



Sustainable
development
our 2019 initiatives



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A word from the Chairman

SILAB is a sustainable company.

In June 2019, SILAB received the “*Grand Prix des entreprises de croissance*”, an award for growing companies, in the healthcare/ pharma/medtech category (sales between €20 M and €100 M). This prize, supported by the French Ministry of Economy and Finance, rewarded the company for its involvement in CSR and sustainable development.

Furthermore, everyone is well aware that, since its establishment in 1984, SILAB has demonstrated sustainable growth, with a current turnover of €52 M and a net profit of approximately 20% each year. Everyone is also aware that SILAB's active ingredients, all patented, dedicated to the cosmetics industry, are sourced from nature and that they are extracted and purified using completely natural and non-denaturing methods. And finally, everyone is also familiar with the company values of independence, excellence, and quality in a highly humanistic environment. SILAB's scientific reflections are oriented in this paradigm, enabling us to be both proactive and agile in our response to market needs.

Similarly, we are concerned with social issues such as health, the quality of life at work, and gender equality, as well as more political issues such as global warming, regulations pertaining to the piracy of natural resources (Nagoya Protocol), the reduction of water and fossil fuels consumptions, waste disposal, and the banning of pesticides and endocrine disruptors, etc. And let us not forget the need for all SILAB employees to receive lifelong training, adapted to each individual, from recruitment to retirement.

Finally, at the societal level, we should mention the sharing of our values with our entourage and with local, national, and international partners in all areas of public, associative, scientific, cultural, and sports life.

Today, we can rest assured that no matter what happens in the future, the governance of the whole will be maintained. The same people will pursue the same strategy in accordance with our well-thought-out continuity plan.

SILAB can earnestly affirm that it has indeed become a sustainable company.

Jean Paufique
Chairman, Founder of SILAB

Do well, do well for others, do the best possible!

This is SILAB's definition of our Corporate Social Responsibility. Do well and above always do better than before. The company can advance only with a policy of continuous improvement. This is done by constantly asking the right questions and not hesitating to call current practices into questions. Nothing is a given. Only the adoption of a proactive policy of continuous improvement can enable us to attain sustainable progress and maintain our level of performance. The quality management system, management reviews, audits by our clients, in-house surveys and more are the means to advancement. It is up to us to determine how to profit from this, to avoid living in a bubble of our certainties and to have the desire to make real progress. “The existence of doubt is always a minor defeat for self-esteem but is a major victory for the mind”.

Doing well for others is our DNA. Whenever we develop new products, always natural and always more effective, the underlying motivation is to meet consumers' desire for beauty, comfort and effective care. Giving them a sense of feeling good, feeling better and contributing to their wellbeing is a source of genuine satisfaction and motivation for us to continue to innovate and surprise our clients. Remain at the cutting edge of innovation, participate in advancing science, be constantly on the lookout to transform progress in research into new products for consumers are the bases of our fundamental motivation towards our clients and the customers of our clients. This is a boundless source of inspiration and motivation that is constantly renewed once we are guided by the spirit of scientific curiosity.

Doing well and doing well for others are not enough, we also want to do the best possible. This involves giving each of our co-workers the chance to flourish in his or her work by being fully committed to the project at hand. This is done by making the company's project also the co-worker's project, instilling a sense of satisfaction by making concrete contributions, and providing recognition of a job well done with the exhilarating feeling of a successful mission. We wish to share the value created by our work with others to the greatest extent possible. Return to nature what it gives us, preserve biodiversity and reduce our ecological footprint. And while we are the fruit of a territory that has nourished us, by training and preparing us for our professional life, we act in return so that the results of our work can be the source of new initiatives, positive initiatives that we choose to best support them. Patronage, research assistance, voluntary work and more are all occasions for us to make an effort so that we are not the only ones to benefit from our work and to give even more meaning to it. Setting one's sights ever higher gives meaning to existence and SILAB continues to “raise the bar”.

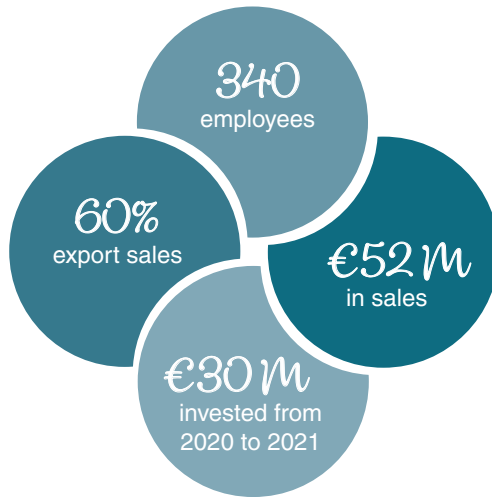
Our responsible commitment animates the corporate project. It is the fundamental inspiration that drives it.

Xavier Gaillard
Deputy General Manager - Strategy, in charge of CSR

A sustainable company

Sustainable growth

1. A few figures



The things that make SILAB a sustainable company are intimately linked to its independence, one of its founding values and a real driver of growth and profitability. This independence gives the company the strategic autonomy needed to deliver innovation at every level of business, and ensure that value is created with all stakeholders, customers, partners, and employees.

2. Independence: driver of growth

With conviction, SILAB reinvests its profits to finance its growth: in R&D (20% of sales) to support innovation, in its industrial facilities to boost capacities and acquire new technologies, in the women and men who undertake the project, as well as in increasing working capital requirements, directly linked to growth. Independence drives the virtuous circle of the company's sustainable development and performance at every level.

3. Winner of... A trophy for growth companies

In June 2019, SILAB won the "Grand Prix des entreprises de croissance" in the healthcare/pharma/medtech category (sales between €20 M and €100 M). The award supported by the French Ministry of Economy and Finance and Leaders League came in recognition of SILAB's commitment to CSR, its strategy firmly focused on innovation, and its value of independence.



Sustainable innovation

1. Excellence in scientific partnerships



In 2019, the SILAB Software department, dedicated to the care of compromised skin, displayed some high-end scientific research partnerships at the biggest worldwide dermatology congresses. These collaborations with national and international experts enable the company to identify innovation, transfer technologies and skills, provide a scientific endorsement, and help promote research.

2. Scientific recognition from major experts

An advanced scientific company, the relevance of SILAB's research is confirmed through peer review. The R&D team regularly contributes to the international scientific community with new work published in impact factor journals. In 2019, four scientific publications were accepted following review by experts of the field.



A sustainable strategy

1. Consolidating the American subsidiary

In early 2019, SILAB Inc. moved into new premises in East Brunswick (NJ), more spacious, close to the university and easy to access. They are home to a team of more than ten employees which should expand even more over the next five years to support its significant overall development in the United States. SILAB plans to continue its high level of interaction with its US clients aiming to offer solutions increasingly adapted to the country specifics.



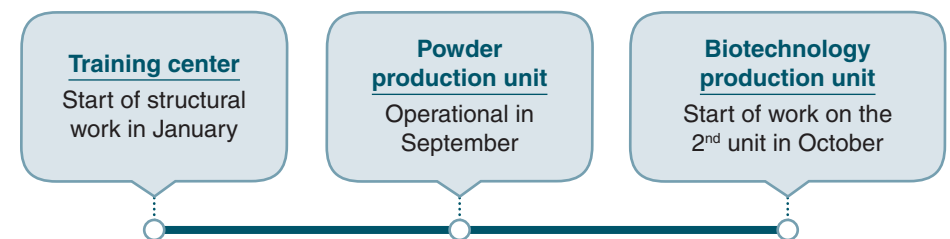
3. Recognition from the market's stakeholders

Two top innovation prizes... That was the successful result of the PCHi Fountain Awards evening, organized during the 2019 PCHi Chinese exhibition. SILAB was awarded first prize for its natural active ingredients, FILMEXEL® and ECOBIOTYS®, in their respective categories: anti-aging and complexion improvement.



2. Investing in the future

Year after year, SILAB makes major investments in the future. New technologies, new infrastructures... the company keeps growing and 2019 was no different!



3. A comprehensive business continuity plan

With its business continuity plan, updated in 2019, SILAB is ensuring the durability of its activities for its stakeholders. The plan is based on risk prevention, crisis management, and business recovery. Applied to every aspect of company business, it protects and secures human resources, physical assets (industrial facilities, research center, IT network, etc.), intangible assets (patents, etc.), and supplies. This comprehensive approach marks a real effort to secure the company's growth.

Responsible supply

SILAB is built on a premise: “nature has thought of everything”. Since it was founded, SILAB has incorporated naturality into every stage of its product development, creating its “Mastering natural[®]” comprehensive plan. With this longstanding expertise in all that is natural, the company offers 100% natural or natural derivative active ingredients in line with ISO 16128 standard, and has implemented an ethical and responsible supply policy.

Three pillars: selection, authentication, and traceability

Whether plant-based or biotechnological, all raw materials are subjected to a stringent selection process and very strict specifications, complying with international cosmetics regulations and biodiversity laws.

They are then authenticated by SILAB experts working in close collaboration with international specialists. Isabelle Fourasté, emeritus professor in pharmacognosy, botanics, and mycology at the University of Toulouse, comments: “13 years of constant partnership with SILAB has enabled us to develop a constructive, progressive approach, and to provide the necessary and indispensable responses to guarantee the identity and quality of plant-based raw materials”. This is a key step in guaranteeing the quality, efficacy and safety of the resulting cosmetic active ingredients.

In 2019, SILAB was able to claim that 100% of its natural ingredient supplies were traceable, in France and around the world. The company invites all of its suppliers to adhere to its commitments with its Responsible Purchasing Charter.



From plant supply chains to biotechnological diversification

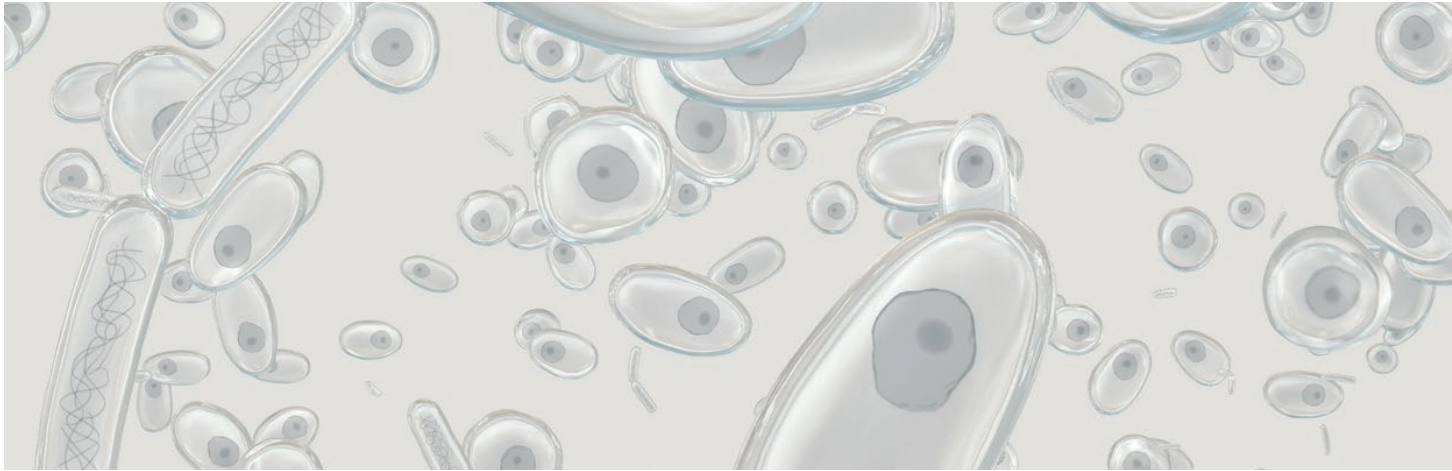


1. Nopal: a traceable and sustainable plant supply chain

At the 6th Africa & Beauty International Forum in April 2019, SILAB presented its nopal flower or Barbary fig (*Opuntia ficus indica*) supply chain in a perfect illustration of its mastery of natural. This Tunisian supply chain is both responsible and sustainable, and heavily involved in securing value from the nopal. The supplier operates 420 hectares of certified organic crops. He also works in partnership with a producer cooperative and in close collaboration with the Ministry of Agriculture. Flowers are harvested by pickers who receive logistical support, personal protective equipments, and fair pay. This honey-producing plant - every part of which is used - represents major agri-economic potential, and contributes to efforts to halt the region's desertification.

With its active ingredient EXFOLACTIVE[®], SILAB is harnessing nopal flowers for biological exfoliation by activating natural endogenous skin desquamation mechanisms.

2. Biotechnological innovation: from selective bioguiding...



Experts in biotechnologies and plant microbiota, SILAB's teams are able to cultivate single-cell organisms (yeasts, microalgae and bacteria) and recover the biomass and/or the secretome, using it to produce natural active ingredients. Its biotechnologies production unit, genuine cutting-edge tool, gives SILAB full control of this resource, in both quantity and quality.

This precious, in-house expertise provides new leverage for innovation, such as selective bioguiding. This targeted technology reproduces the natural environment of a probiotic (or "good bacteria") to guide the production of postbiotics (molecules with beneficial effects).

...to the launch of a postbiotic concentrate

Launched at the end of 2019, LACTOBIOTYL® is a postbiotic obtained by bioguiding *Lactobacillus arizonensis*, a plant-based probiotic strain, known for its acclimation to extremely dry conditions. When its original substrate is added, jojoba, *Lactobacillus arizonensis* secretes active molecules of interest that can improve the quality of dry skin without disrupting the balance of the cutaneous microbiota. With this new culture technique, SILAB has created a new source of biotechnological raw materials that is traceable, secure, and sustainable.



Naturality: shared and recognized expertise

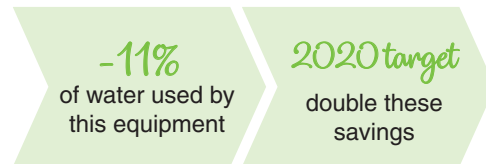


Conferences and posters at international congresses, stands at professional exhibitions... 2019 provided plenty of occasions for SILAB to willingly share its expertise on "Naturality: get inspired, innovate, create value". SILAB also organized a customer seminar dedicated to its innovation strategy and associated concepts, which have been the core business since the company was founded 35 years ago.

Strong commitments to preserve the planet

Fighting against climate change

1. Water savings



The evolution of industrial technologies can be accompanied by reduced environmental impact. This is what happened with the automation of the membrane filtration technology project in 2019, which aimed to make its cleaning reproducible. After several months spent collecting and analyzing data and running trials, the new cleaning cycles were approved. Technicians moved from being operators to supervisors, and water consumption fell by 11% on this piece of equipment (-200 m³), a double success. In 2020, this automation will be extended to another production unit, with a view to doubling savings.

2. Energy savings

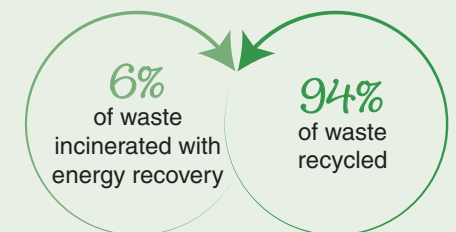


With SILAB's industrial growth, building after building is being enlarged, new equipment is appearing, and more cold production equipment is being installed. Against this backdrop, SILAB carried out a full appraisal of its three liquid active ingredient production units, to prepare the utilities for the addition of new technologies. A unique refrigeration unit with an energy recovery system was installed in the historic production facility (UP1). Thus, hot wastewater and softened water from all production facilities will now be reheated using the refrigerator's calories. In addition to reducing the gas consumption, the next-gen refrigeration unit uses a refrigerant with a low environmental impact in case of leak.

At the two other units (UP2 and UP3), two chilled water production units have been pooled and work in cascade to modulate electricity use. Gradually, the heating at UP1 will be provided using steam. In time, a single boiler will heat these three units, as well as the biotechnologies and powder production units.

3. A strict waste policy: 0 ultimate waste

As part of its efforts to fight climate change, SILAB is committed to maintaining its zero ultimate waste target, which it has achieved for many years now!



SILAB draws inspiration from nature to innovate and grow. This means that defining sustainable strategies to protect the environment and the biodiversity is of paramount importance. This commitment, incorporated into every part of business, is delivered by all SILAB employees, who are really involved in this ecological approach.

Creating an ecological compensation

1. Nature 2050: a successful return to biodiversity!



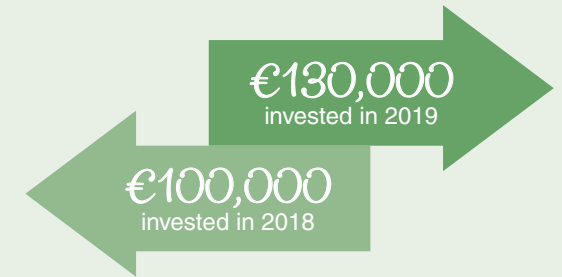
SILAB has been involved in the Nature 2050 program for four years now. Launched by CDC Biodiversité (a subsidiary of *Caisse des dépôts et consignation*), it plans to adapt the local regions to climate change by 2050. In October 2019, CDC Biodiversité presented the completion of a project supported by SILAB to restore a continuous waterways located near SILAB's site. This sustainable project is an excellent example of action to protect the heads of river basins, which form true climatic shock-absorbers, protecting against heatwaves and acting as efficient carbon sinks.

SILAB is committed to funding the preservation of 1 m² of biodiversity for each m² developed at its site, meaning the protection of an area of 7,000 m² until 2050.



2. Internal carbon fund

Two years ago, SILAB created its own carbon fund. The aim of this virtuous cycle is to set a price for each ton of CO₂ produced by the company, and use the resulting sum to fund some projects to reduce its carbon footprint. Numerous initiatives were thus financed in 2019: equipment for industrial units to optimize energy consumption, subscription to a “renewable energy” option to support the production of greener energy, the installation of solar panels on the roof of the new training center, etc.



Mobilizing the workforce for the environment

SILAB's environmental team regularly raises all of staff's awareness on environmental protection through special activities intended to encourage them to improve their daily practices.

♻️ World Water Day (March)

Exhibitions were organized for employees to cement their “aqua citizen” attitude.

♻️ World Clean-up Day (September)

Over 50 volunteers from SILAB and three neighboring companies took part in this citizens' event. Almost 100 kg of waste was collected from surrounding roadsides over their lunch hour.

♻️ Mobility Challenge (September)

In just a week, almost 2,000 km (1,240 mi) of car travel were saved on the commute to work by choosing alternative modes of transport.

♻️ European Week for Waste Reduction (November)

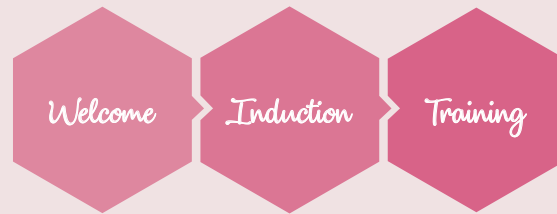
A number of awareness-raising initiatives were organized: an exhibition on the kinds of waste the company produces, an event on batteries, and a brainstorming activity on improving collective habits.



People at the center of attention

Well-being and fulfillment at work

1. An individual welcome



A new employee's induction marks the beginning of their life with the company. Their arrival is announced internally in advance, so that everybody knows who they are. They are welcomed by their manager and then meet their team and are introduced to the workplace. Then, human resources give them their "induction pack" which includes a welcome booklet about the company's history and culture. Once all paperwork, equipment, and logistics have been covered, the interview continues with a full tour of the site.

The new employee then begins their induction and training, meeting their future contacts and completing various training modules (safety, IP protection, quality, environment, etc.). In parallel, a dedicated tutor trains them in their role. They can also work in an immersive way in different departments to learn more about the company's different business activities.

Account of a successful induction



2. Health and quality of life at work: long-term initiatives

In 2019, SILAB launched its third "health and quality of life at work" survey, using the SATIN methodology developed by the French national research and safety institute. Employees anonymously responded to 86 questions across different themes: health, work demands and capacity, the working environment, and their general opinion of their work.

Extremely high participation (82%) and very positive results enabled management and employee representatives to identify the main signals upon which SILAB must capitalize. An action plan covered area for improvement to ensure that the company grows with staff who are invested in the long-term.



82% participation



employees feel good in the company



of employees like their work

3. Immediate actions taken by the health team

The health team takes care of employees' well-being by regularly holding special events.

Well-being at work week

Playing a role in motivation and performance, well-being at work is a key challenge in the professional world. In July 2019, employees were able to take part in a number of activities to learn how to relax: meditation, laughing yoga, pilates, sophrology, and light therapy.

Tobacco-free month

In November 2019, an awareness campaign was launched to encourage employees to stop smoking. The nurse saw a number of volunteer smokers to help them.

Gender equality at the core of social responsibility



In 2019, SILAB published its gender equality index. The company earned a score of 84/100, with almost 100% compliance for 4/5 criteria (individual raises, promotions, proportion of women in ten highest paid roles, pay gap). SILAB has developed a three-yearly action plan on gender equality in order to track internal indicators. The company also visited schools and universities to meet young men and women and promote equal access to training that prepares students for its jobs.

Training: skill development

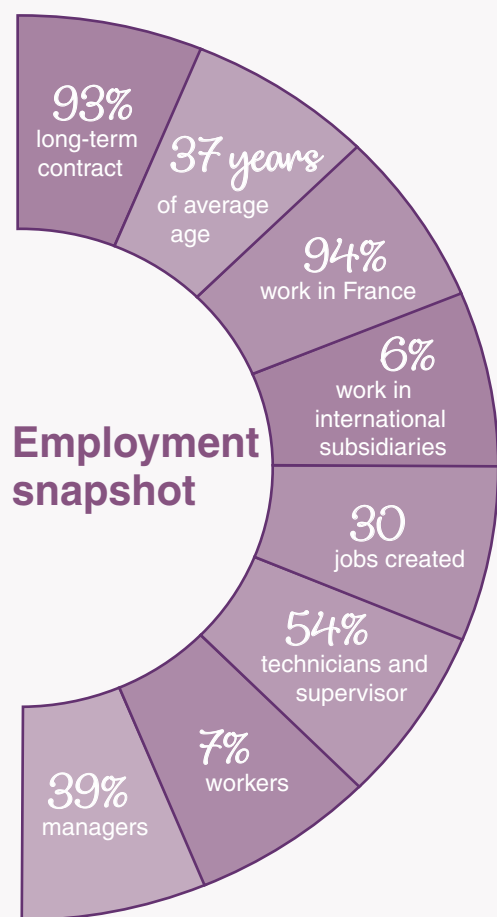
SILAB is allocating major human and material resources to developing the skills of its staff. An internal training library with more than 120 training modules has been compiled thanks to the contribution made by over 50 employees called upon for their expertise.

In 2019, SILAB also committed to offering training that leads to qualifications. As an example, a temporary worker employed as a handler (initially qualified as a pattern-maker) was a good fit and wanted to learn. He was able to sign a pre-employment training contract with the French national employment agency. For more than two months, supported by internal tutors, he was trained using e-learning modules created by a specialist company, and internal training as a bioprocess production operator. As a result, he obtained a professional qualification recognized by the profession, and was recruited on a 12-month fixed term contract within the company.



SILAB, creator of jobs

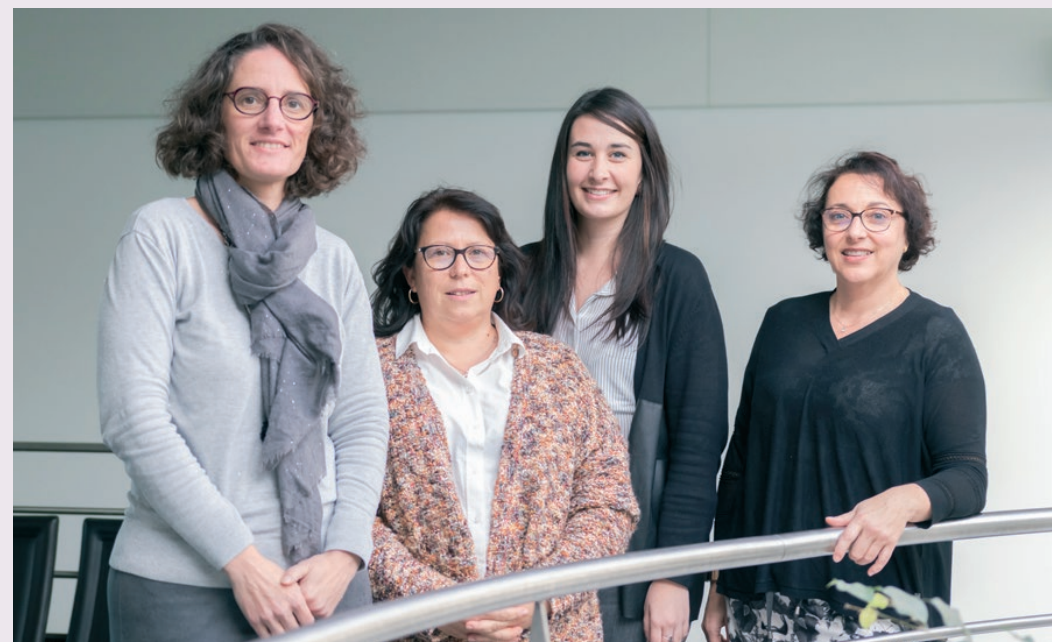
Thanks to its continuous growth, every year SILAB recruits new employees with extremely varied backgrounds and expertise. Doctors, engineers, technicians, sales representatives, and managers carry out a wide variety of professions and a high degree of technical expertise. Part of SILAB's strategic policy is to recruit, train, and retain talent.



Special importance for recruitment

1. A proven process

SILAB wants to recruit the best men and women of their generation, in terms of both their skills and values. In 2019, the company hired a recruitment officer to manage the recruitment process, build relationships with schools and universities, and attract new talent by working on the employer brand. Applicants are shortlisted based on their resumé, before being invited for interviews at different levels of the company: human resources, operations, and management. For each permanent recruitment, an appointment with the General Management is also planned. SILAB also takes a look at all of the spontaneous applications received, and contacts anyone who could integrate its team.



2. Logistical support

In order to remove obstacles to employment, SILAB provides assistance with finding accommodation and other matters to make it easier for new hires to move to and settle in the region. In 2019, a public transport line from Brive (at 15 minutes from SILAB's site) was established following consultation with the company to help meet the needs of employees without their own car, amongst other things.

Helping young talent to grow

SILAB actively supports getting young people into work. As part of these efforts, the company maintains close links with schools and universities, and is always working to make them even closer. SILAB is active on student forums, sponsoring classes, giving talks about its work to students, providing internship opportunities, etc.

Training for young people is a major component of company policy, and translates into the recruitment of 32 interns, and the presence of 14 apprentices in 2019 across every department of the company, and at different levels of training. These young talents benefit from quality support, as the tutors - all experts in their fields - are trained in how to effectively pass on their knowledge and skills.

Some of these young people who have all the skills needed to work in an operational role will be offered a permanent position upon completion of their training. Justine Derom, first recruited as quality department intern, started a permanent role: *“At the end of my internship, SILAB offered me a fixed term contract as a Quality Assurance Project Manager that was then made permanent. I initially worked on the continuous improvement of the quality system. Then I was given more varied tasks. Today I’m in charge of the entire quality system. I also manage a small team.”*



Employing senior workers

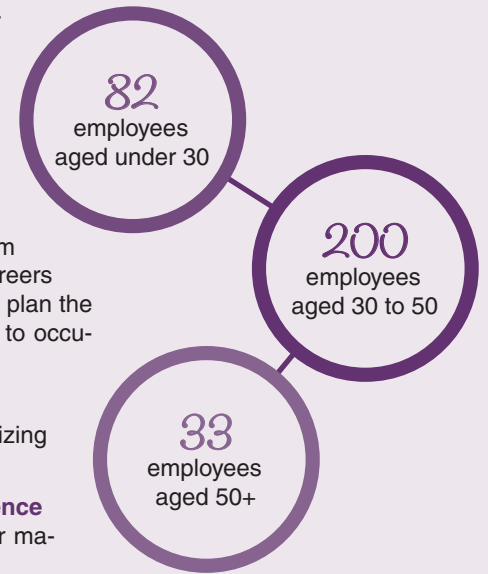
SILAB pays special attention to its employees over the age of 50. Whether recently hired or already part of the team, they are all included in a senior plan. The main aim is to capitalize on their knowledge and help them pass on their skills to the younger generation, ensuring their expertise stays in the company. Different initiatives are in place to help them stay in work and manage the end of their careers if necessary. They are invited to a review to plan the development of their career, and exposure to occupational health risks is monitored.

✦ Inter-generational cooperation

Developing the role of tutor or expert, organizing initiatives to share knowledge.

✦ Diversifying the end-of-career experience

Developing new skills (new roles, expert or management roles).



Employee loyalty

SILAB builds employee loyalty by providing a fulfilling working life.



Moreover, working at SILAB brings a range of benefits: profits with regards to performance-related bonuses, annual pay rises, vacation bonus, salary and vacation increments for length of service, healthcare, restaurant vouchers, etc.

The Social and Economic Committee also helps to bring employees together through a range of activities throughout the year (inter-company sports tournaments, local runs, dinners, etc.).

Sharing values

Specialist assessment platforms acknowledge SILAB for its fine example in corporate social responsibility. Aware of the positive dynamic it has created, the company is driven by a spirit of sharing and goodwill. It plays an active role in its region and stands by its community. It supports medical research and fosters scientific innovation. In total transparency, the company shares its initiatives with its stakeholders.

A shared, renowned CSR policy

SILAB stands out for its exemplary approach to social responsibility. Its performance is fully linked to its everyday commitments. Its work is regularly audited by assessment platforms using thematic surveys.

1. EcoVadis: Gold certification

With a score of 69/100 spread across four sections (environment, social and human rights, ethics, responsible purchasing), SILAB is one of the top 5% of companies assessed by EcoVadis for the fourth consecutive year.



2. CDP: leader category in world rankings

On the basis of the independent evaluation of the 2018 data sent to the CDP, SILAB obtained an A-rating. This places the company among the leaders of the classification, for its commitment to combating climate change (average grade in sector: D).

SILAB fully intends to keep growing at the service of its customers, partners, and employees, by continuing to place innovation and sustainable development at the heart of its commitments.

Liven up the territory

1. Supporting the business network



With each call for tender, SILAB includes companies from the local area whenever possible, to help promote the local economy. For the construction of its training center (scheduled to open in summer 2020), 94% of the project value has been allocated to companies located less than 150 km (95 mi) away.



2. Supporting scientific innovation

In July 2019, AVRUL (Agency for the valuation of university research in Limousin), the Limoges University's Partner Foundation, and SILAB signed a sponsorship agreement in which SILAB will provide financial support to the AVRUL incubator to the tune of €30,000. With deep roots in its local region, and driven by scientific innovation, SILAB strives to provide willing, active, and constant support for the development of Research activities in its territory. AVRUL is an ideal vehicle, because of its role as a privileged interface between public research and companies to enable the socio-economic area to benefit from the innovation potential of University Laboratories.



3. Supporting historic heritage

On 14 July 2019, SILAB was present for the official completion of the renovation work to Tulle Prefecture (Corrèze), one of the most beautiful in France. With a desire to help preserve the heritage of its region, the company was one of seven local sponsors who agreed to make a financial contribution to renovating this iconic building.



4. Supporting charities and institutions

€33,800 donated in 2019

As a company that cares and is committed to its region, SILAB supported 25 local charities and institutions in 2019, mainly in the cultural and sporting spheres, through donations, sponsoring, and patronage.

5. Supporting the iconic local rugby club: CA Brive



For several years now, SILAB has been a partner to CA Brive rugby club, the pride of Brive city and an integral part of the area's attractiveness. Simon Gillham, Chairman of CA Brive, explains: "SILAB, like CA Brive, is an outstanding local company whose reach extends beyond the borders of the region, across France and around the world. SILAB, like CA Brive, is flourishing. SILAB takes care of its customers' well-being through its skin and hair care products. CA Brive tries to win to bring joy and emotions to our supporters, so that they can go to work smiling on Monday morning! We are very proud to count SILAB as one of our club's main partners. We are inspired by their sustainable development and environmentally-friendly initiatives. SILAB's values are a fine example for our club. Thank you SILAB for showing us the way."

Supporting medical research

The SILAB - Jean Paufigue Corporate Foundation helps to fund and acknowledge research into themes touching on skin disease. In April 2019, it selected its 12th winner, Marine Cordonnier, for her project entitled "understanding, treating and monitoring melanoma by studying exosomes". The studies are conducted in the Lipids, Nutrition, and Cancer Center - LNC - INSERM UMR 866 Faculty of Medicine of Dijon, under the supervision of Prof. Carmen Garrido, Director of the Research Center and "Head of the heat shock protein (HSP)-Pathies" team and Dr Jessica Gobbo. The Foundation will help fund this project for the next two years.



We would like to thank all the people who have contributed to producing this sustainable development report, in particular our employees and partners 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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This document is available on our website www.silab.fr or on request from your usual SILAB contact.



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