT CONDUCT

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

We have a robust Corporate Compliance Department whose objective is to ensure that our company is managed in line with national and international legislations, regulations and standards. We assess the accuracy of our procedures and policies through both internal reporting and external audits. To help us to improve our performance and business practices, we encourage our employees, to report any incidents of non-compliance via an electronic, internal, specifically-dedicated tool called “myMISHAP”. Once recorded, incidents are examined, necessary measures are initiated and their implementation is monitored.

Committed to resolve neglected needs in women's health & endocrinology

We dream of developing
the best products in terms of quality,
efficacy and safety, daring to constantly
push traditional boundaries and explore
therapeutic areas often over-looked
by other laboratories.



COOPERATION & ENGAGEMENT

We strive to create open and diverse work environment that promotes the professional development of our members, facilitates and encourages the exchange of expertise among them.

• DEVELOPING TALENTS

A skilled and knowledgeable team is a key factor in the long-term success of our company. We offer a whole range of development opportunities covering all aspects of HRA Pharma's business. Training solutions range from e-learning to group workshops or face-to-face meetings. In 2015, the average training per employee was of 28.76 hours per year.

The international nature of our business is a major attraction for our employees. With 7 European subsidiaries and products distributed in over 80 countries worldwide, we offer our employees a wide range of career development opportunities.

The training we offer is designed to help our employees develop their careers and achieve their business goals. Our training programmes are constantly being revised and enhanced based on our evolving business needs, and are delivered by a mixture of internal and external training providers, as well as through a wide variety of e-courses.

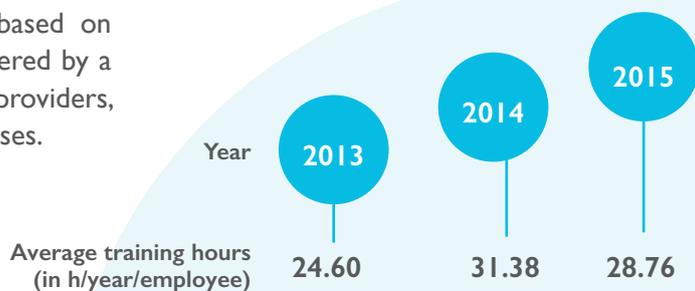
● Average hours of training per year per employee (Data for HRA Pharma HQs + HRA Pharma France)

• DEVELOPING MANAGERS

Developing managers who inspire trust is vital to our success. A key driver of this is authentic and transparent communication and feedback, which creates greater engagement team members. In order to build a successful team and maintain HRA Pharma's reputation as a great place to work, our managers are supported by a number of tools and trainings to help them taking timely and correct decisions that reflect our corporate values when executing their mission.

Every 6 months in average, a Corporate Master Class brings together all HRA's managers with the objective to give them the skills they need to inspire our employees and create a working environment where people can thrive, address various managerial issues such as team work, conflict resolution, role clarity, aim setting, strategy development, action planning.

A Management Behaviour Guide was developed and launched in 2015. It helps us to ensure there is a common and aligned framework for leadership development across the company.



• SHARING KNOWLEDGE AND EXPERIENCE

We encourage all our departments and individual staff members to share their experience and insights with others. Our corporate “Life in a day of...” is an initiative that allows a department to promote awareness about its activities and share business experiences with external to the department employees. Another initiative called “Lunch & Learn” allows each employee to share its technical knowledge and transmit it to others.

Both of these initiatives have met with success, they help employees gain knowledge about the overall pharmaceutical field and provide team members with the competencies they need to contribute to the success of the business as well as develop their own careers.

• 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	Dec 2016
One day per week telecommuting system	14%	21%	19%	16%
Part time hours	Data NA	15%	11%	9%
Child-care initiative	-	15%	16%	12%

Creating a sustainable future

We are committed to develop business strategies and activities that meet the needs of our stakeholders today while protecting, sustaining and enhancing the human and natural resources that will be needed in the future.

SUSTAINABLE BUSINESS DEVELOPMENT

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• FOSTERING A CULTURE OF ENGAGEMENT

The HRA Pharma Company's Foundation



Supporting projects throughout the world, the HRA Pharma Company's Foundation seeks to extend the company's mission to improve reproductive health and support women's empowerment following three main axes.

- 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

This year, we invited our employees to become active members of our HRA Pharma company's Foundation. A large group of over 10 volunteers has joined the Foundation as project leaders with the objective to help the Foundation move forward in its mission to "foster young girls' and women's access to education, reproductive health and the arts across the world".

The Foundation provides support for charity or community projects. A call for projects, send out to external individuals, organizations or associations as well as HRA Pharma's employees, allows the Foundation's board members to select projects. The selection is made after a rigorous assessment, focused in particular on the social impact and alignment with the Foundation's mission.

Since its inception in 2012, 44 projects have been founded and 16 have been active in 2016. If you have any questions about our Foundation please send us an email at contact@hra-foundation.com.

Annual Women's Week

Each year HRA Pharma organizes an internal women's week which objective is to raise awareness on challenges and struggles faced by girls and women worldwide.

In 2016 a private screening of a Belgian documentary, released in 2015, "L'homme qui repare les femmes : la colère d'Hippocrate" (The man who mends women – the Wrath of Hippocrates) has been organized.

Directed by Thierry Michel and Colette Braeckman, this documentary looks at the war during the last two decades in eastern Congo, since the invasion of the Rwandan Hutu refugees in the Democratic Republic of the Congo in 2004, following the genocide. It follows surgeon Denis Mukwege's efforts to repair the physical and psychological injuries of the victims of sexual violence by armed forces and militia groups in the eastern Democratic Republic of Congo.



• MINIMIZE OUR ENVIRONMENTAL IMPACT

We recognize the importance of protecting the environment and are always looking for ways to fully integrate environmental-friendly practices as part of our day-to-day activities.

The Company has established four main axes to make coordinated efforts aiming to minimize our environmental impact and help develop an environmentally responsible working environment:

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

Energy Audit

Additionally in 2016, HRA Pharma has carried an energy audit at the headquarters with the objective to determine where energy is being used, how it is being used, and then to identify potential energy-saving opportunities. This energy audit provided us with information on the operation of the building, the level of demand for energy used by services or sites, energy consumed and associated operating costs. The audit highlighted a series of energy efficiency measures that will be implemented in the months to come in order to continue to reduce our environmental impact.

Recycling

HRA Pharma believes that recycling and recycling education are critical to sustainability. The company has implemented waste recycling initiatives that include:

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

This year a solution has been implemented to collect and recycle plastic and paper coffee cups.

● Environmental key performance indicators

		2012	2013	2014	2015	2016
		(as of Dec 1)				
RECYCLING 	Paper A4 & A3 format bought (in kg)	1 351	1 435	1 342	2 475	2 300
	Paper recycled (in kg)	2 022	2 075	2 630	1 950	3 329
	CO ₂ equivalent (in kg)	1 112	1 141	1 447	1 073	1 831
	kWh equivalent	8 088	8 300	10 520	7 800	13 316
ELECTRICITY CONSUMPTION (energy audit) 	kWh/m ² /year	-	-	-	352	(Energy Efficiency Rating E)
GREENHOUSE GAZ EMISSION (energy audit) 	kg eq CO ₂ /m ² /year	-	-	-	18	(Energy Efficiency Rating C)



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