



HELINN ADVANCED SYNTHESIS SA

SUSTAINABILITY REPORT 2012

GRI Guidelines G 3.1.

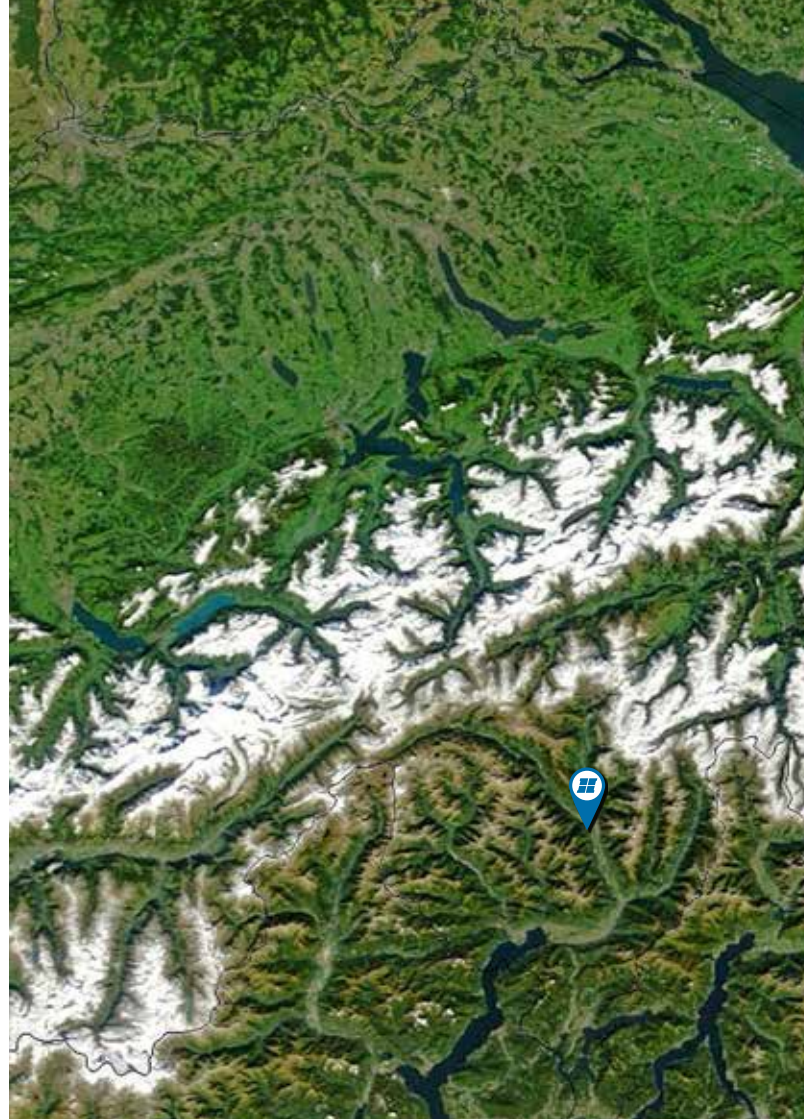




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INTRODUCTION

This report is an overview of Helsinn Advanced Synthesis's (HAS)¹ activities based on the GRI 2011 3.1. guidelines at application level C. Please refer to GRI's website – www.globalreporting.org – for more details on GRI and its activities.

Application of the guidelines at level C requires information pertaining to the points below.

- company profile disclosure using GRI sections 1.1, 2.1 – 2.10, 3.1 – 3.8, 3.10 – 3.12, 4.1 – 4.4, 4.14 – 4.15
- company performance information for 10 of the G3.1 indicators pertaining to Economic, Environmental, Labor, Human Rights, Society and Product responsibility

For the Company Profile the information does not have to be provided if what is required is not relevant or not applicable for the reporting organization. In our case this applies to points 3.7 to 3.11.

We are fully committed to our path towards improving our sustainability performance and our transparency; we therefore decided to report on 31 indicators instead of 10 as required by the GRI guidelines.

ECONOMIC: 6 indicators

ENVIRONMENTAL: 16 indicators

LABOR: 6 indicators

HUMAN RIGHTS: 1 indicator

SOCIETY: 1 indicator

PRODUCT RESPONSIBILITY: 1 indicator



¹ GRI 2.1

GRI 3.1. INDICATORS INDEX



GRI INDICATOR	DESCRIPTION
	GRI 3.1. Indicators Index
	Introduction
1.1	Statement of the Managing Director
Organizational Profile	
2.1	Name of the organization
2.2	Primary products and services
2.3	Operational structure
2.4	Location of organization's headquarters
2.5	Countries of operation
2.6	Nature of ownership and legal form
2.7	Markets served
2.8	Organization scale
2.9	Significant operational changes
2.10	Awards received
Reporting Parameters	
3.1	Reporting period
3.2	Date of most recent previous report
3.3	Reporting cycle

3.4	Contact point
3.5	Report content defined
3.6	Report boundary
3.12	GRI Content Index of standard disclosures

Governance, Commitments and Engagements

4.1 4.2 4.3	Governance structure of the organization
4.4	Mechanisms for recommendations
4.14	Stakeholder groups
4.15	Stakeholders engagement

GRI Performance Indicators - 30 selected for 2012

EC1	Direct economic value
EC3	Coverage of HAS defined benefit plan obligations
EC4	Significant financial assistance received from government
EC5	Standard entry level wage compared to local minimum wage
EC6	Spending policy on locally-based suppliers
EC7	Hiring policy and procedures for local employees and top management
EN1	Materials used by weight or volume
EN3	Direct energy consumption by primary energy source
EN4	Indirect energy consumption by primary energy sources



EN5	Energy saved due to conservation and efficiency improvements
EN8	Total water withdrawal by source
EN10	Percentage and total volume of water recycled and reused
EN16	Total direct and indirect greenhouse gas emissions by weight
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved
EN19	Emissions of ozone-depleting substances by weight
EN20	NOx, SOx, and other significant air emissions by type and weight
EN21	Total water discharge by quality and destination
EN22	Total weight of waste by type and disposal method
EN23	Total number and volume of significant spills
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations
EN30	Total environmental protection expenditures and investments by type
LA1	Total workforce by employment type, employment contract, and region, broken down by gender
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender
LA10	Average hours of training per year per employee by gender, and by employee category

LA12	Percentage of employees receiving regular performance and career development reviews, by gender
LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation
LA15	Return to work and retention rates after parental leave, by gender
HR2	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken
SO9	Operations with significant potential or actual negative impacts on local communities
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction

HELSINN



1.1 - STATEMENT OF THE MANAGING DIRECTOR

Helsinn Advanced Synthesis SA (HAS) was founded in **1981** by Gabriele Braglia – our Chairman – and is part of Helsinn Group, a family owned Pharmaceutical & Chemical company which has been built during the last 37 years based on strong values and fundamental principles.

At Helsinn, quality, safety and environment preservation in all aspects of our activities are the main pillars of our culture. At HAS, we make every effort to fulfill our objectives of operating with Zero Incidents Rate, achieving total compliance and customer satisfaction while minimizing our environmental impact and improving our health and safety performance.

Since our beginnings we have been periodically audited: first in **1984** by Swissmedic, then in **1996** by the US FDA, in **2005** by the Korean FDA and in **2009** by the Japanese PMDA.

In **2000** HAS received the ISO14001 certification, and in **2005** we were certified as OHSAS 18001 compliant, one of the first chemical plants in Switzerland to receive this recognition.

In **2012** we finalized the construction of our cytotoxic unit: a CHF20mio investment supported by the Ticino Cantonal authorities through their Office for Economic Development (Ufficio per lo Sviluppo Economico), which further enhances our competitiveness and allow us to provide an improved service level to our business partners. We strive to develop a long-term commitment to Ticino, the region where we operate. We have an open and transparent relationship with the local authorities, a sourcing policy that privileges local suppliers and among other initiatives we offer scholarships to eligible academic students residing in the Sopraceneri region. We want to continue to substantially contribute to

the progress of our region and of its citizens; in Ticino we have found the ideal economic, social and political climate to successfully continue on this path.

Now we are starting a process whose aim is to fully integrate sustainability issues into our core activities. This Sustainability Report for HAS, our Active Pharmaceutical Ingredient company, is a concrete step in this direction. We are beginning this fascinating and challenging journey towards a wider, deeper and more formal integration of sustainability in our activities.

We are very much aware that our planet is witnessing dramatic changes where the economic, social and environmental paradigms are quickly shifting. We cannot continue living and working as we have done in the past decades: we only have one planet, but today in the developed world we are consuming and depleting resources as if we had at least two extra planets at our disposal!

We need a new approach to doing business, an approach which integrates more deeply social and environmental aspects. We are totally committed to continue to grow as a company, and at the same time we are aware of the increasing challenges our planet and we all are facing. We know very well that, as responsible corporate citizens, we must use our know-how, our creativity and our passion to reduce the impact of our activities on the planet while concurrently building our business. Pursuing these double, and seemingly contrasting, objectives is certainly challenging, but it is the only way ahead, for both our business and our future, and especially the future of the generations to come².

² GRI 1.1



In October 2012 our Managing Director and Group CEO, Riccardo Braglia, was awarded the prestigious Ernst & Young Swiss Entrepreneur of the Year 2012 prize, after having won in 2011 the Ticino Entrepreneur of the Year Competition.

This important recognition is a confirmation of the high quality work performed at Helsinn every day.

The economic, social and environmental commitment of our company, together with Mr. Braglia's personal accomplishments in sports, charities and at community level, played an important role in Ernst & Young's choice.

We are all extremely proud of this achievement which serves as strong incentive for us to continue on the path of pursuing excellence in all our endeavors³.

Helsinn Group Code of Business Conduct and Ethics

Since December 2011, the activities of all companies and employees of the Helsinn Group have been regulated by the Code of Business Conduct and Ethics (Code), a key document which specifies that "the highest professional standards are required by directors, officers, employees, agents and Contractors (...) in all our actions". The Code further states that "Helsinn Group is an organization committed to ethical, social and environmental responsibility".

As such, this Code sets out the standards that Helsinn directors, officers, employees, agents and contractors must observe with regard to:

- ethical behavior and compliance with law
- professional and fair conduct of business
- respect for people and for the environment

- fair and respectful relations among employees
- correct and appropriate consideration of the rights and interests of all stakeholders
- fairness to Helsinn.

The code encompasses the following points:

- Introduction: commitment to ethical, social & environmental responsibility
- General Principles
- Compliance
- Conflict of interests
- Integrity, Fairness & Honesty
- Corruption
- Fairness in all dealings & towards competitors
- Health, Safety & Environment
- Human Rights & Discrimination
- Insider Information & Confidentiality Rules

This Code is a concrete sign of Helsinn Group' approach towards an ethical and sustainable way of doing business.



ORGANIZATIONAL PROFILE

Based in Biasca⁴, in the southern Italian speaking part of Switzerland, since its inception in 1981, HAS has been a high-tech chemical company focused on the GMP synthesis of Pharmaceutical Active Ingredients, and a leader in niche Chemistry Manufacturing and Control (CMC) services.

HAS has undergone several changes: until 1984 its company name was “Fabbrica Chimica Helsinn SA”, then in 1984 it was changed to “Helsinn SA” and in 1989 to “Helsinn Chemicals SA”. In 2010, after an internal reorganization, our company name eventually changed into “Helsinn Advanced Synthesis SA”.

HAS’s activity is entirely dedicated to the pharma industry, producing high quality ingredients for both the Helsinn Group and for third-parties on a global scale, with strong expertise in serving medium to small pharma companies and providing full CMC services⁵.

HAS is a Swiss Company Limited by Shares (Societa’ Anonima) 100% owned and controlled by Helsinn Holding SA, a Swiss, family owned pharmaceutical group⁶. While HAS collaborates with, among others, Helsinn Group affiliates in Switzerland, Ireland, USA and its China representative office, we operate exclusively from the Biasca site and do not have affiliates or participations, JV etc. in other locations⁷.

On Dec 31st 2012, HAS employed 135 people, including 10 apprentices, as compared with 120 in 2011 and 106 in 2010⁸. We are very satisfied that even in a very difficult global environment, we were able to hire new personnel, increasing our staff by more than 12%.

⁴ GRI 2.4

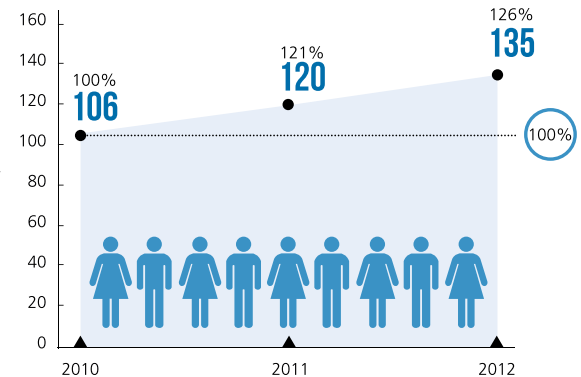
⁵ GRI 2.2

⁶ GRI 2.6

⁷ GRI 2.3, 2.5

⁸ GRI 2.8

Figure 1
Number of employees



HISTORY & MILESTONES

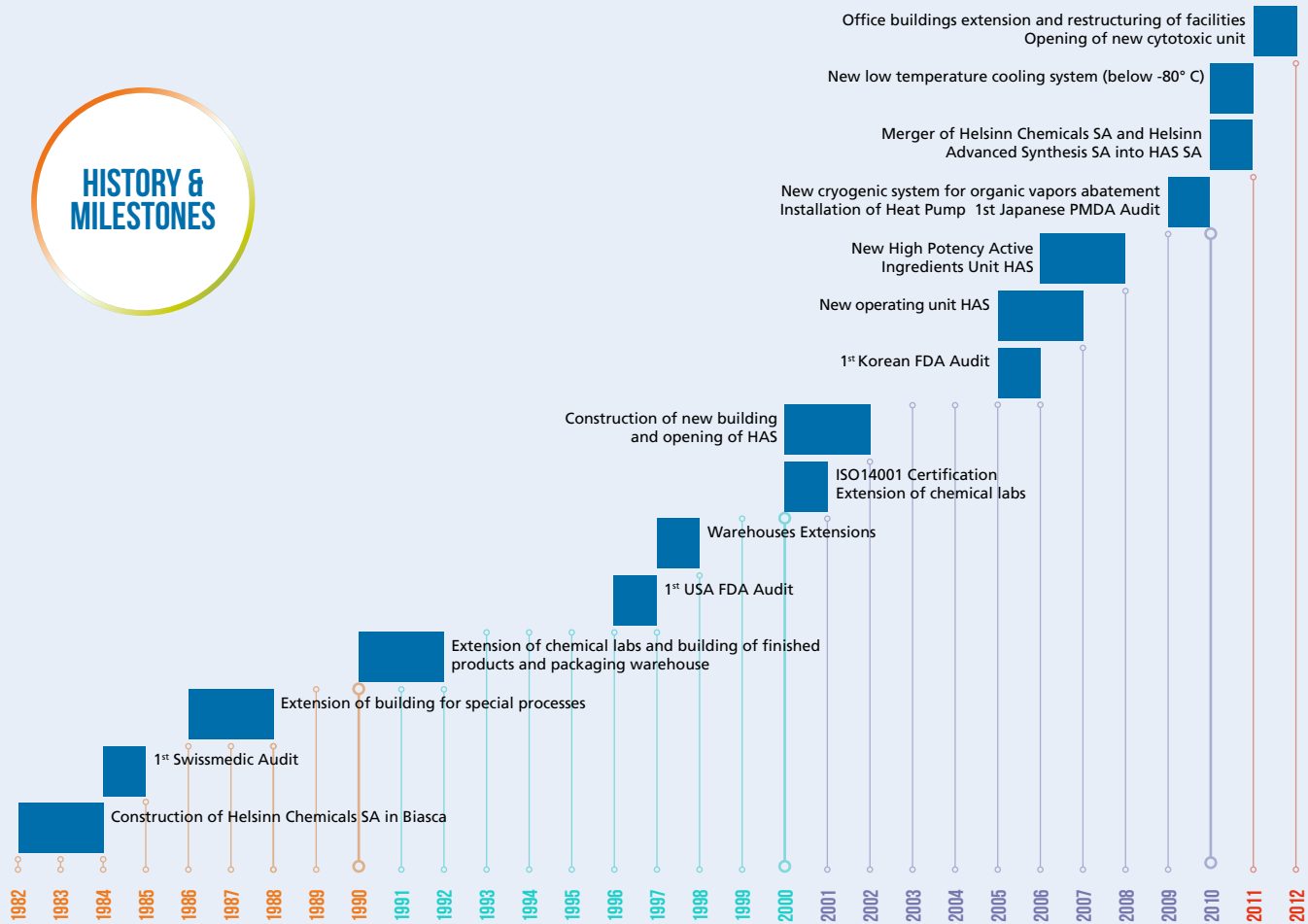


Figure 2
History and milestones

REPORTING PARAMETERS

This report, the first⁹ for HAS, covers the period from Jan 1st to December 31st 2012¹⁰.

We have decided to publish this report according to the Global Reporting Initiative 3.1 guidelines, as we have recognized a clear consensus among the global business community towards adopting this standard as the common framework for sustainability reporting. The sustainability report will be published annually¹¹, under the supervision of: Waldo Mossi, PhD (waldo.mossi@helsinn.com, tel +41 91 873 0110), Deputy General Manager¹².

This report is published with our internal and external stakeholders in mind:

first of all our employees, our management and our shareholders.

We know that what is measured is managed and can be improved; therefore at the internal level this report will serve several purposes

- **INCREASE SUSTAINABILITY AWARENESS AND INTEREST OF ALL EMPLOYEES**
- **REALIZE WHERE WE STAND TODAY IN TERMS OF SUSTAINABILITY: WHAT WE DO WELL AND WHAT WE CAN IMPROVE IN THE SHORT, MEDIUM AND LONG TERM**
- **CREATE A NUMBER OF BENCHMARKS AGAINST WHICH WE WILL MEASURE OUR PROGRESS ON OUR PATH TOWARDS BECOMING MORE SUSTAINABLE EVERY DAY**
- **INCREASE EVEN MORE THE MOTIVATION OF OUR PEOPLE, AND GIVE TO OUR WORK A SENSE OF PURPOSE THAT GOES BEYOND OUR DAILY ACTIVITIES**

⁹GRI 3.2

¹⁰GRI 3.1

¹¹GRI 3.3

¹²GRI 3.4

¹³GRI 3.5

¹⁴GRI 3.6

¹⁵GRI 3.7, 3.8, 3.9, 3.10, 3.11

Our External stakeholders are the community in which we operate (Biasca and Tre Valli), the Canton Ticino, its citizens and its authorities, our business partners, our suppliers, the different governmental agencies at communal, cantonal and federal level, the trade and industry organizations we are members of, and the prospective employees¹³.

This report covers HAS's facilities and operations as of Dec 31st 2012¹⁴.

GRI points 3.7 to 3.11 are omitted as they do not apply to HAS's structure and organization¹⁵

GOVERNANCE, COMMITMENTS AND ENGAGEMENTS



As previously mentioned, HAS is a 100% controlled subsidiary of Helsinn Holding SA, a Swiss based, private company fully owned by the Braglia family.

HAS's Board of Directors is composed by Gabriele Braglia (President), Riccardo Braglia (Member, Group CEO and Managing Director) and Giampaolo Henauer (Member, non-executive).

There have been no changes in the board structure since 2007¹⁶.

All employees have the opportunity to express their opinion, provide recommendations or suggestions to top management and to the Board in the context of periodical meetings at different levels of the organization¹⁷.

Our stakeholders are multiple and HAS prides itself on the excellent connections we have developed with them since our beginnings.

Among our most important stakeholders we include¹⁸:

- Our business partners, who use the active ingredients we provide to produce and distribute advanced drugs that improve the health of millions of patients around the world,
- Our employees, our shareholders and our colleagues in every Helsinn Group company,
- The local communities, authorities and citizens of Biasca, of the Tre Valli region and of Canton Ticino,
- Our suppliers, ranging from the local small shops to our raw material, energy and water providers,

- The trade and industry association where we are active members:

1. *AITI: Associazione Industrie Ticinesi - Switzerland*
2. *Cc-TI: Camera di Commercio Industria Artigianato - Switzerland*
3. *ScienceINDUSTRIE Switzerland*
4. *FIT: Farma Industria Ticino - Switzerland*
5. *SCG: Schweizer Chemische Gesellschaft - Switzerland*
6. *DCAT: Drug, Chemical and Associated Technologies Association - USA*
7. *SOCMA: Society of Chemical Manufacturers & Affiliates - USA*
8. *SSPS: Società Svizzera Protezione Antincendio - Switzerland*
9. *EFCG: European Fine Chemicals Group - Belgium*
10. *SGAS: Schweizerische Gesellschaft für Arbeitssicherheit - Switzerland*
11. *STSBC: Società Ticinese delle Scienze Biomedice e Chimiche - Switzerland*
12. *AFTI: Associazione Farmaceutici Ticinesi - Switzerland*
13. *ISPE: International Society for Pharmaceutical Engineering- UK*
14. *PDA: Parenteral Drug Association – USA* ¹⁹

¹⁶GRI 4.1, 4.2, 4.3

¹⁷GRI 4.4, GRI 4.15

¹⁸GRI 4.14

¹⁹GRI 4.15

GRI PERFORMANCE INDICATORS (31 SELECTED FOR FISCAL YEAR 2012)

As specified in the introduction, GRI requires the disclosure of information pertaining to at least 10 of the G3.1 indicators in order to publish a C level report.

In our daily journey towards becoming more sustainable, we decided to report on **31 indicators** as we believe that the more information on our activity and our sustainability performance we gather and publish, the more awareness we will create, both internally and externally. Being as open and transparent as possible, without revealing highly confidential data or sensitive information, is a matter of fairness towards our stakeholders, and we intend to maintain this perspective as it is an integral part of our business principles.



ECONOMIC PERFORMANCE



THE HELSINN GROUP, BEING PRIVATELY OWNED, DOES NOT DISCLOSE FINANCIAL FIGURES, IN ACCORDANCE WITH THE RELEVANT SWISS LAWS. HAS IS ONE OF THE LARGEST COMPANY IN THE TRE VALLI REGION IN TERMS OF EMPLOYEES AND TURNOVER, AND OUR WORKFORCE, AS TAXPAYERS, IS AN IMPORTANT CONTRIBUTOR TO THE REGIONAL ECONOMY. THUS, WE DECIDED TO DISCLOSE THE ADDED VALUE GENERATED BY HAS IN TERMS OF THE RATIO OF TAXES PAID/PROFIT BEFORE TAXES (PBT) AND OF THE COMPENSATION PAID TO OUR EMPLOYEES/TOTAL TURNOVER.

EC 1 Direct Economic Value

In 2012, the taxes paid by HAS at federal, cantonal and communal level represented approx. 25.2% of its PBT.

The total amount of payments to our staff (salaries, bonuses and social contributions, excluding benefits in kind and allowances) amounted to 36% of our total turnover, an increase of 3% vs. 2011

EC3 Coverage of HAS defined benefit plan obligations

The Swiss law requires a company to pay a part of every employee's salary towards the mandatory pension plan contributions (LPP, Secondo Pilastro).

Usually, as required by law, such contribution is shared in equal parts between the employer and the employee. At HAS we have in place a very attractive pension scheme as an integral part of the incentives to attract and retain its highly qualified staff.

EC 4 Significant financial assistance received from government

Under the Law for Economic Innovation (*Legge per l'Innovazione Economica*), the Canton of Ticino backed, in the form of a non-refundable grant, approximately 14% of the total value of the new technical equipment installed in

the Cytotoxic plant. This contribution is a sign of the excellent cooperation between the local authorities and our Group, and represents an important development for both our company and the local economy.

EC 5 Standard entry level wage compared to local minimum wage

Economic well-being is one of the ways in which we invest in our employees. Helsinn Group policy is to reward its staff with above-average compensation packages, together with a range of non-monetary incentives.

The average entry level wage for a factory



worker in 2012, including benefits, was approximately 15% superior to the average of the same category of employee in Ticino-based pharmaceutical industries, and superior by approx. 23% to the 2010 average of all secondary sector industries in Ticino.

(The latest figures available for Ticino are from 2010 www.ti.ch/ustat. According to the Federal Office of Statistics, the average nominal wages in Switzerland grew by 1.81% between 2010 and 2012) http://www.bfs.admin.ch/bfs/portal/it/index/themen/03/04/blank/key/lohnentwicklung/nominal_und_real.html

EC6 Spending policy on locally-based suppliers

HAS's policy has always been to prefer locally based suppliers whenever possible. Priority is commonly given to local suppliers (Biasca and Tre Valli region) unless procurement is not possible in this area; in this case the ordered priority

is given as follows: Sopraceneri-based suppliers, Ticino-based suppliers, and if necessary out-of-Canton, Swiss sources. Should the product or service not be available in Switzerland, we will in exceptional circumstances source it on the international market.

EC7 Hiring policy and procedures for local employees and top management

We want to attract the best talents, and at the same time we want to continue building strong ties with the local community. In order to do so, we strive to hire qualified, local employees whenever possible. In order to help us achieve this objective, since 1987 we have been offering scholarships for deserving students residing in the Sopraceneri region and pursuing an academic or professional education at Swiss institutions in the chemistry, pharmacy, biology and biochemistry fields. With this initiative, we want to contribute to the development

of highly qualified professionals from our region, who could potentially join our company in the future.

Of our 135 staff, 68% live in the Sopraceneri region, 26% in Sottoceneri and 6% in the Italian border zone. Of the 39 managers and directors, 49% are resident in Sopraceneri, 31% in the rest of Ticino and 20% in the Italian border zone.

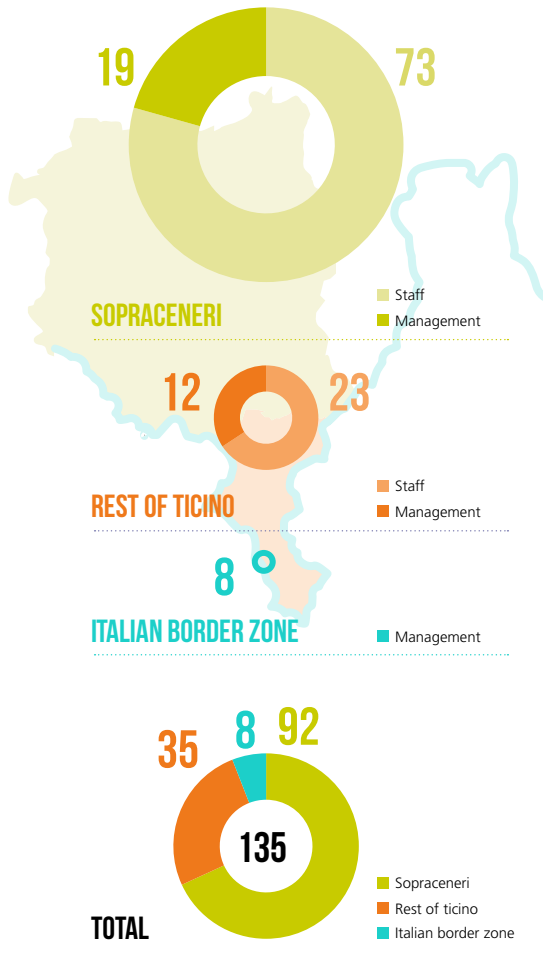


Figure 3
Place of Residence, Staff and Management, Headcount

HAS's commercial business partners (our customers) are located mostly in the USA (42%), followed by the EU (32%), Japan (15%) and Switzerland (11%). In 2012 we were working on 27 active projects, with 56% of products already in the market or with New Drug Application submitted²⁰.

²⁰ GRI 2.7

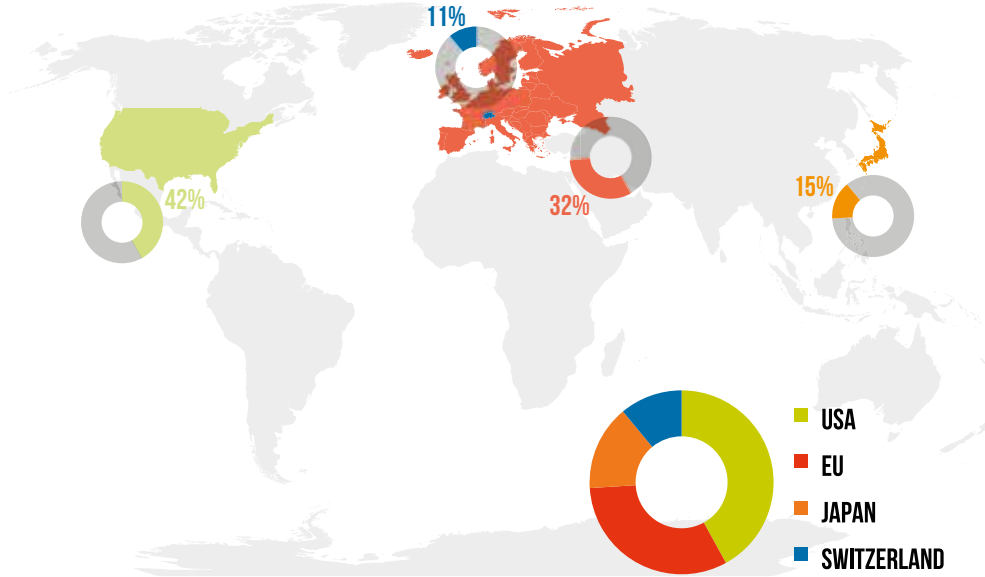


Figure 4
Commercial Business Partners – Geographical Location

ENVIRONMENTAL PERFORMANCE

EN1 Material used by weight or volume

In 2012 we used a total of 1'540'457kg raw materials, with an increase of 14% vs. 2011. We use for our activities 223 different raw materials but only six – all of them solvents used in the synthesis processes - represent as much as 57% of the total consumption by weight

EN3 Direct energy consumption by primary energy source

HAS use of heating fuel is exclusively related to the heating of the premises and the chemical reactors. We use two kind of heating fuel: eco extralight with sulphur content < 0.05% and extralight with sulphur content < 0.1%.

In 2012 we consumed 356'125 L (equivalent to 14'315 Gigajoules), an increase of 13.3% vs. 2011. However, the consumption per unit (kg) of raw material shrank by 1.3%, achieving therefore a higher efficiency rate.

EN4 Indirect energy consumption by primary energy source

Our indirect energy consumption is limited to electric energy. In 2012 we used 3'859'950 Kwh (equivalent to 13'896Gj), with an increase of 10.8% vs. the previous year. However, the energy consumption per unit (kg) of raw material shrank by 3.6%, achieving therefore a higher efficiency rate.

The electricity we employ is entirely provided by Societa' Elettrica Sopracenerina (SES) and comes from a mix of renewable and non-renewable sources (SES data, 2012):

Renewables	76.8%
Hydro	74.7%
Solar	0.01%
Other renewable	2.0%
Non Renewables	12.3%
Nuclear	12.3%

Waste incineration 3.7%

Other sources
(from non-certified origin) 7.2%

EN5 Energy saved due to conservation and efficiency improvements

The introduction in 2009 of a heat pump which allows the use of the excess heat generated during synthesis processes to warm the buildings provided a substantial saving in heating fuel.

On average, we have reduced by approx. 40% the fuel consumption to heat our premises compared to pre-heat pump installation consumption (2008), with yearly savings of approximately 3500Gj.

EN8 Total water consumption by source

We use drinking and industrial water purchased from the municipality of Biasca. The first is sourced from local springs and is used in our buildings for human consumption & hygiene, as raw



material in our processes and to clean the equipment. The second comes from the ground and is used for non-contact cooling.

The consumption of the first decreased by 1.3% vs. 2011 to 14'983m³, and its consumption per unit (kg) of raw material shrank by 14.9%, achieving therefore a higher efficiency rate

The industrial water used saw an important increase vs. 2011, mostly due to the construction of the new cytotoxic plant and the extension of the office building, to a total of 853'943m³ (+24.9%) and its consumption per unit (kg) of raw material increased by 5.8%.

EN10 Percentage and total volume of water recycled and reused

The introduction of the heat pump mentioned in point EN5 allowed us to use the heat generated in the synthesis processes to warm the buildings. We reused approx. 5% of the total

industrial water consumed by HAS (est.42'697m³)

EN16 Total direct and indirect GHG emissions by weight

According to the Greenhouse Gas Protocol, at HAS we have three sources of significant emissions:

- Company vehicles and tools using gasoline or diesel fuels,
- Company air travel,
- Heating of buildings and reactors (low sulfur heating fuel)

CO₂ Footprint - Vehicle Fleet

HAS 2012 fleet was composed by 21 passenger cars (we do not own nor operate commercial vehicles like vans or trucks), which totaled 397'000km and created GHG emissions of 51.9 Tons of CO₂.

The average CO₂ g/Km for the whole fleet was 131g/Km. This is a relatively low figure if we take into account that the average of all new vehicles sold in Switzerland in 2012 was 151g/Km and that both Swiss and EU regulations will require a mandatory average of 130g/km for all new vehicles sold in 2015. Some of the less CO₂ efficient cars will be phased out over the next years, hence we will certainly improve our performance regarding vehicle-generated GHG emissions. The most efficient model in our fleet is the 2012 Toyota Prius Hybrid 1.8 (89g CO₂/Km) the least efficient is a 2005 Audi A8 4.0 TDI (198g CO₂/Km).

ENVIRONMENTAL PERFORMANCE

Based on our best available data our emissions for 2012 were the following:

- | | |
|--|--------------------------------------|
| • Mobile Sources: Company Vehicles and Tools | 53'491Kg CO ₂ -equiv. |
| • Business Travel: airplane | 247'342Kg CO ₂ – equiv. |
| • Stationary Combustion: Heating of buildings and reactors | 1'093'304Kg CO ₂ – equiv. |

Totalling 1'394'137Kg CO₂ - equivalents

The above mentioned data was collected on the basis of the following sources:

- **Vehicles emissions** - Swiss Federal Energy Office, online energy label.
- **Tools** (gardening tools – unleaded 95 gasoline, pressure washer – diesel) - International Carbon Bank & Exchange online calculator (www.icbe.com)
- **Airplane travel emissions** – Myclimate.ch, online database
- **Heating emissions** – Swiss Engineers and Architects society (SIA 2031 conversion guidelines)

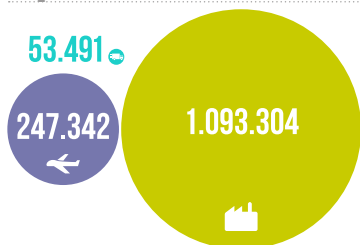
Home-office employee commuting using company vehicles is included in the calculation, while commuting using private vehicles is not.

We realize that our heating system is the cause, by far, of the largest percentage of GHG emissions, and we are evaluating different scenarios in order to work on a reduction.

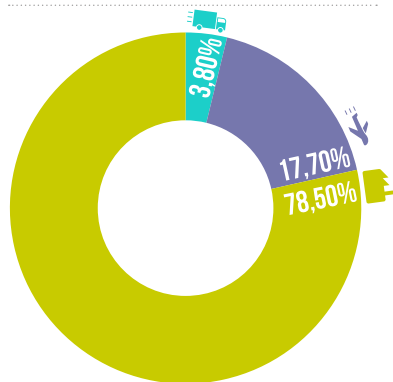


Figure 5
Sources of GHG Emissions

CO₂-E KG



% TOTAL



- Company vehicles & tools
- Airplane Business Travel
- Heating of Buildings & Reactors

EN18 Initiatives to reduce greenhouse gas emissions and reductions achieved.

The heat pump mentioned in point EN10 allows HAS to reduce the total CO₂ emissions by approx. 128tons/year in average vs. the pre-heat pump consumption (2007)

EN19 Emissions of ozone-depleting substances (ODS) by weight.

HAS does not emit ODS in the atmosphere from its production activities. The only substances included in the Montreal Protocol used or produced by HAS in its production activities are methyl bromide (CH₃Br) and nitrogen oxide (NO_x), but both substances are kept in hermetically sealed systems and potential excesses are fully neutralized through a chemical reaction and transformed into a quaternary salt in case of CH₃Br, and broken down through a water & caustic soda wash in case of NO_x.

EN20 NO_x, SO_x, and other significant air emissions by type and weight.

All NO_x and SO_x developed during chemical processes are absorbed and neutralized in smoke abatement equipment.

The NO_x emissions coming from the heating system are minimal and monitored on an annual basis by an external contractor (ELCO) and are regularly below the maximum required by law.

All emission of dangerous particulate matters (PM) are blocked by EPA filters, which are eventually sent to specialized external laboratories for disposal. HAS does not use nor produces neither Persistent Organic Pollutants nor Hazardous Air Pollutants.

The emission of Volatile Organic Compounds (VOC) is restricted to the filling operations for the tanks, drums, reservoirs, reactors and centrifuges.

During the year 2012 we used 1'223'715 kg of solvents with an estimated



loss of 0.2% (calculation based on default data), amounting to 5.2mg/m³ average concentration, well below the maximum allowed concentration according to federal laws.

EN21 Total water discharge by quality and destination.

Water Consumption	m ³	Treated @ HAS	Destination	Discharged
Cleaning of production equipment	5'553	Yes, pre-treatment	Biasca treatment plant	5'553
Cooling processes	853'943	No	River (Froda)	853'943
Hygienic utilities	5'028	No	Biasca treatment plant	5'028
Air conditioning	4'060	No	River (Froda)	4'060
Process water	342	No	Incineration	0

The above figure shows the water discharged at HAS in 2012 and its destination. The water used in production processes is pre-treated at HAS decontamination facilities before being sent to the Biasca treatment plant and the quality of this water is constantly monitored to guarantee full compliance to Swiss federal and local laws and regulations. Periodical inspections are carried out both internally and by external independent laboratories.

In 1994 we built two piezometric wells and created a biannual analysis program with to ensure that HAS does not pollute the groundwater: the results of such tests have always been negative.

Heat Pump System, Energy Savings

Until 2008 the heating needs of HAS, both for production activities (up to 160°C) and central heating, were provided for by two boilers both burning heating fuel.

In 2009 we installed a heat pump system with the purpose of recycling the hot industrial water coming from production activities to feed a circuit. This circuit then transfers the heat in the buildings where the offices and laboratories are located. Once the industrial water exits the circuit at a low temperature, it is recycled again for further usage, hence diminishing substantially the total water consumption.

Benefits:

- heating Fuel savings: on average 65'000 Lt/Yr
- Industrial Water savings: on average 30'000 M³/Yr
- Reduced Emissions: on average -128 Tons CO₂-Equiv

The increased usage of electric energy is largely compensated by the savings in heating fuel, with a net benefit of 2037Gj per year and a substantial reduction of GHG emissions.



EN22 Total weight of waste by type and disposal method.

HAS produces two kind of waste:

Waste comparable to normal

household and office refuse: this is collected by the local consortium (Conorzio Eliminazione Rifiuti) and its quantity and type are not recorded.

Recyclable objects like empty printer toner and ink containers, paper, PET containers, old IT hardware, etc. are duly separated and recycled according to the HAS guidelines expressed in internal documents and circulated among all staff.

Special waste coming from production processes, cleaning,

etc. These are mostly in liquid form and, to a lesser extent, solid.

In 2012 we eliminated 1'718'244kg of special waste, with an increase of 18.5% vs. 2011. The amount of special waste per unit (kg) of raw material saw an increase of 1.7% vs. 2011.

The totality of this special waste was sent to companies in Switzerland specialized in the neutralization and disposal of chemical material.

In 2012 approximately 48 tons of solvents contained in the special waste were recycled at the Lonza site in Visp (VS).

EN23 Total number and volume of significant spills

Since its beginnings, HAS never experienced an accident related to a spill

EN24 Weight of transported or treated special waste deemed hazardous under the terms of the Basel convention

In 2012, 286'790 kg of special waste were sent to Visp (Canton Valais) for incineration and crossed the Italian border twice to exit and enter again in Switzerland. HAS obtained from the Italian authorities the certification allowing the transport to transit on Italian territory.

EN28 Fines and Sanctions for non-compliance with environmental laws and regulations

HAS has never been sanctioned for non-compliance with environmental laws and regulations

EN30 Total investments and expenditures for environmental protection by type

An important part of our investments are related to Health, Safety and Environment equipment, procedures, training & education, certification, prevention, reporting and insurance.

We can say that our investments go well above the minimum mandated by the stringent requirements that are compulsory for the chemical industry in Switzerland. We have been exceeding the standards mandated by Swiss laws and regulations: the results of internal and external audits have always confirmed our commitment in this field.

SOCIAL PERFORMANCE: LABOR PRACTICES AND DECENT WORK

LA1 Total workforce by employment type, employment contract, and region.

Out of 135 (113 males, 22 females) only one employee had a part time position (90%) and another had a temporary contract in 2012.

21% of the staff holds a managerial position, 36% in non-management office & support position, 37% were plant workers and 6% apprentices.

In the following chart we find the personnel split by age group:

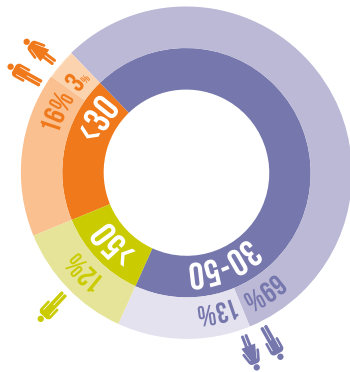


Figure 6
Employees by Age Group

LA7 Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities by region.

As mentioned by our CEO in the introduction, our objective is Zero Incident Rate. In HAS every event that causes an accident or an anomaly, even minor accidents without personal or material consequences, is registered, analyzed and a corrective action is taken in order to avoid its reoccurrence. Lost-days are equivalent to scheduled working days and lost-day-count begins on the day after the accident occurs.

In 2012 we registered:

- 10 accidents of which 5 with a loss of more than 1 day of work
- Average workday loss for the 5 above-mentioned accidents: 13.9 scheduled working days
- No occurrence of occupational diseases





- Zero fatalities

IR* (Injury Rate)= 0.58

LDR* (Lost Days Rate) = 4.33

ODR* (Occupational Diseases Rate) = 0.0

AR (Absentee Rate) = 4%

** Factors determined by the International Labor Organization Guidelines as indicator for IR, LDR, ODR and AR*

IR= total # of injuries / total hours worked x 200'000

LDR= total # of lost days / total hours worked x 200'000

AR= total # of absentee days / total # of workforce days worked during that period X 100

(200'000 is the result of 40 hrs/wk worked by 100 FTE during 50wks/yr.

By using this factor, the resulting rate is related to the number of employees, not the number of hours)

LA10 Average hours of training per year per employee by employee category.

Helsinn Group attaches great importance to the continuing education and training

of all its employees: in the high-tech and highly competitive environment where we operate constantly, updating our skills and expertise is of primary importance for our long term success. We are persuaded that our employees' satisfaction and motivation increases if their effort is supported by a stimulating and innovative training program. For these reasons, in 2012 HAS dedicated a total of 4'244 hours to training and education, corresponding to 2.08% of the total working hours.

The subjects of the trainings were:

1. Scientific/Quality
2. Safety/Environment
3. Quality assurance
4. Production
5. Technical

Each of HAS' 135 employees received some training in 2012. The 41 highest level employees received 1403 training hours, while all remaining staff received 2841 training hours.

LA12 Percentage of employees receiving regular performance and career development reviews.

27% of HAS staff (36 persons between directors and most managers, 77% men and 23% women) receive a yearly performance appraisal during which their career development is discussed.

LA14 Ratio of basic salary of men to women by employee category.

There are no gender-related differences in compensation for our staff at every level. For all employee categories, the remuneration of men and women are the same and the differences are based only on merit, qualifications and performance. There is a clear imbalance between the number of women and men employed at HAS: 16% vs. 84%.

We do recognize that this is a less than an ideal situation, but it is not uncommon at production sites in the chemical sector.

SOCIAL PERFORMANCE: HUMAN RIGHTS

LA15 Return to work after parental leave

At HAS in general mothers return to work after maternity leave. On 31.12.2012 no employee was on parental leave, also thanks to a policy that reimburses a fixed amount for preschool and kindergarten expenses, based on the salary of the parent. Fathers have the right to 2 days off when their child is born but do not have the right to parental leave as mothers do.

HR2 Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.

All significant suppliers and contractors -approx. 220- must declare their standing regarding child labor as well as Health, Environment and Safety compliance in writing in order to qualify as approved supplier or contractor. In 2012 no supplier or contractor had such approval revoked.

Environment & Safety Report

Every year, HAS's Environmental & Safety department publishes the Environment & Safety Report, an internal document that summarizes in a very detailed form all relevant information pertaining to HAS's performance. In the 100+ page report we detail all the necessary information needed to gather a clear picture of our activities in the fiscal year, not only in terms of safety & environment performance, but also regarding, for instance, personnel training and continuous education as well as performance indexes for the different divisions.



SOCIAL PERFORMANCE: SOCIETY

S09 – Operations with significant potential or actual negative impact on local communities

A chemical production plant has potential dangers intrinsic in its activities and processes. Since our start, we have always paid extreme attention to the potential risks of our activity and put in place all possible measures and procedures to minimize such risks: in some cases we go well beyond what is required by law and establish additional procedures to guarantee the maximum safety standards possible. We do recognize the importance of our activity in the Biasca region as employer, taxpayer, user of resources (especially water), and most of all in terms of the potential dangers related to our operations and we take full responsibility for our activities.

All chemical process is subject to a detailed risk analysis to decrease potential dangers to the minimum.

SOCIAL PERFORMANCE: PRODUCT RESPONSIBILITY

PR5 Practices related to customer satisfaction, including results of surveys measuring customer satisfaction

Due to the nature of our business, we work in close partnership with a limited number of business partners, and we have a close-knit interaction with our customers. The commercial department has a low client-to-manager ratio, which allows for a highly personalized approach. We do organize customer surveys on a non-regular basis to have a clearer assessment of how our business partners evaluate our performance.

The results of the latest survey, conducted with 15 of our business partners (60% from EU incl. CH, 33% USA, 7% Asia) showed that our main strengths are our reliability and the quality of the services we provide. Other areas where we obtained a good evaluation are 'Supply Chain Management' and 'Completeness and Level of Detail of the Proposals'.

In particular, their subjective overall perception of HAS has shown that 27% think that we provide a 'similar' service, 46% believe we provide a 'better' service and 27% consider that our service is 'much better' in comparison with our competitors.

Our business partners appreciate the mutually beneficial relationship that we are able to build thanks to our customer orientation. This is confirmed by the length of our partnerships, as 20% of our clients have been working with us for 3 to 5 years and 27% for 5 to 7 years.





CONCLUSIONS

ONE OF THE MAIN PURPOSES OF THIS PROJECT WAS TO BETTER UNDERSTAND OUR CURRENT STATUS: WHAT ARE WE GOOD AT? WHAT ARE WE DOING WELL? WHERE CAN WE IMPROVE? WHAT CAN BE LEARNT?

This first Report has been an interesting and rewarding exercise; it has helped us to accelerate our switch away from linear thinking towards a more systemic thinking mindset.

Before this exercise, we knew that we wanted to be a sustainable, quality-oriented and environmentally-friendly organization, to care for our people and their wellbeing, to be close to our business partners: these aspects have been at the core of our corporate culture for decades; but we were missing a tool to help us measure, evaluate and take corrective actions if needed. With this Report we now have a tool which provides us with a helicopter view and allows us to concretely measure our overall sustainability performance: this Report is the starting point as well as the catalyst for the gradual transformation of our mindset, towards becoming more and more sustainable, every day.



ACRONYM KEY:

GRI = Global Reporting Initiative

HAS = Helsinn Advanced Synthesis SA



Printed on recycled paper Fedrigoni

Cover: Freelife Vellum 260 g

Inside: Freelife Vellum 120 g





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