



Sustainable development

our 2017 initiatives



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The Silab logo is displayed in large, green, 3D-style letters on a white, textured wall. The letters are mounted on a light blue horizontal bar. The background shows a modern building with large windows and lush green trees under a clear blue sky.

Silab

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Editorials

The word of the Chairman

Every year the rule is that companies present a set of measures aimed at sustainable development, specifically for their sector of competence. These often involve simple communication actions to reassure the media, consumers and, through them, the politicians. However, they may also be the result of more in-depth analysis, involving each of us in the role we occupy in our team.

SILAB (Société Industrielle Limousine d'Application Biologique) was founded around 30 years ago out of nothing, initially based on a purely economic project, "the re-use of animal by-products in abattoirs", and has since developed into a very modern Biotechnology company, making broad use of all the most recent advances in Biological Science. Its skills in this sector are known and recognized.

Therefore, terms such as ecology, saving the planet, green chemistry, microbiota, ecodesign, naturalness, environmental impact, biodegradability, biodiversity, biocompatibility, health, quality of life, nutrition, longevity, etc., and in another sense the concepts of demography, land planning, developing countries, global warming, greenhouse gases, plundering of native plants and so on, are all currently used to convey this message, representing the everyday vocabulary of sustainable development.

This report gives a few examples of our achievements, which clearly demonstrate our commitment and give us the authority to talk about SILAB's Sustainable Development.

Jean PAUFIQUE,
*Chairman
Founder of SILAB*

The Project, our project

SILAB's sustainability leans primarily on its economic performance, renewed year after year, enabling it to regularly recruit, strongly invest in R&D, and choose ambitious industrial projects... Profit, the result of the company's economic performance, an essential tool for funding its growth and crucial for giving shape to its future, is simply a means at the service of the Project.

The Project, in the literal sense of the word, is projecting us into a future that is yet to be created. This future, this Project is within us: we build it. We, as member of management, carry the project, choose it in compliance with our value of independence and contribute to it through our daily commitment to the company's success. We coordinate, we prioritize, and we chart the course.

The project is not singular, it is plural. It is the sum of all the projects by all the departments, carried out by all employees. The Project is federating. Each one at its level in the company is the owner of its project and works to complete it, supporting its success and adding its brick to the building.

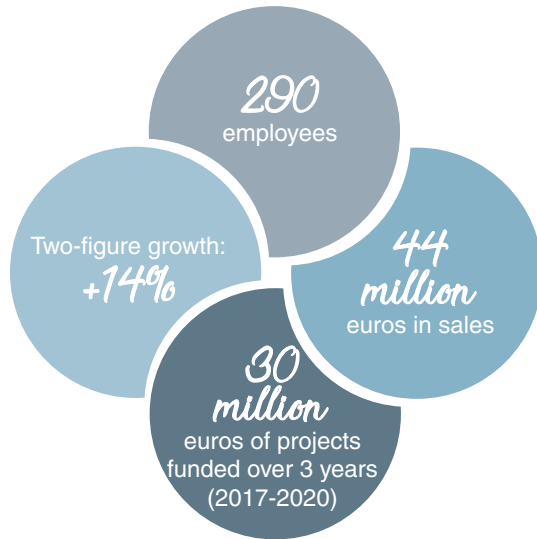
Through this Project, and our commitment to achieving it, we all work to make SILAB a successful, sustainable company.

Xavier GAILLARD,
*Deputy General Manager - Strategy
in charge of CSR*

A sustainable company

Sustainable growth

A few figures



2. Effective international development



Sustainable strategy

1. From cosmetology to dermatology

The expertise acquired over the years in healthy skin care has very naturally led SILAB to take an interest in the (non-pathological) skin disorders of compromised skin. Today, the two SILAB Cosmetics and SILAB Softcare departments offer their respective markets the latest innovations from high-level scientific research.



SILAB Cosmetics develops, manufactures and markets natural active ingredients for the cosmetics industry.



SILAB Softcare is dedicated to the care of compromised skin, for the dermo-cosmetic and dermatological markets.

To stay as close as possible to its customers and consumers, SILAB deploys its sales forces in high-potential regions. The subsidiaries, established abroad in strategic markets, are supported by a network of independent distributors that exclusively promote SILAB products in their respective countries.

5 subsidiaries in strategic markets

60% export sales

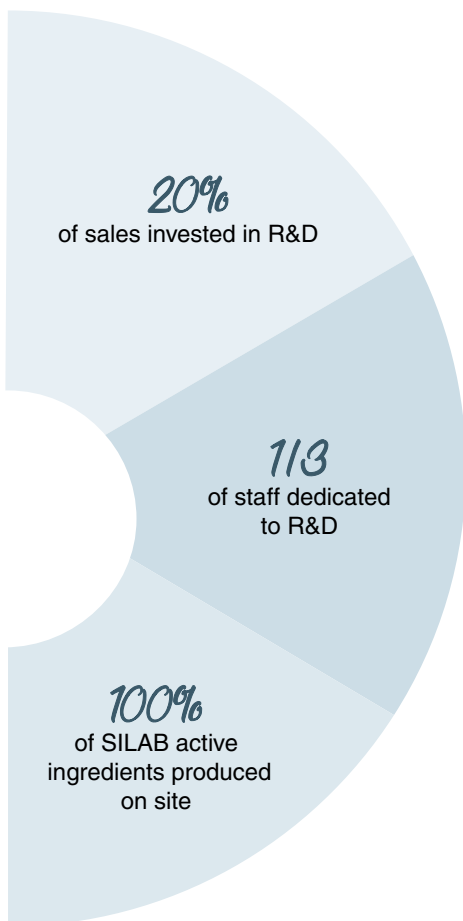
As an independent company, year after year SILAB is demonstrating its ability to innovate, anticipate and surprise with its structural investments in people, equipment and technologies. This comprehensive approach to innovation allows the company to benefit from continued growth and strengthen its position as a global leader in its core business.

SILAB is also developing its product offer, with new activities that will accelerate its development and durably satisfy all its stakeholders.

Sustainable innovation

1. At the heart of company strategy

In 2017, multidisciplinary research teams worked on the launch of 4 new active ingredients and filed 6 patents, in line with SILAB's innovation policy.



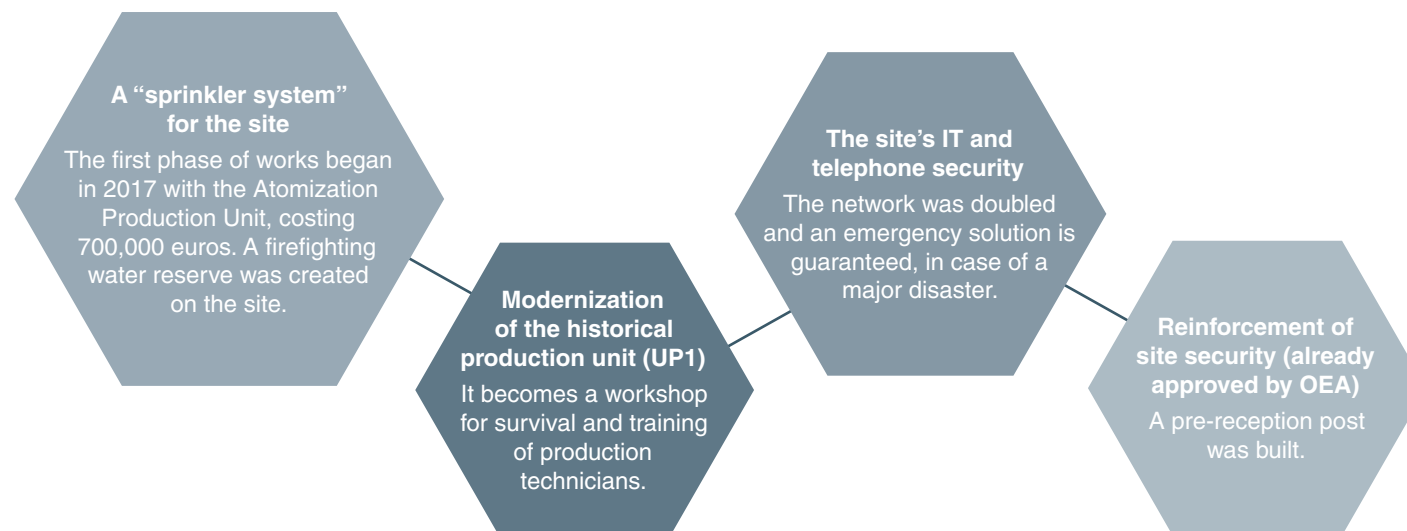
2. A year of recognition for SILAB

In 2017, SILAB has been rewarded three times for its innovation.



Sustainable business

Ensuring business continuity in case of a major disaster is essential to a sustainable strategy. In 2017, SILAB reinforced its Business Continuity Plan by carrying on its specific multi-year investment program:



These actions complete the regular risk assessments for stock, equipment, and jobs management as well as the continual awareness-raising among teams.

Responsible supply

Securing and traceability of supply chains

1. Objective: traceability of plant supply chains for guaranteed quality

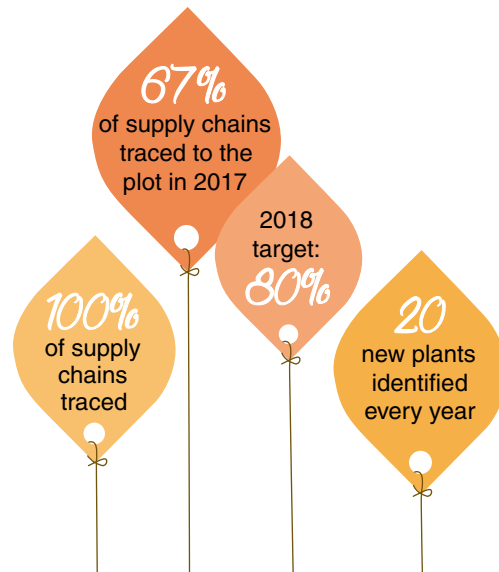


SILAB rigorously selects its suppliers, in particular based on their ability to fully identify the plant materials and trace them back to the plot. To date, the company has been able to trace 67% of its supply chains back to the plot, thanks to a campaign to control the traceability of the raw materials purchased, initiated in January 2016.

In addition, SILAB performs organoleptic, botanical and phytochemical identifications of the plant raw materials to ensure their quality. After checking their compliance with the specifications, they are used in industrial processes to produce active molecules with proven efficacy.

And abroad too...

SILAB demands the same standards. In 2017, the carob supply chain in Majorca was assessed, including the farmers cooperative CAMP MAJORQUI and the carob gum manufacturer CAROB SA. Initially, the production stages and the transformation of the raw material were detailed by the supplier through a questionnaire. These were then checked on site during an audit. An assessment sheet was then completed on the following matters: traceability, economy, social, environment, ethics and regulations. The total score awarded measures the compliance of the supplier or the supply chain with SILAB's requirements. In the case of the carob used for the active ingredient GLYCO-REPAIR®, the supply chain assessment concluded with a pursuit of the collaboration.



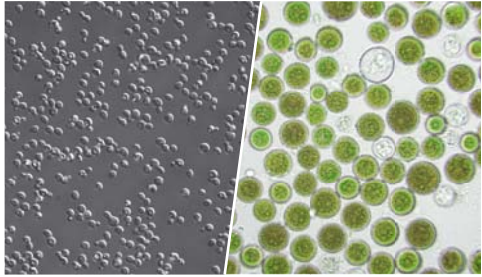
2. Privileged way: cultivation contracts

In 2017, SILAB signed cultivation contracts with two French cooperatives, BIOLPALM and SAPAD, for the production of alfalfa. It was a necessary choice for this plant that is highly subject to climatic variability, to ensure the required quality and volumes for producing the active ingredient VITANOL® BIO. Following a two-year test period, the contract was extended on a three-year rolling basis. Today, 100% of alfalfa supplies are guaranteed by cultivation contracts, genuine sustainable partnerships with the farmers.



Securing, tracing, proving transparency. SILAB implements a responsible supply policy applied to all its plant supply chains, in France and abroad, or to its biotechnological raw materials. The company then involves all its stakeholders in its commitments through its Responsible Purchasing Charter.

3. An innovative approach via biotechnology



In 2017, SILAB launched two active ingredients from biotechnological origin: HAIRGENYL® (*Pichia minuta* yeast) and ALGOPHAGYL® (*Chlorella sorokiniana* microalgae). These yeasts or microalgae are microorganisms used as natural raw materials to produce high added-value active ingredients. They play a central role in a supply diversification strategy due to their durability, security and traceability.

✦ Durability

Only one initial sample of a strain of natural microorganisms is needed, as it can be reproduced almost indefinitely. Biotechnologies offer the opportunity to obtain, on demand, a large quantity of biomass without using agricultural land.

✦ Security

SILAB uses secure strains, qualified as *Bio-safety level 1*, which are GMO-free, their genetic identity confirmed by an external service provider. A quality biomass, rigorously analyzed and validated, is obtained. It is repeatable and reproducible over time, thanks to the robustness of the processes in place in a high-tech Biotechnologies Production Unit with qualified staff.

✦ Traceability

SILAB is capable of guaranteeing traceability from the extraction site up to production of the cosmetic active ingredients, as all the phases are internal.

When purchasing is local and sustainable!

With strong roots in its local area and keen to create added value there, SILAB prefers local supply, such as chestnuts, a traditional crop in the Limousin region. The company therefore decided to procure its supplies from a local cooperative, a small-scale organic farm, less than 30 kilometers from its site. This regional choice allows the company to sustainably secure the quality of its raw material and easily trace it back to the plot.

In this way, SILAB contributes to the local development of its region without disrupting the chestnut market, whose total production capacity is very much greater than the company's requirements for producing the active ingredient RECOVERINE®.



Responsible Purchasing Charter

In August 2017, all SILAB's suppliers received the Responsible Purchasing Charter. This initiative encourages suppliers to conform to values relating to human rights, working conditions, the environment and ethics. The first feedback has been very positive.

50%
of signatory
suppliers

2018 target:
75%

Eco-design: not just a trend, 30 years of mastering Nature

For over 30 years, Nature has been at the heart of the company business. Bio-sourced, bio-inspired and/or biomimetic, each SILAB active ingredient starts its story as a natural raw material, a source of active molecules capable of endogenously reactivating the skin's natural resources. Nature at the service of Nature...

As this original awareness of protecting the planet's resources is rooted in the company's practices, SILAB chooses to develop active ingredients from sustainable, renewable resources, ensuring they are transformed using a low-energy industrial process.

The eco-design approach is integral to the company's general policy, with its strong focus on respect for biodiversity and environmental protection. This approach involves a systematic integration of environmental factors throughout the life cycle of the product, in order to limit its impact. It is also designed to strike the best balance between environmental demands and technical, social or economic factors.

Sustainable, renewable raw materials



From the first developments of active ingredients for cosmetics, SILAB focused on using plant by-products according to the recycling level of their usual market (e.g. almond press cake, pomegranate bark, etc.). The potential of these plants is therefore maximized: waste is reduced and new supply chains and innovation are developed.

In addition, in line with its responsible purchasing policy, SILAB implements supply contracts and cultivation contracts with suppliers and farmers, in France and abroad, in order to trace and secure its supply chains. Lastly, as far as possible, the development of short supply chains at local level helps to limit carbon footprint and promotes the regional economy.



Through the use of biotechnology, SILAB has also diversified its sources of natural raw materials to obtain single-cell organism bio-masses, entirely produced on the company's site. The advantage of this technological innovation is its low environmental impact, as only one millimeter of mother cells is needed to produce a ton of final biomass. No more transport!

Industrial processes with a low environmental impact

SILAB's core business is the extraction and purification of natural molecules. As water makes up 70% of our body and our skin, it is quite naturally that SILAB uses it as its principal extraction solvent for its natural active ingredients. Inspired by agro-food technologies, the company has developed solid expertise in enzymatic bio-engineering. With 30 years' experience, SILAB now has an enzymatic toolbox that it uses to enhance the effects of the raw material and obtain high added-value bioactive molecules.

The manufacturing process is also optimized in terms of energy savings: solubilization temperature, raw material/water ratio, activity and concentration of the enzymes used are finely controlled. Lastly, SILAB recycles all the waste generated, from laboratory to industrial scale, in line with its "zero final waste" target.

Biodegradable active ingredients

SILAB develops biodegradable natural active ingredients using "greener" preservatives systems. A range of preservative-free products, in powder form, is also now available thanks to the integration of atomization technology on the production site.

Each new SILAB active ingredient also comes with an assessment report of security for a cosmetics use and a biodegradability study, proving the absence of risk for the consumer and the environment.

Mastering Nature

1. *SILAB expertise*

SILAB guarantees a perfect mastery of Nature from the raw material up to the manufactured ingredient.

Traceable, secure supply chain
(plant or biotechnological)



Identified natural raw material
(GMO-free)



Optimized enzymatic bio-engineering process



Purified, characterized active molecule



2. *Towards a universal definition*

At a time when natural products are occupying a growing place in consumers' minds, the International Standards Organization has published ISO 16128, intended to harmonize definitions of natural cosmetic and biological products at international level.

This document has raised several questions among industrial companies in the sector with regard to practical application of the standard. To provide tangible answers, a working group was set up in 2017 involving all the stakeholders (Unitis, Aspa-Ingrecos, FEBEA, etc.). As an expert in mastering nature, SILAB was chosen by its peers to lead the Aspa-Ingrecos working group, evidence of its legitimacy and recognition of its know-how in the subject.

Strong commitments to preserve the planet

A constant fight against climate change

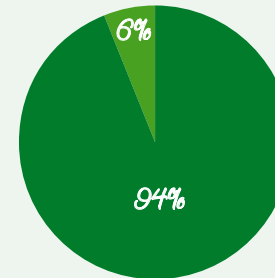
1. Reduction in energy consumption and greenhouse gases

Following the energy audit and the life cycle analysis carried out on the site in 2016, SILAB invested in a new compressed air plant in 2017, to reduce its energy consumption. This equipment, which combines energy efficiency with an automated consumption monitoring system, enables to identify any abnormal consumption and correct it as quickly as possible.

In the same vein, SILAB is opting for green energy. The company has already changed its electricity contract by taking out the Renewable Energy option, producing a quantity of renewable electricity equivalent to 100% of its consumption. In addition, the Training Center, for which building permit was submitted in 2017, will have 600 m² of photovoltaic panels on the roof.

2. Objective: zero final waste

1,100 tons
of waste per year



recycled waste
incinerated waste with energy recovery



Zero final waste

SILAB is particularly vigilant when it comes to reducing and recycling waste, uniting its teams around this issue to retain its zero final waste target (already achieved).

The European Week for Waste Reduction in November 2017 was an opportunity to test the knowledge of the staff on the subject and strengthen their involvement. A document reminding them of the sorting instructions for each type of waste was distributed to all the staff during this activity-filled week.

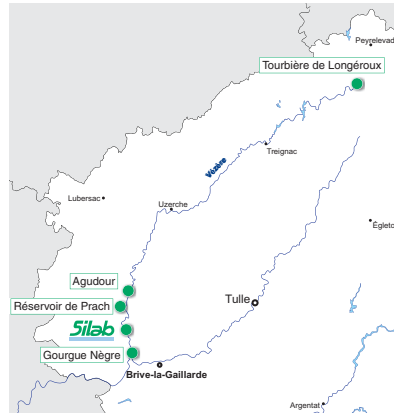


SILAB continually seeks to reduce the impact of its activities on the environment. Respecting the planet's resources, combating climate change and preserving biodiversity are some of the commitments made by the company in its regularly updated 2015-2020 global plan, aimed at rooting its activities in a sustainable strategy.

Water, a precious resource

1. Once upon a time... there was water

At SILAB, even the water used is traced and... local (100% Corrèze). This is a good reason for the company to examine the balance of the ecosystems, particularly in its region, and investing in biodiversity protection programs, such as projects concerning the elimination of ponds.

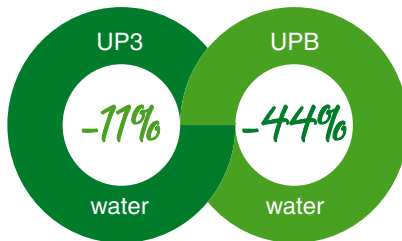


2. High-potential actions: the geographical origin of materials

The life cycle analysis of the company's activities, carried out in 2016 by Quantis, highlighted the high level of water consumption generated by the upstream processes at the SILAB site. 97% of water consumption from the company's activities is related to purchasing, in particular plant raw materials. Since then, SILAB has taken a great interest in the geographical origin of its raw materials and has studied the possible degree of water stress in the region where the plant is cultivated. Two areas for future work have been highlighted: choosing cultivation methods that require few water and opting for drainage basins where the risk of water shortage is low.

3. "When little streams become great rivers"

In carrying out a detailed analysis of its water consumption in 2016, SILAB's aim was to optimize its automated cleaning cycle (Clean-In-Place) for the tanks in Production Unit UP3 and the Biotechnology Production Unit UPB in 2017. Thanks to the involvement of the staff, new instructions have been validated and applied to all the sectors in these two units. This project will continue in 2018 in Production Unit UP2.



4. Guaranteeing the quality of waste water

SILAB carries out pre-treatment on its effluents before they are dispersed into the city's purification network, to reduce their pollutant load, particularly in Chemical Oxygen Demand (COD). Improvements to the operation of the internal purification plant have once again reduced the COD load by 25% compared to 2015.

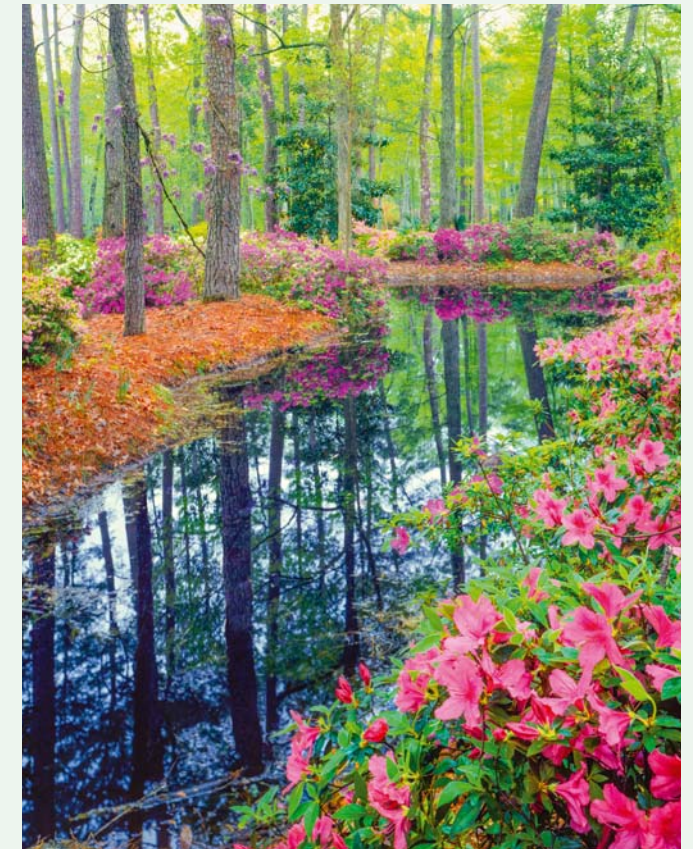


Biodiversity, a guarantee of balanced ecosystems

Contribution to Nature 2050

Nature 2050 is a program launched by *CDC Biodiversité*, a subsidiary of the *Caisse des Dépôts et Consignations* (Deposits and Consignments Fund), designed to promote adaptation to climate change and restore biodiversity in the local areas where its funding economic stakeholders are based.

In 2017, SILAB renewed its totally voluntary commitment in this program, adding an extra protection area of 1,700 m² to the 1,300 m² already protected in 2016, lasting up to 2050. This is the equivalent of the surface area constructed by SILAB (factory or laboratory) in the same period. The various actions achieved include the reconstruction of wet zones, reintroduction of nature in the city or establishment of natural space networks.



People at the center of attention

Harmonization of international HR practices

With a view to equity, the Individual Social Assessment (ISA), distributed to all staff in France for the last four years, was also given to employees in the international subsidiaries, at a special seminar in July 2017. This document enables each person to track and measure its career development at SILAB and offers the opportunity to hold a regular assessment with Human Resources.

Health and Quality of Life at Work: daily actions

1. Even more conviviality

Following the Health and Quality of Life at Work staff survey carried out in 2016, SILAB invested in the open space where employees can have lunch on site in 2017, with the emphasis on convenience and conviviality. As this space needed to be expanded to match the company's development, SILAB doubled its surface area and refurbished it to make it more ergonomic, with sound insulation and lighting, etc.

2. Optimizing production ergonomics

As part of the multi-year plan to renew filtration equipment, SILAB was keen to improve the productivity and quality of the process, while optimizing the ergonomics of the workstation.

Over two years, the time and complexity of the handling process has been significantly reduced. The structure has been replaced by a mobile membrane support, easily maneuverable by one person. The pipe measurements have also been redesigned to make handling easier. Noise has also been drastically reduced in the workshop, making it more comfortable for all the production chain operators. Other actions in this project are planned over the next four years.



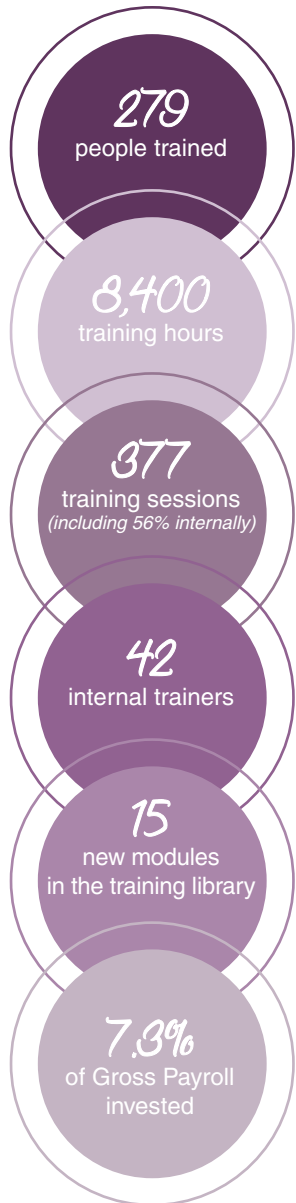
3. Disconnection charter: good practices

In 2017, SILAB added a disconnection charter to its internal regulations, to raise awareness among its staff about the need for a better work-life balance. The company is reaffirming the importance of good use of professional mobile digital devices, to ensure time of rest days and holidays.

SILAB pays special attention to all its staff, enabling everyone to make use of its skills and foster its professional development. The company's action plan for 2015-2020 therefore guarantees uniform social practices, in France and abroad, an optimum quality of life at work and a better work-life balance.

Training, a priority focus

2017 key figures from the training policy



A helping hand for staff outside work

SILAB cares about the well-being of its employees both within the company and outside work, helping them to reconcile their work and home lives.

SILAB's Economic and Social Committee also offers preferential rates for locally organized running races and supports inter-company futsal and handball tournaments. A chance to have some fun with colleagues!

Exclusive price discounts are offered to staff and their spouse at a fitness and well-being center.

39 SILAB employees benefited from the *Pic et Plumes* inter-company day nursery in 2017, which opened opposite SILAB's site since 2011.

Free tickets for every *C.A. Brive Corrèze Limousin* rugby match are distributed to SILAB employees, who also benefit from preferential rates on season tickets.



SILAB staff are involved!

1. In social actions

✦ Giving blood

In collaboration with the *Etablissement Français du Sang* (French Blood Donation Institution), SILAB regularly organizes donation sessions at the company. Every year, SILAB staff respond to the appeal. In 2017, 55 employees took part in this generous action.

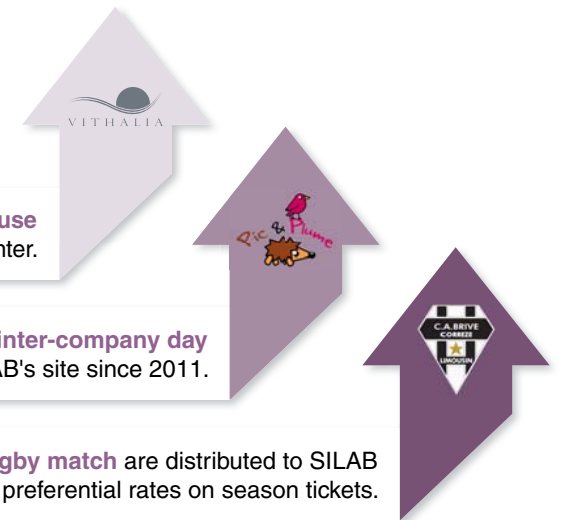
✦ Green Father Christmas

Every year, SILAB staff take part in the "Green Father Christmas" campaign organized by *Secours Populaire*. In 2017, 400 presents were given out to underprivileged children and families by the company's employees.

2. In environmental actions

✦ The "Positive energy families" challenge

24 SILAB staff households, divided into 4 teams, took part in this challenge organized by the Brive urban area. By practicing simple eco-friendly actions, they learned how to save energy, both inside and outside the company, which had a direct positive economic impact. The competing teams in fact greatly exceeded the 8% target, achieving on average per household 12% energy savings and 19% water savings.



Sharing values



Success is good, helping others succeed is even better! SILAB is committed to serving its community and local area, involving its stakeholders in its actions.

Contribution to medical Research

The SILAB - Jean PAUFIQUE Corporate Foundation supports young researchers working in the area of skin cancer. In 2017, it celebrated its 10th anniversary at its annual conference, which took place on Thursday, June 29 at SILAB's premises. In a friendly atmosphere, winners from the last ten years and/or their laboratory managers, members of the Scientific Council and the Board of Directors and SILAB's employees gathered together with Jean PAUFIQUE, the founder.

FONDATION d'entreprise
Silab JEAN PAUFIQUE

€552,000

of research aid has been granted by the SILAB - Jean PAUFIQUE Corporate Foundation since it was founded



Supporting the local area

1. Industrial symbiosis in firefighting

In 2017, SILAB strengthened its fire prevention systems by investing in a water reserve capable of discharging 600 m³ of water in two hours, in addition to the municipal reserve. This reservoir is kept filled at all times, even during periods of drought. As a corporate citizen, SILAB is keen to join forces with other companies in the industrial zone on firefighting measures and has taken the initiative of signing an agreement with the municipality of Saint-Viance to supply this reserve, filled and maintained by SILAB, to other companies in the zone, in case of a fire.

2. Sponsorship, support for local culture

SILAB encourages local culture through sponsorship, supporting literary, musical or cinematic events, such as the Brive Book Fair, the *Festival de la Vézère* (music festival), or the film Festival in Brive.



3. Regional economic development

SILAB shares its experience by actively participating in the economic development of its region, the Nouvelle-Aquitaine. To benefit from the prospects for visibility and appeal of this new region, the company is involved in various organizations that guide project leaders in the local area. For example, SILAB contributes financially to the CVA fund (Center for development of Agro-resources) that provides technological platforms to businesses so they can work on or fine-tune their products. Likewise, SILAB is a member of the ADI Nouvelle-Aquitaine Board (Development and Innovation Agency), the main contact for project leaders and companies wanting to develop or set up business in the Nouvelle-Aquitaine region.

52%
of SILAB's sales
are injected
into the local
economy

Sharing and communication of actions

1. Rigorous assessments

SILAB is regularly assessed by its customers, through questionnaires and audits, on its actions in the areas of Corporate Social Responsibility and Quality, Safety and Environment. Every year, the company responds to questionnaires from platform assessments such as Sedex, EcoVadis or CDP (Carbon Disclosure Project).

In 2017, SILAB's commitment to reduce its impact on climate change was graded B by CDP, when the average for suppliers is C-. In addition, for three consecutive years, SILAB has been ranked among the top 5% companies by EcoVadis, with a "Gold" recognition for its CSR policy.



Finally, SILAB is audited by its peers. The LED organization (*Liens Entreprises Durables*) awarded the company 5/5, or "Exemplary" level, evidence of the dynamic level of activity and excellent integration of CSR at all levels of the company.

2. Sharing initiatives

To work in total transparency with its different stakeholders, SILAB shares its sustainable development actions throughout the year.

📍 **Conference at the Sustainability Corner** of in-cosmetics Global 2017 in London. Together with Quantis, the SILAB team presented: "The path towards a 2°C strategy: how SILAB is moving forward with Quantis".

📍 **Conference at the Sustainable Cosmetic Summit** in Paris in November 2017 entitled "New natural active ingredients: sourcing case study", with a presentation on the chestnuts from Corrèze used for the active ingredient RECOVERINE®.

Finally, the 2012 - 2016 collection of sustainable development reports has been distributed to local corporates to share SILAB's general strategy on sustainable development.



We would like to thank all the people who have contributed to producing this sustainable development report, in particular our employees and partners – local stakeholders and company representatives – who have worked alongside us to create this document. We strongly believe that the continued success of our company and our practices will create shared values for our customers and the community we serve.

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