Recipharm Sustainability Report 2023

Recipharm

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About the Sustainability Report

Recipharm's annual Sustainability Report 2023 has been prepared in accordance with the GRI Standards 2021. The Sustainability Report meets all requirements of the Swedish Annual Accounts Act and is separate from the Recipharm Annual Report 2023. During the year, we began preparing for the new Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS) that we will abide by from 2025 with the first reporting due 2026. In addition, we continued to commit to the ten principles of the UN Global Compact, and the report supports our communication on progress. The report has been approved by the Recipharm Executive Committee.

The annual Sustainability Report 2023 covers the reporting period 1 January 2023 to 31 December 2023. The previous report was published in May 2023. This report has been limited assured, for limited assurance statement see page 42.

Contact

With queries regarding our Sustainability Report, please contact Guenaelle Holloway, Head of Communication, guenaelle.holloway@recipharm.com.

Scope of the Sustainability Report

Recipharm's Sustainability Report focuses on Recipharm's most material ESG topics but also addresses other sustainability topics when relevant. Recipharm will continue to further develop its sustainability work gradually and engages in active dialogue with stakeholders for input on its priorities and potential improvements.

Recipharm's Sustainability Report covers all subsidiaries in the Group, unless otherwise stated. There are no significant differences in the disclosure of sustainability information and across material topics between subsidiaries to ensure the same data and quality throughout the Group.

The sustainability and financial data in this Sustainability Report includes full 2023 data from all the subsidiaries – excluding the sites that were divested during the year. This differs from the Annual Report, which includes data from subsidiaries when they were owned by Recipharm.

Recipharm acknowledges there are still uncertainties in our sustainability data, Recipharm acknowledge there are still uncertainties in our sustainability data, in particular in how data in scope 1 and 2 is connected, mostly related to environmental topics; there are also uncertainties in scope 3 calculations, with comparability between years being made difficult due to changes in the model. We will continue to improve the quality control of data both on site level and on central Operations level, as well as the processes for defining once single point of truth for our data. To the best of our knowledge there are no material deviations.

All Recipharm subsidiaries including where we are minority owners report data according to the International Financial Reporting Standards (IFRS) requirements when reporting to the Recipharm Group.

Joint ventures and partnerships where Recipharm is involved as minority owners are not included in the sustainability or financial data in this report to ensure the reporting focuses on the entities that it has complete operational control over.

Boundaries

The material ESG topics have impacts on our own business and our employees. Some of the topics have impacts beyond Recipharm's organisational boundaries, such as the assessment and monitoring of suppliers. In the Sustainability Report, we describe the impact of each ESG topic, both within and outside the company.

Background data for greenhouse gas (GHG) calculations

All greenhouse gas calculations are made according to the GHG Protocol. Direct scope 1 greenhouse gases are primarily a result of combustion of natural gas in our manufacturing sites, as well as fugitive emissions from refrigerants and propellants. Fuel oil, process diesel, wooden chips, and fuel in company vehicles are also included in scope 1. Indirect greenhouse gas emissions in scope 2 includes the use of district heating, cooling and steam, and market-based electricity emissions. Other indirect greenhouse gas emissions in scope 3 are calculated with the spend-based approach except for use phase emissions, fuel and energy related activities not included in scope 1 or scope 2, business travel, and end-of-life which have been calculated using actual consumption data.

As part of our work with setting a science-based target, we updated our 2021 emissions calculations. For scope 1, we included propellant gases that have a significant impact on our total emissions. In scope 2, we included energy attribute certificates (EACs) that were purchased to offset emissions from sites that did not have electricity contracts with certified "green electricity". All outdated emission factors were also updated.

Calculation of GHG emissions	Source of data
Fuel for company vehicles	For company vehicles, Recipharm sites report on the type of fuel and amount used where this information is available. Where it is not available, the type of vehicle and driving distance is used. Emission factor sources DEFRA (2021) and DEFRA (2022).
Stationary combustion	Sites report on the amount of fuel combusted in the reporting period. Emission factor source DEFRA (2022).
Refrigerants	Sites report on the amount refilled. Emission factor source Naturvårdsverket (2022).
Propellant gases	Sites report on the amount leaked and released during testing at site. For sites where devices are stored for quality control, the full amount is included in the reporting year. Emission factor sources DEFRA (2021), DEFRA (2022) and Koura Zephex (2020).
Electricity	Sites report on kWh consumed. Emission factor source AIB (2021) for European sites, IEA (2022) for sites outside of Europe.
District heating, cooling and steam	District heating Energiföretagen (2021) for sites in Sweden, DEFRA (2022) for sites outside of Sweden. District cooling Energiföretagen (2022) for sites in Sweden and DEFRA (2022) for sites outside of Sweden. Steam DEFRA (2021) and Vattenfall (2021).

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Delivering with certainty

Recipharm is a leading global pharmaceutical Contract Development and Manufacturing Organisation (CDMO). We provide pharmaceutical companies around the world with tailor-made development and manufacturing services, including a wide variety of drug dosage forms, inhalation products and devices.

Our comprehensive services cover the entire life cycle of a pharmaceutical product – from drug substance through to commercial manufacturing – to get products to market in a time and cost-efficient way. As a sustainability leader in the CDMO industry, we also help customers to meet their sustainability objectives.

SUSTAINABILITY HIGHLIGHTS 2023

New sustainability KPIs – read more in the Sustainability strategy section on page 15.

Recipharm's science-based climate target was validated by the SBTi – read the Case story on page 22.

First global Safety Week held – read the Case story on page 33.

Good progress on resource efficiency – read more in the Increase resource efficiency section on pages 23–25.

Recipharm site aims for new antibiotic manufacturing standard certification – read the Case story on page 36.

The annual Sustainability Report 2023 has been prepared in accordance with the GRI Standards 2021. We continue to be a participant of the UN Global Compact and our sustainability reporting supports our communication on progress submission.

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Dear stakeholders

As I reflect on 2023 as the company's new CEO, I am proud to present Recipharm's Sustainability Report, which is a testament to a year marked by significant milestones and a firm commitment to sustainable development.

At a time when the global landscape demands heightened environmental and social responsibility, our dedication to sustainability is not just a choice, it is a strategic imperative.

In pursuit of our sustainability objectives, we submitted our greenhouse gas emission reduction targets to the Science Based Targets initiative (SBTi). It was gratifying to have our targets validated in early 2024, which underscores our commitment to measurable and impactful progress. We aim to reduce scope 1 and 2 emissions by 42.1 per cent and scope 3 emissions by 25 per cent, by 2030 in line with the Paris climate agreement.

Additionally, as a supporter of the UN Global Compact, we posted last year's Sustainability Report on their platform, demonstrating transparency and adherence to global sustainability standards.

Recognising the evolving landscape of corporate social responsibility, we conducted a thorough review of the forthcoming EU Corporate Sustainability Reporting Directive (CSRD) requirements, and will start implementing pertinent measures during 2024. We acknowledge that this undertaking will be substantial and significant for all parties involved. This proactive approach ensures we are well positioned to align with the emerging legislation.

Our sustainability focus areas – reduce climate impact, increase resource efficiency, drive safe and ethical business, and enable good health – that were agreed in 2022 are each aligned with a corresponding UN Sustainable Development Goal. In January 2023, global KPIs and aspirations for our sustainability focus areas were endorsed by the Recipharm Executive Committee to drive our sustainability work throughout the Group going forward. These areas form the foundation for our sustainability approach and the KPIs provide our entire business with clear targets and goals at both Group and site levels.

On the social front, we enhanced our safety culture across the organisation during the year and conducted our second employee engagement survey. The employee insights gained are instrumental in further enhancing our workplace and operations.

In 2024, we maintain our commitment to sustainability and have reviewed our ESG objectives, which will be communicated in the year. We are not only dedicated to achieving our sustainable objectives locally and globally but also aspire to help our customers to achieve their sustainability ambitions. By positioning ourselves as a key partner on sustainability in their supply chain, we can promote benefit far beyond our own operations.

For us, sustainability not only helps to future-proof our business, it is also a differentiator that sets us apart as the CDMO of choice. This report encapsulates our progress in 2023 and outlines our ambitious plans for the future. I invite you to read the progress we have made and the path we envision as sustainability becomes an integral part of our identity.

I extend my heartfelt gratitude to everyone who contributed to our sustainability work in 2023. Collaboration has been the cornerstone of our success, and together with our customers, we look forward to achieving even greater milestones in the years ahead. Thank you for joining us on this journey to shape a sustainable future for Recipharm and the CDMO industry.

Greg Behar,
CEO of Recipharm

About Recipharm

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Our business focus in 2023

Our business is organised around four areas:

Solids & others

Development and manufacturing solutions for oral delivery of medicines

Sterile fill & finish

Sterile fill & finish development and manufacturing across biologics and small molecules

Drug-device combinations*

Targeting respiratory and nasal

*The carve-out of the Drug-device business was announced in November 2023.

Biologics

Development and GMP manufacture of Advanced Therapy Medicinal Products (ATMPs)

Strategic announcements during 2023

Greg Behar was appointed CEO of Recipharm effective 1 January 2024. Marc Funk was appointed to the Recipharm Board of Directors effective 1 April 2024.
Nitin Lifesciences in India was divested during Q4 2023 to Synokem Pharmaceuticals, a portfolio company of private equity firm TA Associates.

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Supporting customers throughout the value chain

Our integrated development and manufacturing services – from pre-clinical development to commercial supply – help customers to manage complex projects and meet their sustainability objectives.

As a leading global CDMO, we are part of a wider global pharmaceutical development and manufacturing value chain. Beyond our customers and supply chain partners, our operations are indirectly linked to various suppliers, the end users of pharmaceutical products, and pharmaceutical regulatory bodies.

Driving sustainability in the value chain

We understand that the services we provide to our customers have an impact on their scope 3 greenhouse gas emissions. By drawing on our broad experience as a CDMO, we can help customers to report on and reduce their scope 3 emissions, as described in the table on the next page.

In addition, our on-site quality audits at our prioritised suppliers ensure we take a broad perspective on sustainability. In this way, our services throughout the value chain can help our customers to meet their sustainability objectives.

See the value chain illustration on the following page.

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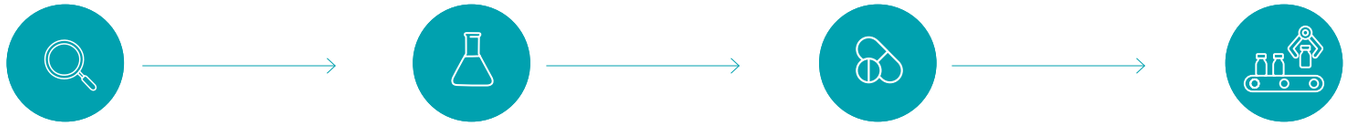
Managing sustainability in our offering



Area	Pre-clinical development	Formulation development	Material for clinical studies	Manufacturing and packaging
Description	Optimising the development of synthetic routes and analytical methods in drug substance development through medicinal chemistry. The pre-clinical development stage is essential to reduce emissions and environmental impact by designing in more sustainable processes and chemicals from the outset.	Improving a drug product's efficacy and performance through formulation development can help avoid manufacturing issues as well as increase convenience and patient compliance. Responsible choices in the design of the formulation can reduce environmental impact in the manufacturing stage, such as by choosing formulation without chlorinated solvents or by using aqueous solutions.	Offering Clinical Trial Material (CTM) services to produce lab and pilot scale batches, as well as placebo development and manufacture. CTM manufacturing is performed in accordance with the same management systems as full-scale manufacturing and done with the same sustainability considerations.	Actively minimising the environmental and social impacts related to our operations – for example through our continuous improvement work related to ISO 14001 environmental management and ISO 45000 occupational health and safety management at site-level. We develop more sustainable packaging solutions together with our customers.
Challenges	Persuading customers to opt for more sustainable solutions that are potentially more costly.	Persuading customers to opt for more sustainable solutions that are potentially more costly and would potentially require dossier changes.	Expensive to make changes at time-critical stages.	Consistently applying our sustainability standards throughout our company. Raising customer sustainability awareness and promoting transparent discussions with stakeholders on how to allocate potential costs to reduce emissions.
Managing impacts	Demonstrating the benefits of more sustainable solutions among customers.	Demonstrating the benefits of more sustainable solutions among customers.	Preparing for potential improvements at the time of scale-up to commercial manufacturing.	We have comprehensive local teams working with sustainability topics that are supported by a central operations team.
Value creation	Developing pharmaceuticals with lower negative impact on people and the environment.	Pharmaceutical manufacturing that reduces negative impact on people and the environment.	Potential for clinical material with lower negative impact on people and the environment.	Our operations constantly strive to reduce negative impact on people and the environmental and can report sustainability data to stakeholders.

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Global presence to meet local needs

With sites in ten countries, our global presence can meet local customer requirements.

Our sites around the world specialise in offering the manufacturing and development of drug substances and drug products as well as device development and manufacturing services. We draw on this expertise by coordinating projects between our sites to meet customer needs in the best possible way.

Recipharm's sites around the world

We have manufacturing sites in Sweden, France, Germany, Italy, Spain, Portugal, India, the US, and the UK as well as development sites in Sweden, France, Italy, India, Israel, and the US. Our development organisation has a global presence with centres of excellence in Europe, Israel, the US, and India.

In addition, we have established joint ventures together with partners, such as Marbio in Marocco and Resyca in the Netherlands and Germany. These joint ventures are not part of the Recipharm business.

OUR GLOBAL PRESENCE

25+ Sites

10 Countries

USA	Boxborough Research Triangle Park Watertown
SWEDEN	Höganäs Karlskoga Solna Strängnäs Uppsala
UNITED KINGDOM	Cambridge [1] Holmes Chapel King's Lynn Milton Keynes Nelson [2] Queenborough [1]
GERMANY	Cuxhaven Monheim Wasserburg Zwickau
SPAIN	Leganés Parets
ITALY	Brescia Masate Paderno Dugnano Pianezza
PORTUGAL	Odivelas Oeiras Queluz
FRANCE	Kaysersberg Monts Pessac
ISRAEL	Yavne
INDIA	Bengaluru Karnal [3] Paonta Sahib [3]

[1] Closed for production end of 2023.
[2] Sold end of 2023.
[3] Sold in September 2023.

Sustainability at Recipharm

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Sustainability governance

THE BOARD OF DIRECTORS' WORK WITH SUSTAINABILITY

The Recipharm Board of Directors, composed of six external directors, oversees the company's sustainability agenda. One of the Board members is assigned Sustainability Champion by private equity EQT, although the entire Board has a shared responsibility for sustainability. ESG topics are regularly included in the agenda of Board meetings. The Board of Directors oversees the implementation and performance of the company's sustainability-related objectives and oversees targets for addressing ESG topics.

The Board of Directors oversees and interacts closely with the General Counsel – with support from the Global Sustainability team – to set policies, guidelines and monitor the overall company performance, and report to external initiatives. The performance of the Board of Directors is evaluated annually by Recipharm's owner – the private equity company EQT.

BOARD OF DIRECTORS [1)]

Richard Ridinger
Chairman of the Board
(External)

Other current positions
Remuneration Committee, Member
Audit Committee, Member

Mark Keatley
Board member
(External)

Other current positions
Audit Committee, Chairman

Matthias Wittkowski
Board member
(EQT Representative)

Other current positions
Audit Committee, Member
Remuneration Committee, Member

Christiane Hanke-Harloff
Board member
EQT appointed ESG Champion
(External)

Henrik Giver
Board member
(EQT Representative)

Other current positions
Audit Committee, Member

Steven Klosk
Board member
(External)

Other current positions
Remuneration Committee, Chairman

1) As of 31 December 2023.

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EXECUTIVE COMMITTEE [1]

Greg Behar
Chief Executive Officer [2]

Luc Burgard
Chief Operational Officer

Vikas Gupta
President ReciBioPharm

Chris Hirst
Head of Business Unit Advanced Delivery Systems

Gregor Kawaletz
Head of Business Unit Oral Solid Dosages

Christophe Lamacq
Chief Human Resources Officer

Ulrike Lemke
Head of Business Unit Sterile Fill & Finish

Joaquim Mascaro
Chief Financial Officer

[1] As of 31 December 2023.
[2] As of 1 January 2024.

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Sustainability management

Recipharm AB is owned by the private equity firm EQT, which invests in companies across the world with a mission to help them develop into sustainable companies.

THE EXECUTIVE COMMITTEE'S WORK WITH SUSTAINABILITY

Recipharm's CEO has the ultimate responsibility for the company's sustainability commitments – together with the Executive Committee. The Recipharm Executive Committee is regularly informed about, and endorses, the company's sustainability work and the planned actions.

Recipharm's SBTi Committee, which is a working group for the science-based climate targets that includes most of the management team, was established in June 2023. The committee is responsible for defining our climate roadmap and monitoring Group progress.

Recipharm's site managers are responsible for the sustainability performance of their site and sustainability targets are followed up on both a local and on a Group level by our global sustainability function.

INTERNAL AND EXTERNAL RULES AND GUIDELINES

Policy commitments are embedded into our business through our Code of Conduct and Group Policies. The code guides our daily actions as every Recipharm employee must comply with it.

Auditing and monitoring are conducted through third-party auditing bodies (ISO, GMP, local authorities) and self-assessments. Our third-party certified ISO management systems are the foundation for the structured management of ESG topics. To have third-party audited management systems for environment, health, and safety (EHS), is a requirement for all Recipharm sites. Self-assessments include the monitoring of local company compliance with Recipharm's Code of Conduct, and other rules and guidelines described in our Global Quality Management System.

Recipharm has a global Whistleblowing Hotline to allow company employees to report suspected corporate compliance wrong doings. Employees can also escalate matters to HR, the Legal function, or their own manager. Recipharm has the necessary processes to remediate any negative impacts should they arise.

Recipharm has an Approvals and Signing Authority Policy to govern approval and signing processes. Work methods and processes are constantly adapted to the external expectations, requirements and legislation relevant to Recipharm.

During 2023, Recipharm was a member of the AMR Industry Alliance to continuously improve its work on antimicrobial resistance (AMR) and enable engagement with other stakeholders. AMR is currently one of the most serious health concerns worldwide. As Recipharm manufactures antibiotics in several locations, it is important that we are involved in developing solutions to combat AMR.

In 2023, there were no material fines or legal action beyond our normal business conduct. Any fines or legal action are closely followed by our in-house legal department and our external counsel.

Read more about how we work with ethics in the Business ethics section on page 31.

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Sustainable business

Sustainability is an integral part of our everyday business. We work proactively to mitigate potential negative impact on the environment and do our best to act responsibly in society.

While pharmaceutical products contribute positively to society by improving human health and quality of life, we recognise that our operations can have negative social and environmental impacts along the value chain. We strive to meet the sustainability expectations of all our stakeholders to be able to achieve our vision – to be 'The CDMO of choice'. Placing sustainability at the heart of what we do helps to differentiate us from our competitors.

Our sustainability impact

In our manufacturing, we focus on minimising negative impacts related to the environment and climate, health and safety, labour conditions and supplier management. In research and development, we support our customers with pharmaceutical development services that influence environmental matters in preclinical development and clinical studies by offering more sustainable solutions.

Towards centralised risk and sustainability management

Local sites used their own policies and procedures to manage risk and ESG topics on a local level during the year. In parallel, the structure for a centralised enterprise risk management was developed in 2023. We also strengthened our work with sustainability-related data gathering through the implementation of a process for control of 'on time, in full reporting' for our internal sustainability data. We published a new Group-wide Environmental and Climate Policy, and a Health and Safety Global Policy to guide our global operations.

External standards

Our sites are certified to the ISO 14001 environmental management system and the ISO 45001 occupational health and safety management system as baselines for their work. Some sites also use the ISO 50001 energy management system to ensure they work with energy efficiency in a structured manner.

During the year, we began preparing for the new Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS) that we will abide by from 2025 with the first reporting due 2026. We made a high-level CSRD and ESRS gap analysis and started raising employee awareness on the forthcoming requirements.

OUR VISION

To be the CDMO of choice

SUSTAINABILITY FOCUS AREAS

1 Reduce climate impact

2 Increase resource efficiency

3 Drive safe and ethical business

4 Enable good health

GUIDING PRINCIPLES

Internal policies such as Code of Conduct

UN Global Compact, CDP, Global Reporting Initiative

OUR CORE VALUES

Respect

Entrepreneurship

Reliability

Tenacity

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Sustainability strategy

In 2023, we continued to drive our sustainability work through our four sustainability focus areas that were approved at Group level along with relevant KPIs and aspirations. In 2024, we will further refine our objectives and targets, to drive further changes.

Implementing our sustainability strategy

The Global Sustainability function drives our sustainability work together with representatives throughout our global organisation. External reporting is managed by the Global Sustainability function. One of Recipharm's Board members is appointed by EQT to especially monitor ESG topics, which highlights the long-term commitment to sustainability from our owners. At top management level, our General Counsel is responsible for ESG topics.

At local level, our work is driven by EHS representatives at all sites and coordinated at Operational Unit level together with Global Sustainability and the Global Quality Manager who is also Head of Operational EHS and Sustainability. Site managers have the ultimate responsibility for local sustainability work.

Sustainability focus areas

Our four sustainability focus areas are based on our materiality assessment and are each aligned with a corresponding UN Sustainable Development Goal (SDG). The four SDGs were chosen as they are most aligned with our material topics.

In January 2023, KPIs for our sustainability focus areas were endorsed by the Recipharm Executive Committee to drive our sustainability work throughout the Group going forward. The high-level goals are based on our materiality assessment and will be further refined in the coming years to develop the targets and KPIs to drive change. During the year, each Recipharm site continued to develop specific local targets and roadmaps.

OUR SUSTAINABILITY FOCUS AREAS, AND LONG-TERM GOALS

Focus area	Sustainability topics	Related SDGs
1 Reduce climate impact	Renewable energy Greenhouse gas emissions	13 CLIMATE ACTION
2 Increase resource efficiency	Waste circularity Water management	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
3 Drive safe and ethical business	Diversity and inclusion Employee health and safety Business ethics Supply chain management	8 DECENT WORK AND ECONOMIC GROWTH
4 Enable good health	Product quality and safety Avoiding antimicrobial resistance (AMR) Support access to medicines and vaccine	3 GOOD HEALTH AND WELL-BEING

Our sustainability focus areas are described in the following sections of this report where we summarise our approach, our progress in 2023 and our work going forward.

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Sustainability risks

Operational risk

Manufacturing and development operations are associated with environmental impact such as greenhouse gas emissions and, for some identified sites, water scarcity, and risks associated with accidents. Risks related to the environment and occupational health and safety are addressed on a site level within our ISO 14001 and ISO 45001 management systems and in accordance with the relevant local regulations.

Supply chain risk

Significant risks are related to the supply of goods, where manufacturing interruptions may impact delivery performance and supply reliability. Recipharm continuously evaluates supply interruption risks in its operating companies. In several cases, mitigation plans are also requested by and presented to customers.

Quality control risk

All products require the necessary regulatory approvals in the countries in which they are to be sold. The Market Authorisation Holder (MAH), Recipharm's customer, is primarily responsible for this but Recipharm must comply with the relevant terms of the registrations. Recipharm works actively with its customers and the quality systems within the framework of GMP and maintains EHS management systems at its sites.

Climate risk

Climate-related risks are included in Recipharm's site risk assessments as risks vary significantly between sites. Potential risks due to extreme weather may include the risk of flooding and power outages caused by storms. Chronic physical climate risks might include increasing temperatures and the risk of extreme heat waves in India that could have a negative impact of future water availability for Recipharm's operations in the country.

Human rights risk

Recipharm mitigates the risk of human rights violations in its value chain by implementing the Code of Conduct at its sites and promoting the Supplier Code of Conduct among supply chain partners. Recipharm's sustainability approach is based on various internationally recognised principles on human rights, including the International Labour Organisation (ILO) core conventions, and the United Nations Convention Against Corruption. Recipharm employees can report suspected misconduct through the company's Whistleblowing Hotline.

Regulatory risk

Recipharm's operations are subject to regulatory approvals in several areas. According to legislation, all factories must have a manufacturing license to produce pharmaceuticals and the corresponding licenses are required for development laboratories, depending on the extent of the development work being carried out. Operations also require local environmental, and/or health and safety permits – the extent of these varies depending on the particular operations and the legislation in each country.

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Materiality and stakeholder dialogue

Stakeholder dialogue

Recipharm has identified employees, customers, owners, and suppliers as key stakeholders. We are developing structured processes for stakeholder dialogue going forward. This dialogue will include sustainability and will meet the upcoming CSRD requirements. There is also ongoing dialogue regarding the sustainability requirements of Recipharm's owners and how these requirements are met.

Materiality assessment

Our approach to sustainability is based on a materiality analysis that we conducted with support from Schneider Electric in 2021. It included an ESG materiality matrix, and a peer analysis. Data was collected from employees, customers, and suppliers to identify Recipharm's material ESG topics.

Recipharm's management team made the prioritisation of the company's most material topics. The graph below lists the ESG topics that were defined as the most material to Recipharm and forms the basis for Recipharm's four sustainability focus areas. The outcome of the materiality analysis has been reviewed by the Global Sustainability Department. The conclusion made was that it needs to be revised and updated to meet the requirements of a double materiality assessment as described in the EU CSRD.

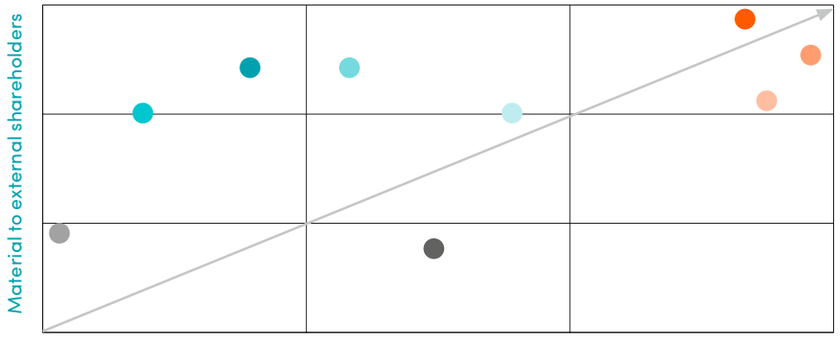
Our work in 2024 and beyond

In 2024, we will conduct a double materiality assessment (DMA) according to the upcoming CSRD requirements. This will enable us to identify our material impact on people and the environment, as well as how these impacts affect our operations from a financial standpoint.

Recipharm's key stakeholders	Forum for dialogue	Key topics and Recipharm's response
Owners	• Regular meetings • Ongoing contact	• Scope and objectives • Prioritised areas • Current performance • Planned activities
Employees	• Regular dialogue on site level • Performance reviews • Townhall meetings • Wider employee survey	• Performance reviews • Personal and team contribution to sustainability
Customers	• Ongoing contact • How we fulfil customer sustainability requirements • Surveys • Participating in customer training and review meetings	• Customer meetings addressing sustainability • Customers' sustainability requirements • Recipharm's performance regarding sustainability
Suppliers	• Procurement requirements. Ongoing engagement • Supplier audits	• Sustainability assessments included in supplier quality audits • Sustainability requirements communicated in our Code of Conduct
Government agencies and local society	• Ongoing engagement on site level	• Meeting permit requirements • Participation in local sustainability-related initiatives

The table shows Recipharm's key stakeholders, the forum for dialogue and their key topics and Recipharm's response.

MATERIALITY ANALYSIS 2021



ENVIRONMENTAL
- GHG emissions
- Energy management
- Water management
- Hazardous waste circularity

SOCIAL
- Product quality and safety
- Employee health and safety
- Labour practices

GOVERNANCE
- Business ethics
- Supply chain management

Our focus areas

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FOCUS AREA

Reduce climate impact

One of Recipharm's main impacts, as a manufacturing company, is its energy use and generation of GHG emissions. We work to reduce climate impact by increasing the proportion of renewable energy we use as well as decreasing the amount of GHG emissions generated by our operations.

RENEWABLE ENERGY

Our approach

The main sources of energy at our sites are electricity and natural gas used in boilers to produce steam and heating. We also occasionally use diesel in back-up generators.

Several of our sites have sourced renewable electricity for many years and our procurement team works actively to secure renewable electricity agreements. We procure unbundled Energy Attribute Certificates (EACs) to compensate for our sites that do not have 'green certificates' as part of their local electricity agreement. We are working to define a more long-term target to switch to renewable energy – including substituting fossil fuels with renewable alternatives.

We encourage our sites to investigate renewable electricity projects, such as photovoltaic solar systems to generate their own on-site renewable energy. We use wood-fired boilers in India and are exploring opportunities to replace natural gas with biogas at some sites. Driving energy efficiency projects at site level is an important part of our work to reduce our climate impact.

Relevant KPI

- 100 per cent renewable electricity by 2024.

Progress in 2023

At the end of the year, 93 per cent of our electricity globally was sourced from renewables. We continued to work on a local level to promote the procurement of renewable electricity. A global Renewable Energy Manager was employed in 2023 to support sites with projects to promote renewable energy and energy efficiency.

In 2023, our Holmes Chapel site in the UK installed 2,300 photovoltaic panels that will meet about 10 per cent of the site's annual electricity needs. Overall, the system will reduce carbon emissions by an estimated 222 tonnes per year. The system is part of a Power Purchase Agreement (PPA), which required no up-front investment as a third party manages the installation, maintenance, and ownership.

Our work in 2024 and beyond

- We will work to achieve our 100 per cent renewable electricity target by the end of 2024.
- A new 2 MW photovoltaic system will be operational at the King's Lynn site in the UK.

Renewable energy challenges and how we overcome them

- Sourcing renewable electricity can be difficult in some markets. We develop solutions together with local partners where possible.
- The supply of biogas is a challenge for many of our sites. We are investigating how we can improve future supply, or switch to electrical boilers.

ENERGY, MWh

	2023	2022	2021
Fuel (scope 1) [1]	174,595	162,315	168,426
Electricity, heating, and cooling (scope 2) [2]	200,059	209,219	192,903

[1] Including fossil gas, oil, diesel, LPG and wood chips.
[2] Changes in the 2022 data compared to last year's report, due to double entry of PV electricity on 1st March. For full description, see next page.

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GREENHOUSE GAS EMISSIONS

Our approach

GHG emissions are monitored as part of our local ISO 14001 environmental management systems and are reported in accordance with the GRI Standards 2021 in this report and through CDP. We use the Greenhouse Gas (GHG) Protocol standard when calculating our emissions. The calculations are done in the Position Green platform for most emissions.

Our direct emissions (scope 1) are primarily generated by the consumption of oil and gas used in our operations at sites, fuels for company owned cars, propellant gas leakages from production, and refrigerants. Our indirect emissions (scope 2) result from electricity consumption in our manufacturing and development sites, as well as district heating, district cooling and steam. We use a spend-based approach to calculate our scope 3 emissions as well as actual data for business travel, waste, and use-phase emissions from propellants.

Upstream and downstream transport-related emissions are included in the 'purchased goods and services' category under our spend-based approach. We are investigating the potential to separate transport-related costs and emissions from purchased and sold goods.

Relevant KPIs

- 42.1 per cent reduction of scope 1 and 2 by 2030.
- 25 per cent reduction of scope 3 by 2030.
- Score B in CDP Climate change - achieved for the 2023 reporting.

Recent updates to our 2021 base-year emissions data

Refrigerant and propellant gases have been included in our scope 1 emissions data since 2021. Data related to green energy contracts and centrally purchased EACs has been included since 2021. The scope 3 emissions calculation for the base-year emission data has been updated in 2023 based on actual data for the use-phase emissions related to propellant gases.

Progress in 2023

By the end of 2023, Recipharm had reduced its scope 1 and 2 emissions by 13.5 per cent and its scope 3 emissions by 35.8 per cent compared with 2021. In 2023, our scope 1 and 2 emissions amounted to 69,932 tonnes CO_2e (74,574). This was equivalent to 9.4 (8.5) tonnes CO_2e per employee, or a decrease of 6.2 (-7.7) per cent compared with the previous year.

Our science-based target was validated by the SBTi in January 2024 (read the Case story on page 22). During the year, we finalised our Greenhouse Gas Inventory Management Plan, and approved a high-level Group Decarbonisation Roadmap to work towards our climate targets.

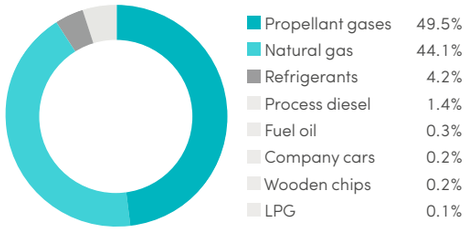
In 2023, we included activity-based data for business travel and end-of-life data for packaging material. By working with stakeholders throughout the value chain in the coming years, our ambition is to improve both data quality and drive emission reductions. During the year, an initial energy survey was completed by all our operational sites to

GREENHOUSE GAS EMISSIONS, tCO_2e [1]

	2023	2022	2021
Total scope 1	65,466	59,217	76,794
Total scope 2	4,466	15,357	4,043
Total scope 3 [2]	515,791	792,812	803,666

[1] Emissions recalculated to meet requirements for SBTi. Divested sites excluded from the emissions. Read more on pages 23–24.
[2] Including emissions from waste in Queenborough. Read more on pages 23–24.

SCOPE 1 EMISSIONS BY SOURCE



SCOPE 3 EMISSIONS BY MAIN CATEGORY

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understand what was currently in place in terms of energy management, and if potential opportunities have been implemented or explored. Global technical and sustainability teams met to review the outcomes of the survey and identify potential energy management projects.

We procured external energy auditing services in 2023 to review our energy use and CO_2 emissions at our sites in France. The services looked at how we could optimise lighting, heating, and steam generation at our sites. Similar activities have been made through internal energy audits at some of our other sites.

Energy efficiency projects during the year included the replacement of machinery with more efficient solutions, the creation of equipment supplier ownership agreements, and upgrades to more efficient lighting, compressed air and heat recovery. A new type of high efficiency particulate air (HEPA) filtration system was installed at the King's Lynn facility in the UK that saves around over 170 MW of electricity each month.

At our Holmes Chapel site, we created a roadmap for the transition from high global warming potential (GWP) propellants to next generation propellants with lower climate impact until 2030. The roadmap identified several possible technical improvements to reduce losses from our operations that could be made. This included changing the way pressurised metered dose inhaler cans are filled, reducing losses from pipeline gaskets and the customer adoption of low-GWP propellants in their formulations. This will be followed up with an action plan.

For our scope 3 emissions we have started the journey towards more action-based data for some categories to track our emissions in a more precise way.

For our 2023 submission, Recipharm scored B on CDP Climate change.

Our work in 2024 and beyond

- We are committed to reduce our scope 1 and 2 emissions by 42.1% and our scope 3 emissions by 25% by 2030.
- A new Energy Policy will improve energy management.
- We will continue to scope for new energy efficiency projects at site level, including new forms of agreements and business models.
- Continuing site-level investigations into the company's largest emission sources and where we can focus our efforts going forward.
- We will add climate impact into our decision making when procuring new equipment.

Greenhouse gas emission challenges and how we overcome them

Ensuring we choose the most optimal emission reduction investments across our global organisation can be challenging. We are improving our procurement capabilities and emission monitoring, as well as our emission assessment during the evaluation-phase of new CAPEX.

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CASE STORY

Recipharm's science-based climate target is validated by SBTi

After redefining its climate scope and submitting an updated science-based climate target in early 2023, Recipharm's new climate target was formally approved by the SBTi in January 2024.

The new target commits to reduce Recipharm's direct and indirect emissions (scope 1 and 2) by 42.1 per cent, and emissions from the value chain (scope 3) by 25 per cent, by 2030 compared to the base year 2021. The target is defined as 'science-based' as it has been calculated according to the GHG Protocol and verified by the SBTi to be aligned with the emission reduction required to keep global temperature increases below 1.5°C compared to pre-industrial temperatures.

"We are proud to have our climate target approved by the SBTi as it confirms our position as a sustainability leader in the CDMO industry," says Åsa Bergström, Director Global Sustainability. "As our customers increasingly place demands on climate performance in their supply chain, our climate work can be a differentiator in the market, such as by providing customers with product carbon footprints."

Redefining Recipharm's climate target

Recipharm embarked on extensive work to redefine its baseline and target in 2021. This has involved developing new metrics, Group reporting structures, and employee training – including new scope 3 emission mapping and an analysis to identify the relevant emission categories and their calculation.

All Recipharm sites identified energy saving opportunities in 2023 as part of the company's SBTi submission.

In 2023, all Recipharm sites identified energy saving opportunities, and what could be done going forward to reduce emissions in line with the SBTi submission. The mapping involved reporting detailed information on all types of greenhouse gases, such as fuel, gas, propellants and refrigerants.

"The work to refine our climate target and get it approved by the SBTi has been a real Recipharm team effort," says Bergström. "It has not only involved good collaboration with external sustainability experts but also people working throughout our business – from product development and procurement to operations and now marketing."

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FOCUS AREA

Increase resource efficiency

Waste and water are key resources that contribute significantly to the environmental impact of our daily operations. We work with responsible resource management in a structured manner at all our sites around the world, and we continuously follow-up waste generation and water use at our sites.

Recipharm implements EHS management systems throughout its business, such as ISO 14001 environmental management systems to ensure waste and water are managed in an efficient and proper manner. We compile waste and water data for all our manufacturing and development sites.

No non-compliance with environmental laws and regulations involving material or significant violations came to our attention in 2023.

WASTE CIRCULARITY

Our approach

Our overall aim is to promote circularity and to send zero waste to landfill. We meet all relevant waste regulations at the local level – no deviations of waste regulations at the local level has come to our attention during 2023. Waste circularity is an important aspect of our ISO 14001 environmental management systems at site level.

Our sites sort waste into various fractions, including pharmaceutical waste (regulated by Good Manufacturing Practice, GMP), which is the quality regulations any pharmaceutical manufacturer must comply with, hazardous waste and various fractions of non-hazardous waste. Managing pharmaceutical waste and hazardous waste involves ensuring that such waste is correctly identified, handled and temporarily stored on our sites. We work with specialist waste circularity contractors to properly process and dispose of pharmaceutical and hazardous waste.

Relevant KPIs

- Zero waste to landfill.
- 100 per cent of waste recycled.

Progress in 2023

In 2023, 26 of 35 Recipharm sites fulfilled our Group goal to not send waste to landfill. The Group recycled 94 per cent[1)] of its waste during the year.

We continued to improve how waste plastics, carton, and paper are managed through appointed waste circularity companies to increase the potential for landfill reduction and increase recycling opportunities. An example of this is the work our Lisbon site has undertaken with their appointed waste handler to send zero waste to landfill from 2024. Our work on improved waste circularity must comply with the strict GMP requirements on how all waste from manufacturing pharmaceuticals should be handled. An example of this is that so called printed material (e.g. cartons with product name) needs to be securely destroyed so that it cannot be used for counterfeited products. Hence, it is not always possible to send this to paper recycling.

[1)] Excluding waste from closing activities at Queenborough, where no waste went to landfill or massburn w/o energy recovery.

WASTE, TONNES[1)]

	2023		2022		2021	
	Non-hazardous[2)]	Hazardous[3)]	Non-hazardous[2)]	Hazardous[3)]	Non-hazardous[2)]	Hazardous[3)]
Total weight of waste	10,136	6,624	10,949	5,971	10,534	5,051
Reuse	110	9	100	51	–	–
Recycling	7,303	1,210	6,891	513	–	–
Composting	101	–	209	–	–	–
Incineration with energy recovery	1,158	954	1,121	995	–	–
Incineration without energy recovery	757	454	479	559	–	–
Landfill	272	57	1,385	32	–	–
On-site storage	1	113	0	1	–	–
Other	434	3,826	764	3,820	–	–
Queenborough	69,119	126,849				

[1)] Sites divested or closed in 2023 are not included in the 2023 and 2022 data; 2022 data may differ from 2022 report. [2)] Waste sorted materials, food and general waste. [3)] Including product based waste.

2
Increase resource efficiency

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In 2023, a project was initiated at our Wasserburg site in Germany to reuse rubber stoppers that are used to seal glass containers. Surplus stoppers are now sold to a partner, which ensures that 10 tonnes of material are reused and disposal costs of €2,000 are avoided each year. The site also implemented a solution involving reusable metal containers to deliver coffee from a supplier to avoid disposable packaging. The solution avoids using and disposing of around 300 packages each year.

In 2023, we commenced the closure of our Queenborough site. As a result of this, 92 per cent of our reported waste for 2023 was attributed to this closure with an increase in both non-hazardous and hazardous waste. None of this waste was sent to landfill.

Where possible: materials, equipment, and ancillary resources (e.g. stationary, IT equipment) have been distributed for reuse at other sites. Organisations such as homeless shelters and schools were engaged with to see where resources such as protective clothing can be used.

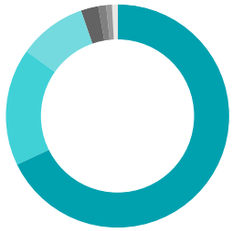
Our work in 2024 and beyond

- Focus on further reducing, reuse and recycle waste by proactively working towards local site-level waste objectives and zero waste to landfill across the Group.

Waste challenges and how we overcome them

- Local regulations define waste differently – particularly for pharmaceutical waste. We have extensive knowledge of all regulations that we are required to follow, and we are keeping updated with changes in regulations.
- We are trying to improve traceability on how waste is handled in some countries once waste has been collected by waste circularity companies.
- Most pharmaceutical waste and hazardous waste are difficult to repurpose, and we actively seek opportunities to send such waste for incineration with energy recovery.

SPLIT BETWEEN WASTE TREATMENT METHOD



Recycling	68.1%
Incineration with energy recovery	16.9%
Incineration without energy recovery	9.7%
Landfill	2.6%
Reuse	1.0%
On-site storage	0.9%
Composting	0.8%

Total hazardous and non-hazardous, excluding the category 'Other'.

15%
Increased recycling 2023 compared to 2022

78%
Reduction in waste to landfill 2023 compared to 2022

2 Increase resource efficiency

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WATER MANAGEMENT

Our approach

We respect water as a shared resource by minimising our total water withdrawal and abiding by all local regulations on water use. Our sites use water to clean equipment in between batches and some of our manufactured products contain water. Some sites also use water for cooling in closed-loop systems.

As water is a very local issue that affects each of our sites and their surroundings differently, water-related targets are set individually by our sites if the sites have identified water as a material topic. However, our sites in water-stressed areas and their improvement work will be overseen centrally as part of our global objectives. Some sites operate their own local water treatment plants before sending wastewater to local municipal water treatment systems.

On Group level, we have an escalation process for sites to report any serious breaches in environmental consents, licenses and water permits. The process ensures that any significant deviation related to water is properly reported.

Relevant KPI

- No material deviations from water permits.

Progress in 2023

No deviations from our site water permits came to our attention in 2023.

During the year, we drew on a water risk assessment with the WWF Water Risk Filter to identify areas of water scarcity where Recipharm operates. Site managers at concerned sites were informed and asked to consider water management in the site's business planning. Read more in the Case story on page 26.

The availability of fresh water is generally good in the locations around the world where Recipharm has sites, but the assessment identified India, Israel, Portugal and Spain as areas of water stress. In 2023, 15 per cent of our water withdrawal was from these water-stressed areas and we work proactively to minimise our impact on these local water systems. For example, at our Bengaluru site in India, we use groundwater from wells that is pre-treated at our sites before it is used in our manufacturing processes to minimise the burden on municipal fresh water supplies. The site also recirculates purified wastewater for irrigation in the local community.

Just above 50 per cent of all our sites report a reduction withdrawal in 2023. This was achieved through projects to improve process efficiency. Read about local water saving initiatives at our sites in India and Italy in the Case story on page 26.

In the 2023 submission, Recipharm scored B- on CDP Water Security.

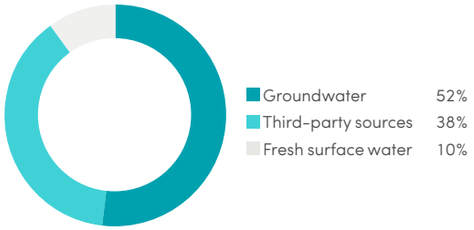
Our work in 2024 and beyond

- We plan to develop targets for our sites in water-stressed areas.

Water challenges and how we overcome them

- Measuring water consumption at some sites is a challenge and we are working to improve our data reporting.
- Some sites use chemicals that cannot be discharged into municipal wastewater drains. We operate wastewater treatment plants on some of our sites.
- We will focus on sites in water-stressed areas to prepare for anticipated stricter water regulations.

WATER WITHDRAWAL



WATER, m³ [1]

	2023	2022	2021
Total water withdrawal, m³	1,990,498	2,024,688	2,131,645
Withdrawal from water scarce areas, % [2]	15	14	14
Total water discharge, m³	1,776,971	1,740,695	1,905,079

[1] Sites divested or closed in 2023 are not included in the 2023 and 2022 data; 2022 data may differ from 2022 report.
[2] Defined as >3 in the WWF Water risk filter.

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CASE STORY

Driving water efficiency in India and Italy

Recipharm's sites work locally to minimise water use in their operations. The Bengaluru site in India and the Pianezza site in Italy have made particularly good progress in recent years.

The Bangalore site in India and Pianezza site in Italy work proactively with water efficiency measures.

Long-term action on water efficiency at Bengaluru, India

The WWF Water Risk Filter identified Recipharm's operations in India as being situated in an area of water scarcity in 2022. Before this, the site had already worked with water efficiency through various water-efficiency measures to minimise its impact on the local water system for many years.

"We have made good progress on water efficiency in recent years," explains Kotresha Ajjappa, Assistant Manager EHS in Bengaluru. "Through various OPEX initiatives, our site has realised cumulative savings of more than 300,000 m^3 of water and cumulative cost savings to over €1.5 million since 2016."

Recipharm's production, engineering, EHS and field OPEX functions collaborate in cross-functional teams to realise water saving initiatives. These recent initiatives include utilising steam condensate water to feed the boiler, optimising the clean in place (CIP) cycle time and the harvesting of rainwater.

The Bengaluru site has adopted standardised approaches in the implementation of each water saving initiative, leading to the implementation of best practices routines across the site.

Saving water through optimised cleaning at Pianezza, Italy

Recipharm's site in Pianezza was not identified as a water-scarce area by the WWF Water Risk Filter, but the area is still subject to local requirements and regulations on water usage and has made good progress on water efficiency.

One of the initiatives implemented at Pianezza has not only resulted in a decrease in water usage but also reduced greenhouse gas emissions and financial costs. The site collaborated with two customers on a project to reduce the number of cleaning stops between production lines while maintaining quality standards.

"We trialled a new cleaning process in 2022 that halved the need to clean our tanks, which reduced production time, energy usage and the related expenses," says Davide Jaretti Sodano, HSE Manager at Pianezza. "In May 2023, we expanded the project to increase the number of batches produced between each tank cleaning."

The expanded project in 2023 reduced the frequency of the cleaning process when producing the same product – from after every batch to every six batches between May and August 2023. The new processes were validated by both the site's quality team and customers to show no impact on product quality.

The Pianezza team aims to further extend the project to all products manufactured on two of its production lines to annually save 1,200,000 litres of water and decrease greenhouse gas emissions by almost 60 per cent, while reducing costs and natural gas usage across both lines.

"This project has been a great success with our current customers, we are now planning to implement it across all oral liquid production lines for more customers," concludes Sodano.

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FOCUS AREA

Drive safe and ethical business

We drive responsible production by promoting employee health and safety, diversity and inclusion, business ethics and governance, and supply chain management throughout our business.

As Recipharm's pharmaceutical development and manufacturing services can affect the lives, health and well-being of its employees and stakeholders, we must not only comply with laws and regulations, but also work to ensure responsible and ethical behaviour throughout our value chain. Through our work with driving a safe and ethical business, we take responsibility for our impact.

In close collaboration with HR representatives at all our sites, we have worked to streamline definitions and align local reporting requirements to our central KPIs. This work continued in 2023 to ensure we are prepared to meet increasing requirements on reporting and transparency.

EMPLOYEES

	Sweden	Germany	France	Italy	Spain	UK	Portugal	India	USA	(Other[1])	Total
Men	336	475	366	369	199	918	256	1,058	150	13	**4,140**
Women	378	503	350	483	218	545	304	375	96	17	**3,268**
Total	**714**	**978**	**716**	**852**	**417**	**1,463**	**560**	**1,433**	**246**	**30**	**7,409**

	Permanent employees	Temporary employees	Leased employees
Men	3,633	157	351
Women	2,685	168	415
Total	**6,318**	**325**	**766**

[1] Israel, Switzerland.

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DIVERSITY AND INCLUSION

Our approach

All employees are expected to abide by our Code of Conduct, which states that we are not to discriminate based on gender, sexual preference, age, religion, ethnicity, or skin colour. All our employees must be treated with respect and dignity and offered equal opportunities for personal development and advancement. Our diversity and inclusion (D&I) activities are managed on a site level to ensure they are aligned with local needs and expectations.

Relevant KPI

- KPI/goal to be developed.

Progress in 2023

At the end of 2023, 2 of 11 C-suit employees were women and one of our six members of the Recipharm Board of Directors was female.

Around a third of our extended management team positions were held by women.

We extended our employee engagement survey in 2023 to invite all permanent Recipharm employees to respond[1]. This involved 5,600 production and non-production employees during the year, compared with 2,500 non-production workers in 2022. Overall, 84 per cent of these employees completed the survey and 65 per cent responded that Recipharm is positive to diversity and inclusion, which was 3 per cent higher than the industry benchmark. D&I was among the highest rated topics in the survey and was perceived as a key strength for Recipharm.

During the year, we had numerous ongoing local activities to promote diversity and inclusion around the world. This included improving how we recruit and onboard from a D&I perspective in Sweden. At our site in Höganäs in Sweden, we also provided a half-day training session on 'employeeship', which discussed inclusion as an example of Recipharm's new corporate value – 'Respect'. This value was introduced during the year and encourages our people to show respect for patients, colleagues, customers, the environment and all our stakeholders in our daily work. We want to empower people by respecting and appreciating them regardless of age, gender, ethnicity, disability, sexual orientation, religion, and national origin.

In the US, D&I activities included an event to celebrate women working in STEM (sciences, technology, engineering, mathematics), mandatory annual education about harassment for all employees and the introduction of a 'floater holiday' where employees can choose holiday related to their beliefs to take off during the year.

Our work in 2024 and beyond

In 2024, we plan to define D&I KPIs for the Group. We will investigate the potential to launch global initiatives that encourage D&I activities that are relevant to our local markets.

Diversity and inclusion challenges and how we overcome them

We have a limited global overview due to our local approach. However, this will gradually improve as we become a more centralised organisation.

7,409
Total number of full-time employees

[1] Except employees in India.

EMPLOYEE DEPARTURES AND EMPLOYEE TURNOVER, 2023

	Departures	Rate per total permanent employees
Voluntary	652	10%
Involuntary	187	3%
Total	**839**	**13%**

DIVERSITY OF GOVERNANCE BODIES AND EMPLOYEES

	Female	%	Male	%	Total
Board members	1	16.7	5	83.3	**6**
Executive committee	1	12.5	7	87.5	**8**
Total	**2**		**12**		**14**

Distribution of employees by age group	
>30 years	1,282
30–50 years	4,109
<50 years	1,927

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EMPLOYEE HEALTH AND SAFETY

Our approach

Recipharm aims to provide safe and engaging workplaces that protect labour rights and promote both the physical health and well-being of its employees. We implement EHS management systems and aim to certify all our sites according to the ISO 45001 occupational health and safety management system. ISO 45001 provides our sites with a robust risk management process framework that helps them to identify hazards and conduct safety risk assessments to mitigate risks as much as possible.

All our sites have dedicated health and safety professionals who help ensure compliance with the relevant requirements in their country. They also provide advice and guidance to assure employees understand these requirements and how they are managed within the occupational health and safety management system. Health and safety initiatives are part of the daily continuous improvement work throughout our operations.

Employee health and safety engagement

Employee health and safety training is part of our onboarding process. Our site teams engage with employees on health and safety through various channels and activities. Our global EHS team holds regular forums with our health and safety representatives, conducts campaigns to share knowledge and raises awareness of health and safety topics. Some of our global town hall meetings also cover health and safety.

Promoting worker health

Worker health is promoted at site level through various programmes designed to encourage health and well-being. At some sites, this has started to include a focus on mental health as part of our work to build resilience in the workforce.

WORK-RELATED INJURIES

	2023		2022	
	Employees	Workers who are not employees but whose work and/or workplace is controlled by Recipharm	Employees	Workers who are not employees but whose work and/or workplace is controlled by Recipharm
Number of lost-time accidents	39	3	86	5
Lost-time accident rate [1]	2.89	–	6.49[3]	–
Fatalities as a result of work-related injury [2]	0	0	0	0
Fatality rate	0	0	0	0
Hour worked 2023	13,493,687		13,260,047	

[1] The lost-time accident rate covers recordable work-related injuries. The rate is per million hours worked. The total number of working hours for Recipharm was 13,493,687.
[2] There were no work-related fatalities in the reporting period. Information is not available on independent contractors.
[3] Lost-time accident rate 2022 has been adjusted compared to last year's report to reflect an adjustment in the hours worked in the year.

TRAINING AND SKILLS DEVELOPMENT

Performance and career development reviews	
Men	59.7%
Women	54.3%

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Relevant KPI

- 50 per cent reduction of lost time accidents compared with the previous year.

Progress in 2023

Our lost-time accident rate for employees was 2.89 per million hours worked in 2023, compared with 6.49 in 2022. This represented a 51 per cent reduction in the lost time accident rate compared to the previous year. This improvement was promoted by stepping up our work with safety through various activities.

At year end, 21 manufacturing operations out of 35, representing 60 per cent of Recipharm, had a certified ISO 45001 health and safety management system in place. In 2023, two of our sites became certified to ISO 45001, the Monheim and Zwickau sites in Germany. The global ambition is to have a newly acquired site certified within two years.

During the year, a total of 39 lost-time accidents were reported. Fortunately, these only involved minor injuries. An analysis of these accidents enabled us to develop two core reduction campaigns – one covering 'slips, trips and falls' and the other focusing on muscular skeletal disorders predominately associated with manual handling.

To ensure a consistent approach to health and safety for all employees throughout the Group, a Global Health and Safety Policy was launched in 2023. We also introduced global health and safety standards, which outline mandatory requirements for all sites and are supported by good health and safety practices. In addition, visual displays to communicate good health and safety practices were rolled out to raise everyday awareness of safety risks among employees.

The 'Safety starts with me' initiative was launched in 2023 to drive our culture of personal responsibility to prevent harm to oneself or others. The initiative is supported by a roadmap that clearly sets targets to achieve zero lost-time accidents in 2025. We held a Safety Week across the Group in 2023 to raise awareness of safety and increase safety consciousness among employees (read the Case story on page 33).

Our work in 2024 and beyond

- We have set a maximum Lost Time Incident Rate of 0.2 by 2025 (LTIR as defined by OSHA)
- Focus on employee reporting of 'good catches', which are potentially hazardous situations that have not yet become a near miss or potentially hazardous situation, to significantly reduce accidents.
- With many organisational changes planned, our focus in 2024 will be on keeping our attention on health and safety during these periods of change.

Health and safety challenges and how we overcome them

- Promoting a safety reporting culture at our manufacturing sites that includes reporting even small safety risks related to minor injuries. We are working to improve our near miss incident reporting to allow all employees to spot and report potential hazards.
- Some white-collar employees not based at manufacturing sites are not part of our formal EHS management systems.

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BUSINESS ETHICS

Our approach

Operating in an ethical manner with a holistic approach to responsibility for all aspects of our business is an essential part of our sustainability work. EHS is part of our sustainability work at all our sites as we aim to ensure we operate responsibly. Our Code of Conduct covers our main policy commitments that guide how our employees and our suppliers work. Recipharm employees can report suspected misconduct through our Whistleblowing Hotline.

Our sustainability approach is based on various internationally recognised principles on human rights, including the International Labour Organisation (ILO) core conventions, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption.

All our employees are welcome to organise themselves or join unions. At the end of 2023, 58 per cent of our permanent employees globally were covered by collective bargaining agreements.

The Global Compact has inspired our sustainability work since its launch in 2000, and we have been a participant since 2016. Based on these international guidelines, our Code of Conduct regulates our approach to business ethics and relations with employees, customers, suppliers, authorities, competitors and other stakeholders.

Relevant KPIs

- No major deviations on ISO audits.
- >95 per cent of sites have ISO 14001 and ISO 45001.
- >95 per cent completion of assigned compliance training.
- 100 per cent of suppliers assessed on sustainability topics as part of on-site quality audits.
- 100 per cent of suppliers have accepted the Recipharm Code of Conduct.

Progress in 2023

In 2023, we launched a new global Whistleblowing Policy and Whistleblowing Hotline with local channels that are in accordance with the EU Whistleblowing Directive. The hotline is available to employees and consultants on the Recipharm intranet, and to suppliers on the internet. The hotline is managed by a third party to ensure anonymity under the leadership of Recipharm's Chief Compliance Officer as per the Whistleblowing Policy. Appropriate measures are defined and followed-up on a case-by-case basis.

A Speak Up campaign was run during the year with a mandatory e-training on whistleblowing. The training is practical with real life examples to raise awareness of the importance of speaking up when employees suspect breaches in compliance. 90 per cent of our employees have regular internet access, but training is ongoing and we do not have the final number of employees having completed the training. Due to the greater employee awareness, six incidents were raised where three were actual compliance incidents. All three are properly investigated and closed as per our whistleblowing process.

There were no report of corruption incidents in 2023.

In 2023, the Recipharm Code of Conduct was revised and will be made available in the first half of 2024, along with a new Anti-Corruption and Anti-bribery Policy. We also began an assessment into the need for an updated Supplier Code of Conduct during the year.

Our work in 2024 and beyond

- New Code of Conduct and Supplier Code of Conduct will be launched in the first half of 2024.
- New Anti-Corruption and Anti-bribery Policy will be launched in the first half of 2024.
- Code of Conduct mandatory training will be run throughout 2024.
- A new policy, systems and processes on third-party due diligence will be developed in collaboration with the procurement team.

Business ethics challenges and how we overcome them

Our employees have historically reported few suspected ethical behaviours, partially due to limited opportunities to report business ethics topics in a formalised way. However, the creation of local channels and the promotion of our whistleblowing training in 2023 are expected to promote whistleblowing throughout the company.

COLLECTIVE BARGAINING AGREEMENTS

	Italy	Sweden	France	Portugal	Spain	Germany
Percentage of total employees covered by collective bargaining agreements	100.0%	99.9%	99.8%	1.8%	100.0%	78.1%

CONTENTS

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

As a major employer and taxpayer, Recipharm creates significant direct economic value in the markets in which it operates.

Revenue refers to our total sales, which is net sales of products and services and other operating income, in accordance with our Revenue recognition terms. Economic value distributed includes cost of goods sold, and selling and general administration expenses. These costs also include non-recurring items and depreciation and amortisation expenses. Economic value retained refers to Group EBITDA excluding non-recurring items.

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED, 2023 (MILLION €)[1)]

Economic value generated	**1,321.55**
Economic value distributed	**-1,099.13**
Operating costs	-735.84
Employees wages and benefits	-440.48
Other non recurring items	77.19
Economic value retained	**222.42**

[1)] Our small development team that is partly owned is not included in our sustainability reporting as it is judged to have no material impact. However, this small development team is included in our financial reporting.

SUPPLY CHAIN MANAGEMENT

Our approach

We strive to ensure that suppliers understand and comply with the requirements of our Supplier Code of Conduct in terms of providing safe working conditions and avoiding environmental damage. We have around 6,000 suppliers around the world. Our audit team works with our suppliers of GMP materials. Each year, approximately 200 suppliers require (re-)qualifications and need to be audited on site.

During an audit, the supplier's environmental, social, health and safety criteria are rated by the auditor with our supplier sustainability data reporting tool, Position Green. Suppliers receive either a low score between 0–139 (rating 3), a medium score between 140–184 (rating 2) or a high score is between 185–283 (rating 1). Recipharm may not continue to work with suppliers with a rating 3 if they do not improve their business.

Relevant KPI

- KPI/goal to be developed.

Progress in 2023

Most of our suppliers had adopted our Supplier Code of Conduct by the end of the year. The rest complied with their own equivalent compliance standards that have been approved by Recipharm.

A new Group-wide supplier evaluation process was launched in 2023. The process is based on quality audits and includes sustainability topics. In 2023, 94 supplier audits in 19 countries on three continents were conducted by our supplier audit team and included a sustainability assessment. 28 of these are still pending the supplier response, auditor verification or final review from the auditor.

The supplier ratings were:

- Rating 1: 29 per cent
- Rating 2: 59 per cent
- Rating 3: 12 per cent

88 per cent of our suppliers were rated in the top two categories, which is a good result across our supply chain that includes APIs and excipients, packaging materials, contract laboratories and manufactures. This is an improvement compared with the previous year.

We are not aware of any material environmental or social non-compliance issues among our suppliers during 2023.

For several years, Recipharm has provided customers with carbon footprint calculations – primarily through the CDP platform, but also by responding to specific requests. This data has historically been calculated through a spend-based approach. In 2023, our site in Lisbon developed a way to calculate an activity-based method for our site emissions for specific products. This was our first test of its kind, and we will validate it internally before implementing it at more sites. Data from suppliers is required to calculate a full carbon footprint, but this data has not yet been obtained from suppliers.

Going forward, we will collaborate more with customers when reaching out to suppliers to request data on their emissions or other sustainability topics together.

Our work in 2024 and beyond

- Establishment of a new policy, systems, and processes on third-party due diligence.
- Review our Supplier Code of Conduct and implement a system to monitor supplier compliance.
- We will consider using a supplier rating tool to better track the sustainability performance of suppliers.
- The potential to offer customer climate calculations at more sites will be investigated.

Supply chain management challenges and how we overcome them

- Customers often require us to use specific suppliers. We try to ensure all suppliers work according to our standards.
- In the pharma industry, suppliers of ingredients for a product are registered in the product's dossier in the markets where it is sold. Changing a material or a supplier can therefore be a long administrative process.
- In some rare cases, we might depend on single suppliers for particular products. This is part of a general challenge for the pharmaceutical supply chain.

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CASE STORY

Recipharm's first global Safety Week

To promote its long-term target of zero lost time accidents, Recipharm held a dedicated Safety Week in October under the broader 'Safety starts with me' programme.

"With employee health and safety being our top priority, the aim of our first ever Group-wide Safety Week was to raise awareness of safety matters that are relevant to each workplace," says Jo Ward, Operations EHS Manager. "Each site arranged their own activities during the week to ensure that we focused on locally relevant topics in a way that engaged everyone."

The 'Safety starts with me' programme is Recipharm's overarching approach to occupational health and safety that involves empowering each employee to take responsibility for their own safety and that of their colleagues. Safety Week is just one initiative that is part of the programme.

Local activities and making 'good catches'

Site activities included various competitions and training sessions that focused on topics such as first aid, with two sites even taking colleagues through what to do in the event of an earthquake, which is an identified risk for these sites. Many activities had a focus on campaigns to identify site-specific health and safety risks and concerns – including the importance of wearing personal protective equipment (PPE), substance handling, manual handling, and avoiding slips, trips and falls.

A common theme that emerged from employee feedback was the importance of noticing, reporting and resolving 'good catches', which are potential hazards that could lead to harm if left unreported. Increasing employee awareness of 'good catches' will be a key focus area in 2024, together with safety walks, audits and team campaigns.

Encouraging messages from Recipharm's management were published on the company's intranet throughout the Global Safety Week. Such messages emphasised the fact that health and safety is not just limited to one single week but must be an ongoing focus every day.

"After the success of our Safety Week in 2023, we intend to organise a similar week every year going forward," concludes Ward. "Engaging directly with our colleagues on safety topics through these kinds of initiatives will be a key part of our work towards zero lost time accidents."

Recipharm plans to organise a safety week every year going forward.

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FOCUS AREA

Enable good health

As a leading CDMO, we provide high-quality and safe medicines and vaccines to people all around the world who need them. We also run modern manufacturing sites that meet stakeholder expectations on contributing towards global health by minimising emissions and pollution.

PRODUCT QUALITY AND SAFETY

Our approach

We operate in a strictly regulated market that is designed to safeguard public health and safety. Product quality is important from a sustainability perspective as it was one of the aspects identified as material in our materiality assessment. Our global quality organisation works to ensure we have the same level of quality throughout the Group. Through well-developed processes, including GMP certificates, we help our customers to meet all the necessary regulatory standards related to product quality and safety. Recipharm operational excellence teams partner with quality teams to implement methodologies and tools and to strive for continuous improvements in operations. In 2023, we continued our work with operational excellence and hired several experienced OPEX managers at our sites.

Relevant KPI

- ≤ 0.15 deviations per batch.

Progress in 2023

The deviation rate per batch for the year was 15 per cent, which is comparable with last year. There has been some good improvements at some sites, such as Monheim and Zwickau in Germany and Masate in Italy. Work with quality included a more stringent root cause analysis based on the 8D problem solving methodology, which was launched at all sites with the support of operational excellence teams. The methodology is an ongoing process to investigate systematically critical deviations and major reoccurring deviations.

We improved cooperation between our operational excellence teams and our production, quality, and engineering teams on product robustness. This cooperation took place on site level according to Group guidance.

A corporate quality management system was adopted at Group level together with corporate policies and global procedures to further standardise our quality processes. Quarterly quality management meetings involving local and global quality management were also initiated. The meetings share best practices among sites and lessons learned from inspection outcomes and major quality topics.

In addition, a global quality dashboard was deployed to measure, monitor, and align on quality KPIs. The dashboard is used on a site level to drive performance.

Our work in 2024 and beyond

- Continue to provide training and coaching on complex root cause analyses with the aim of strengthening the structured investigation process within operations.
- Implement action to further reduce the number of deviations per batch by focusing on certain sites where improvements can be made.
- Internal quality corporate audits will commence globally from Q1 to ensure GMP compliance and support inspection readiness.

Product quality and safety challenges and how we manage them

Despite our limited influence as a contract manufacturer, we try to influence our customers and partners to further promote quality and safety where possible.

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ANTIMICROBIAL RESISTANCE (AMR)

Our approach

AMR is the ability of microorganisms to resist antimicrobial treatments, especially antibiotics. The World Health Organisation (WHO) has declared that AMR is among the top global public health threats facing humanity.

AMR is a serious global health and development threat that we take seriously. Recipharm has eight sites that produce at least one product on the AMR Industry Alliance's product list and perceives AMR as one of its high-priority topics. Each of our relevant sites have conducted an AMR risk assessment and work actively to minimise the release of antibiotic waste into the environment and wastewater in particular. Our long-term aim is to certify all our concerned sites to the AMR Industry Alliance's Antibiotic Manufacturing Standard. The timeline for this depends on requirements from our customers and will be developed.

Relevant KPI

- AMR Industry Alliance standard compliance for concerned sites.

Progress in 2023

Our Strängnäs site in Sweden has worked to implement processes to become certified to the AMR Industry Alliance's Antibiotic Manufacturing Standard throughout 2023. Read more in the Case story on page 36.

Some of our sites working with antibiotic ingredients had AMR controls in 2023. No material concerns were identified during the year.

Our work in 2024 and beyond

- Investigate the need for more sites to be certified to the AMR Industry Alliance's Antibiotic Manufacturing Standard.
- Continue our AMR project to ensure low levels of antimicrobial products in our wastewater discharges.

AMR challenges and how we manage them

Our operations have comprehensive procedures and controls to avoid releasing antibiotic waste into the environment.

SUPPORT ACCESS TO MEDICINES AND VACCINES

Our approach

We provide developing, emerging, and industrial countries with medicinal products to support patients through our customers and partners all around the world. We have invested in and are providing knowledge and expertise to the Marbio Public Private Partnership, in Morocco, as part of a joint venture that will produce vaccines for Morocco and the entire African continent from 2024. When operational, the Marbio facility will manufacture biological products – mainly vaccines.

Relevant KPI

- KPI/goal to be developed.

Progress in 2023

In 2023, the first production line at the Marbio site was qualified and began the commissioning process. During the year, Recipharm supported the site as a strategic partner by providing engineering and facilities management knowhow.

Our work in 2024 and beyond

We will continue to support access to vaccines and medicines wherever and whenever possible through projects with customers and through continued participation in our joint ventures. The Marbio facility will begin producing products in 2024 on its first production line. The plan is to also qualify its second and third lines to gradually ramp up production.

Challenges related to access to medicines and vaccines and how we manage them

We have limited influence as a contract manufacturer. But we seek to use our influence in the value chain to improve access to medicines and vaccines by working with our partners.

CONTENTS

CASE STORY

Recipharm site aims for new antibiotic manufacturing standard certification

Recipharm's site in Strängnäs is aiming to be among the first CDMO sites in the world to be certified to the AMR Industry Alliance's Antibiotic Manufacturing Standard.

"We take the risk of antimicrobial resistance seriously and we are doing everything we can to help minimise the risk of aquatic toxicity in the environment and the spread of AMR," says Eric Gustafsson, Strängnäs Site Manager.

Over one million times lower than requirements

The Strängnäs site in Sweden manufactures antibiotics and has a long history of measuring its wastewater for traces of active antibiotic ingredients. This involves taking week-long samples four times a year that are assessed by a third party and are reported to the local authorities. These measurements have been part of the facility's ISO 14001 certification and will form the basis for its certification to the AMR Industry Alliance's Antibiotic Manufacturing Standard.

"With historical samples of over one million times lower than the requirements when we assess the final concentration in the receiving waters based on our discharges from the site effluents, we have actually always been well within the requirements of the AMR Industry Alliance's Antibiotic Manufacturing Standard," explains Gustafsson. "All Recipharm sites follow the same strict procedures to minimise traces of active antibiotic ingredients."

Comprehensive procedures to contain antibiotic ingredients

These procedures include covering drains and collecting all material from areas used to handle and manufacture antibiotic ingredients to ensure they are fully contained and that nothing is released. All gloves, clothing and materials used for dry and wet cleaning are correctly processed by specialist waste circularity companies. It is also essential to ensure that all employees are properly trained on Recipharm's antibiotic ingredient procedures and that they correctly follow the instructions.

The Strängnäs site will be one of the first CDMO sites in the world to undergo an AMR audit in March 2024.

All Recipharm sites that deal with antibiotic active ingredients follow the same strict procedures.

Avoiding antibiotic discharges in Italy

Recipharm's Brescia and Masate sites in Italy also work to mitigate the risk of antibiotic ingredients being discharged into the environment. Following a customer request in 2020, the Masate site conducted a mass balance analysis to calculate the loss of antibiotic ingredients during production, which showed very low losses.

In 2023, both sites completed third-party measurements of their wastewater discharges that concluded that quantities of antibiotic ingredients were below measurable levels. Brescia and Masate work proactively with employee training and on minimising the quantities of antibiotics entering their wastewater systems. As a precaution, the sites recover water used to wash equipment that has been in contact with antibiotics and apply sodium hydroxide to destroy any potential antibiotic ingredients in their wastewater to ensure no antibiotics are discharged.

Other information

GRI index

Recipharm AB has reported on its activities, inspired by the GRI Standards, for the period 1 January 2023 to 31 December 2023.
The standard that has been used is GRI 1: Foundation 2021.

GENERAL DISCLOSURES

GRI Standard Title	Disclosure		Location/ Comment	Omission: Requirement(s) omitted	Omission: Reason	Omission: Explanation
The organization and its reporting practices						
	2-1	Organizational details	9, 13, 43			
	2-2	Entities included in the organization's sustainability reporting	2			
	2-3	Reporting period, frequency and contact point	2			
	2-4	Restatements of information	2			
	2-5	External assurance	42			
Activities and workers						
	2-6	Activities, value chain, and other business relationships	3, 6–9, 13			
	2-7	Employees	27–30			
	2-8	Workers who are not employees		Recipharm does not report on workers who are not employees.	Not applicable.	Workers who are not employees are not material to Recipharm.
Governance						
	2-9	Governance structure and composition	11–13			
	2-10	Nomination and selection of the highest governance body		Information is not public.	Confidentiality constraints.	Recipharm is not a public company and does not report in accordance with related requirements in the Swedish Annual Accounts Act and the Swedish Code of Corporate Governance.
	2-11	Chair of the highest governance body	11			
	2-12	Role of the highest governance body in overseeing the management of impacts	11			
	2-13	Delegation of responsibility for managing impacts	13			
	2-14	Role of the highest governance body in sustainability reporting	11			
	2-15	Conflicts of interest		Information is not public.	Confidentiality constraints.	Recipharm is not a public company and does not report in accordance with related requirements in the Swedish Annual Accounts Act and the Swedish Code of Corporate Governance.
	2-16	Communication of critical concerns	13			
	2-17	Collective knowledge of the highest governance body	11			
	2-18	Evaluation of the performance of the highest governance body	11			
	2-19	Remuneration policies		Information is not public.	Confidentiality constraints.	Recipharm is not a public company and does not report in accordance with related requirements in the Swedish Annual Accounts Act and the Swedish Code of Corporate Governance.
	2-20	Process to determine remuneration		Information is not public.	Confidentiality constraints.	Recipharm is not a public company and does not report in accordance with related requirements in the Swedish Annual Accounts Act and the Swedish Code of Corporate Governance.

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GENERAL DISCLOSURES CONT.

GRI Standard Title	Disclosure		Location/ Comment	Omission: Requirement(s) omitted	Omission: Reason	Omission: Explanation
	2-21	Annual total compensation ratio		Complete information from the sites is missing.	Information unavailable.	Recipharm will prepare to be able to report in time for the implementation of CSRD/ESRS.
Strategy, policies and practices						
	2-22	Statement on sustainable development strategy	4			
	2-23	Policy commitments	11, 13–14, 21, 28, 30–32			
	2-24	Embedding policy commitments	13			
	2-25	Processes to remediate negative impacts	13–14			
	2-26	Mechanisms for seeking advice and raising concerns	13			
	2-27	Compliance with laws and regulations	23			
	2-28	Membership associations	13			
Stakeholder engagement						
	2-29	Approach to stakeholder engagement	17, 31–32			
	2-30	Collective bargaining agreements	31			
Material Topics						
	3-1	Process to determine material topics	17			
	3-2	List of material topics	17			

SPECIFIC DISCLOSURES - GRI 200: ECONOMIC

GRI Standard Title	Disclosure		Location/ Comment	Omission: Requirement(s) omitted	Omission: Reason	Omission: Explanation
GRI 201: Economic performance 2016						
	3-3	Management of material topics	13, 32			
	201-1	Direct economic value generated and distributed	32			
GRI 205: Anti-corruption 2016						
	3-3	Management of material topics	13			
	205-2	Communication and training about anti-corruption policies and procedures	31			
	205-3	Confirmed incidents of corruption and actions taken	31			
GRI 206: Anti-competitive behaviour 2016						
	3-3	Management of material topics	13			
	206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	No incidents in 2023.			

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SPECIFIC DISCLOSURES – 300: ENVIRONMENTAL

GRI Standard Title	Disclosure		Location/ Comment	Omission: Requirement(s) omitted	Omission: Reason	Omission: Explanation
GRI 302: Energy 2016						
	3-3	Management of material topics	13, 19			
	302-1	Energy consumption within the organization	19			
GRI 303: Water and Effluents 2018						
	3-3	Management of material topics	13, 25			
	303-1	Interactions with water as a shared resource	25			
	303-2	Management of water discharge-related impacts	25			
	303-3	Water withdrawal	25			
	303-4	Water discharge	25			
GRI 305: Emissions 2016						
	3-3	Management of material topics	13, 20–21			
	305-1	Direct (Scope 1) GHG emissions	20			
	305-2	Indirect (Scope 2) GHG emissions	20			
	305-3	Other indirect (Scope 3) GHG emissions	20			
	305-5	Reduction of GHG emissions	20			
GRI 306: Waste 2020						
	3-3	Management of material topics	13, 23–24			
	306-1	Waste generation and significant waste-related impacts	23–24			
	306-2	Management of significant waste-related impacts	23–24			
	306-3	Waste generated	23			
	306-4	Waste diverted from disposal	23			
	306-5	Waste directed to disposal	23			
GRI 308: Supplier environmental assessment 2016						
	3-3	Management of material topics	13, 32			
	308-1	New suppliers that were screened using environmental criteria		Complete information from central procurement is missing.	Information unavailable.	Recipharm is working to have a global monitoring in place.
	308-2	Negative environmental impacts in the supply chain and actions taken	32			

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SPECIFIC DISCLOSURES - 400: SOCIAL

GRI Standard Title	Disclosure		Location/ Comment	Omission		
				Requirement(s) omitted	Reason	Explanation
GRI 401: Employment 2016						
	3-3	Management of material topics	13, 28			
	401-1	New employee hires and employee turnover	28			
GRI 403: Occupational Health and Safety 2018						
	3-3	Management of material topics	13, 29–30			
	403-1	Occupational health and safety management system	29–30			
	403-2	Hazard identification, risk assessment, and incident investigation	29–30			
	403-3	Occupational health services	29–30			
	403-4	Worker participation, consultation, and communication on occupational health and safety	29–30			
	403-5	Worker training on occupational health and safety	29–30			
	403-6	Promotion of worker health	29–30			
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	29–30			
	403-8	Workers covered by an occupational health and safety management system	29–30			
	403-9	Work-related injuries	29			
GRI 405: Diversity and equal opportunity 2016						
	3-3	Management of material topics	13, 27–28			
	405-1	Diversity of governance bodies and employees	28			
GRI 406 Incidents and discrimination and corrective actions taken 2016						
	3-3	Management of material topics	13			
	406-1	Incidents of discrimination and corrective actions taken	No incidents in 2023.			
GRI 414: Supplier Social Assessment 2016						
	3-3	Management of material topics	13, 32			
	414-1	New suppliers that were screened using social criteria		Complete information from central procurement is missing.	Information unavailable.	Recipharm is working to have a global monitoring in place.
	414-2	Negative social impacts in the supply chain and actions taken	32			

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Auditor's limited assurance statement on Recipharm AB's Sustainability Report for 2023

Auditor's Limited Assurance Report on Recipharm AB's Sustainability Report
To Recipharm AB, Corp. id. 556498-8425.

Introduction

We have been engaged by the Board of Directors and Executive Management of Recipharm AB to undertake a limited assurance engagement of Recipharm AB's Sustainability Report for the year 2023.

Responsibilities of the Board of Directors and the Executive Management

The Board of Directors and the Executive Management are responsible for the preparation of the Sustainability Report in accordance with applicable criteria, as explained on page 2 in the Sustainability Report, that are part of the Sustainability Reporting Guidelines published by GRI (The Global Reporting Initiative), that are applicable to the Sustainability Report, as well as the accounting and calculation principles that the Company has developed. This responsibility also includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or mistakes.

Auditor's responsibility

Our responsibility is to express a conclusion on the Sustainability Report based on the limited assurance procedures we have performed. Our assignment is limited to the historical information that is presented and does not cover future-oriented information.

We conducted our limited assurance engagement in accordance with ISAE 3000 (Revised), Assurance engagements other than audits or reviews of historical financial information. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report and applying analytical and other limited assurance procedures. A limited assurance engagement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

The firm applies International Standard on Quality Management 1 which requires that the firm establishes, implements, and maintains a system of quality control that includes and procedures and routines addressing compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of Recipharm AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The limited assurance procedures performed do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. The conclusion based on a limited assurance engagement does not provide the same level of assurance as a conclusion based on an audit.

Our procedures are based on the criteria defined by the Board of Directors and the Executive Management as described above. We consider these criteria suitable for the preparation of the Sustainability Report.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our conclusions below.

Conclusion

Based on the limited assurance procedures performed, nothing has come to our attention that causes us to believe that the Sustainability Report is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and the Executive Management.

Stockholm, April 24 2024
KPMG AB

DocuSigned by:
Håkan Reising
BEC84D3C7822401...

Håkan Olsson Reising
Authorized Public Accountant

DocuSigned by:
Karin Sivertsson
2D52551CA1BD49B...

Karin Sivertsson
Expert member of FAR

CONTENTS

Reporting entities

HEAD OFFICE
Recipharm AB
Box 603
101 32 Stockholm
Sweden

REPORTING SITES [1]
Kaysersberg Pharmaceuticals S.A.S.
23, Avenue Georges Ferrenbach
F-68240 Kaysersberg
France

Recipharm Monts S.A.S.
18, Rue de Montbazon
37260 Monts
France

Recipharm Pessac S.A.S.
11, Avenue Gustave Eiffel
Parc Industriel Bersol I
33608 Pessac, Cedex
France

Aesica Pharmaceuticals GMBH
Alfred-Nobel-Straße 10
D-40789 Monheim am Rhein
Germany

Aesica Pharmaceuticals GMBH
Galileistraße 6
D-08056 Zwickau
Germany

Vibalogics GmbH
Zeppelinstraße 2
27472 Cuxhaven
Germany

Wasserburger Arzneimittelwerk GmbH
Herderstrasse 2
83512 Wasserburg
Germany

Recipharm Pharmaservices Pvt, Ltd.
34th km, Tumkur Road
T. Begur, Nelamangala Taluk
Bengaluru – 562123
India

Recipharm Israel Ltd.
Nahal Snir 5
Yavne 8122442
Israel

Aesica Pharmaceuticals S.R.L.
Via Praglia, 15
10044 Pianezza (TO)
Italy

Biologici Italia Laboratories S.r.l.
Via F. Serpero, 2
20060 Masate (MI)
Italy

Edmond Pharma S.r.l.
Strada Statale del Giovi, 131
20037 Paderna Dugnano (MI)
Italy

Mitim S.r.l.
Via Cacciamali, 34
25125 Brescia
Italy

GenIbet Biopharmaceuticals S.A.
Edifício da BPU do iBET
Av. da República – Quinta do Marquês
2780-157 Oeiras
Portugal

Lusomedicamenta Sociedade Tècnica Farmacêutica S.A.
Estrada Consiglieri Pedros,69/B
Queluz de Baixo
2730-055 Barcarena
Portugal

Recipharm Leganés S.L.U.
Calle Severo Ochoa 13
Leganés 28914 (Madrid)
Spain

Recipharm Parets S.L.U
C/ Ramón y Cajal, 2
08150 Parets de Vallès
Spain

Recipharm Höganäs AB
Sporthallsvägen 6
263 34 Höganäs
Sweden

Recipharm Karlskoga AB
Box 410, Björkbomsvägen 5
691 27 Karlskoga
Sweden

Recipharm OT Chemistry AB
Virdings allé 18
754 50 Uppsala
Sweden

Recipharm Pharmaceutical Development AB
Gårdsvägen 10A
169 70 Solna
Sweden

Recipharm Strängnäs AB
Mariefredsvägen 35
645 41 Strängnäs
Sweden

Recipharm Uppsala AB
Rapsgatan 7
754 40 Uppsala
Sweden

Aesica Queenborough Ltd.
North Rd
Queenborough
Kent, ME11 5EL
United Kingdom

Bespak Europe Ltd.
Bergen Way
King's Lynn
Norfolk, PE30 2JJ
United Kingdom

Recipharm HC Limited
London Road
Holmes Chapel
Cheshire, CW4 8BE
United Kingdom

Arranta Bio MA, LLC
650 Pleasant Street
Watertown, MA 02472
USA

1414 Massachusetts Ave
Boxborough, MA 01719
USA

Recipharm Laboratories Inc.
511 Davis Drive, Suite 100
Morrisville, NC 27560
USA

Vibalogics US Inc.
1414 Massachusetts Ave
Boxborough, MA 01719
USA

[1] Our small device development team that is partly owned is not included in our sustainability reporting as it is judged to have no material impact. However, this small development team is included in our financial reporting.

Serious about sustainability

As a sustainability leader in the CDMO industry, we help customers to meet their sustainability objectives. We lead by example with a climate target approved by the Science Based Targets initiative and through continuously work to ensure our operations have the lightest footprint possible.

Recipharm