SUSTAINABILITY REPORT 2021

Recipharm

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The annual Sustainability Report 2021 has been prepared in accordance with the GRI Standards: Core option. Additionally, the report serves as Recipharm's Communication on Progress (CoP) Report to the UN Global Compact.

A TOP FIVE CDMO ON THE GLOBAL ARENA

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.

1,023
Net sales EUR million full year 2021

203
EBITDA EUR million full year 2021

8,800
Number of employees 2021

30+
Global presence: 30+ facilities in 10 countries

100+
Supplying more than 100 markets

27.2%
Reduced greenhouse gas emissions per employee 2021

NEW SUSTAINABILITY FOCUS AREAS TO DRIVE OUR HOLISTIC SUSTAINABILITY AGENDA

As I reflect on my first year as CEO of Recipharm, I am proud of our company's history of conducting business with the highest standards of ethics and integrity while proactively minimising the negative impacts of its operations.

At Recipharm, sustainability has long been at the heart of our business strategy. During the year, we stepped up our approach by organising our work around four new Sustainability Focus Areas. These areas reflect our holistic approach and are each tied to a specific UN Sustainable Development Goal to ensure our work is aligned with the international sustainability agenda. We are currently developing targets that will drive our work in the coming years.

We enable good health around the world as our business is focused on producing and delivering medicines to contribute to improvements in global health. We provide developing, emerging and industrial countries with over 680 medicinal products to support patients all around the world. We are also proud to be part of the AMR* Industry Alliance fighting to reduce the risk of antimicrobial resistance from manufacturing sites.

In our own operations, we work to promote a fair and equitable workplace. This involves implementing EHS management systems across our business and establishing ISO management systems to create transparency and governance on EHS topics. We also aim to promote responsible resource management and are working to reduce climate impact. We are ensuring that our greenhouse gas emissions are monitored and reported according to ISO, GRI, and CDP standards and that we actively work towards our target to source 85 per cent of our electricity from certified renewable sources by 2023.

Our long-term commitment to the UN Global Compact and its ten principles related to human rights, labour, environment and anti-corruption provide essential guidance to our approach to sustainability. This report constitutes our Communication on Progress (COP) to the Global Compact and its ten principles.

> During the year, we stepped up our approach by organising our work around four new Sustainability Focus Areas.

Stakeholder collaboration is another guiding star for our sustainability work at Recipharm. I am looking forward to continuing to create value together with our employees, customers, communities, suppliers and investors in the coming year.

Marc Funk, CEO of Recipharm

* Antimocrobial resistance

OUR BUSINESS FOCUS 2021

In 2021, we reorganised our business around three clear Business Areas.

STERILE FILL & FINISH

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

ORAL SOLID DOSAGES

Development and manufacturing solutions for oral delivery of medicines

ADVANCED DELIVERY SYSTEMS

Drug/device combinations targeting inhalation and injectables

During 2022, we acquired biologics facilities to broaden our network and meet the growing customer need in this area.

SUPPORTING OUR CUSTOMERS THROUGHOUT THE VALUE CHAIN

Our end-to-end development and manufacturing services – from preclinical development to commercial supply – help customers to manage complexity and meet their sustainability objectives.

Helping our customers achieve their sustainability objectives

We understand that the services we provide to our customers contribute to their supply chain sustainability impacts and 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. We are also working on projects to find ways to reduce our own scope 3 emissions from propellant gases for inhalers, and to work with our suppliers towards our sustainability targets.

Driving sustainability throughout the value chain

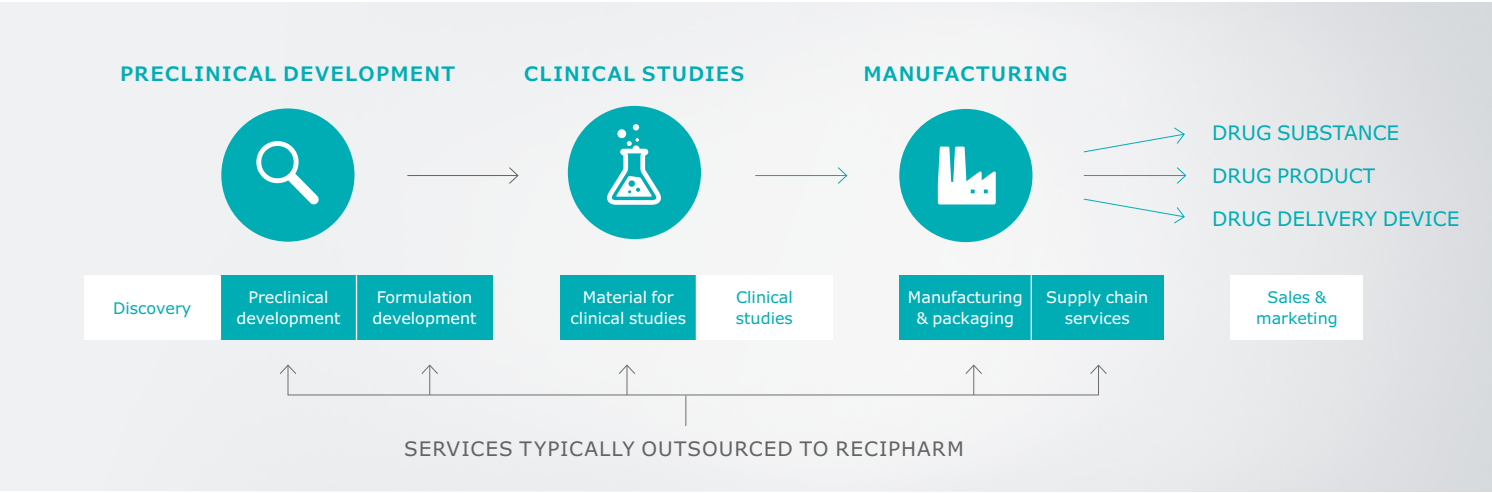
Our services throughout the value chain can help our customers to meet their sustainability objectives.

Preclinical development

Our team has extensive experience in medicinal chemistry and can help to optimise the development of synthetic routes and analytical methods in drug substance development. The preclinical development stage is essential to reduce emissions and environmental impact by designing in more sustainable processes and chemicals from the outset.

Formulation development

Improving a drug product's efficacy and performance through formulation development can help avoid 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.



Material for clinical studies

We offer comprehensive 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.

Manufacturing & packaging

We work actively to minimise the environmental and social impacts related to our operations – for example through our site-level continuous improvement work related to ISO 14001 environmental management and ISO 45000 occupational health and safety standards. We develop more sustainable packaging solutions together with our customers.

Supply chain services for drug substances, drug products and devices

Through our global supplier network and supply chain expertise, we offer online vendor-managed inventory (VMI) solutions to facilitate customer stock and distribution activities. These solutions can reduce environmental impact and emissions by optimising logistics and distribution while reducing costs for our customers.

OUR GLOBAL PRESENCE MEETS LOCAL NEEDS

With 30+ facilities in 10 countries, our global presence can meet any local customer requirement.

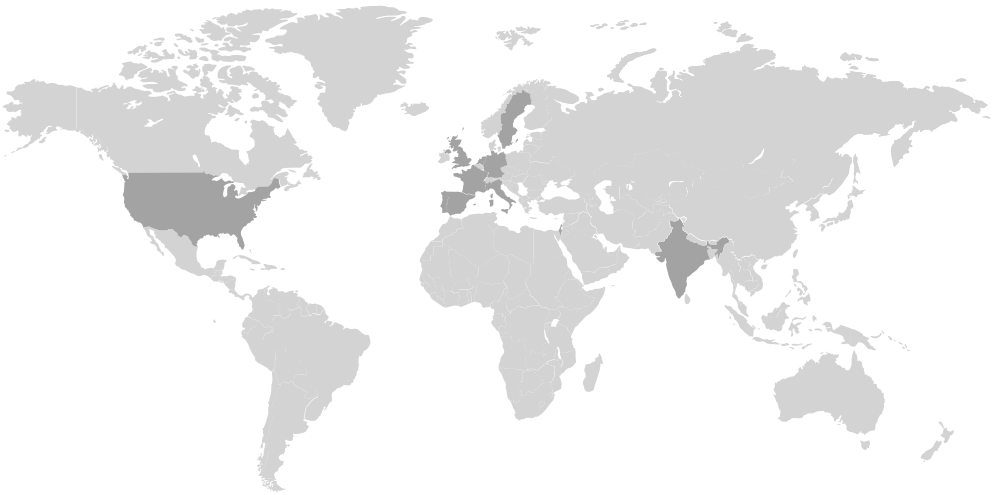
Our various facilities around the world specialise in offering the manufacturing and development of drug substances and drug products as well as device development and manufacturing services. We draw on this expertise by coordinating projects between our facilities to meet local needs in the best possible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

We have manufacturing facilities in Sweden, France, Germany, Italy, Spain, Portugal, India and the UK as well as development facilities 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.

30+ Facilities

10 Countries

OUR GLOBAL PRESENCE



USA	Research Triangle Park
SWEDEN	Stockholm
	Höganäs
	Karlskoga
	Solna
	Strängnäs
	Uppsala
	Uppsala
UNITED KINGDOM	Cambridge
	Cramlington*
	Holmes Chapel
	King's Lynn
	Milton Keynes
	Nelson
	Queenborough
GERMANY	Monheim
	Wasserburg
	Zwickau
SPAIN	Leganés
	Parets
ITALY	Brescia
	Lainate
	Masate
	Paderno Dugnano
	Pianezza
PORTUGAL	Odivelas
	Genibet**
	Queluz
FRANCE	Fontaine*
	Kaysersberg
	Monts
	Pessac
ISRAEL	Yavne
INDIA	Bengaluru
	Karnal
	Paonta Sahib

* Sold in January, 2022. ** Acquired in February, 2022.

SUSTAINABILITY AT RECIPHARM

Sustainability is an integral part of our daily business, and we work proactively to mitigate potential negative impacts and to act responsibly in society.

While pharmaceutical products can contribute positively to society by improving human health and quality of life, we recognise that the industry can also have negative social and environmental impacts. At Recipharm, we take a responsible approach to all aspects of our operations, and believe that high ethical standards, accountability and good stakeholder relations create long-term benefits – both for Recipharm and society.

Our business responsibility

Recipharm's operations must not only meet expectations in terms of technology, quality and supply, but also increasing demands regarding climate and environmental topics, ethics, and responsibility. Sustainability is embedded into our operations, and we are working to integrate sustainability into our updated business processes. Customers seek partnerships with long-term partners and employees want to work for companies that contribute towards sustainable development.

Enabling sustainability research and development

Recipharm enables research and development by supporting our customers with pharmaceutical development services – including process development services and manufacturing materials for clinical studies. It is essential we have close collaboration and dialogue with our customers to ensure that we can positively influence ethical issues in preclinical development and clinical studies by offering solutions that are both efficient and ethical.

In manufacturing, sustainability issues typically concern environmental impact, supplier management, labour conditions and social responsibility. In sales and marketing, we encounter queries on ethical conduct in customer activities and sales activities. Our sustainability work guides us and ensures that these issues are always actively and responsibly addressed.

External standards and recognition

Our facilities use the ISO 14001 environmental management system and the ISO 45001 occupational health and safety standard as baselines for their work. Recipharm is committed to the UN Global Compact and responds to the CDP Climate and Water questionnaires to obtain external verification of its environmental work. In 2021, Recipharm scored B- on CDP Climate and C on CDP Water.

Sustainability contributes to our vision

Our approach to sustainability differentiates us from our competitors. We strive to meet expectations from all our stakeholders to be able to achieve our vision as the best-in-class provider of contract development and manufacturing solutions.

Our refined approach to sustainability

We refined how we work with sustainability in 2021 – which culminated in the launch of four new Sustainability Focus Areas.

Our refined sustainability strategy and governance

In 2021, we refined our sustainability strategy and governance structure and began building an internal network throughout the business based on our strong EHS network. This included creating a new Head of Sustainability position and a new organisation to drive our work.

Our sustainability work is based on focus areas decided at Group level. At a local level, our work is driven by EHS managers and coordinated at Operational Unit level by our Sustainability Champions. The Site Manager has the ultimate responsibility for local sustainability work. External reporting is managed by the central sustainability function. In 2021, a dedicated sustainability person joined the Board, which highlights a renewed commitment to sustainability from our owners.

Materiality

In 2021, we conducted a materiality analysis with a third party – including an environmental, social and governance (ESG) materiality matrix, and peer analysis. Data was collected from employees, customers and suppliers to identify Recipharm's priority sustainability topics.

Our Sustainability Focus Areas

Our materiality analysis led to the development of four Sustainability Focus Areas that were selected to be aligned with a corresponding UN Sustainable Development Goals (SDG). The four SDGs were chosen as they are Recipharm's greatest contribution to a more sustainable future for people and the planet by 2030.

We are in the process of implementing the organisation and processes to both set, commit to and monitor sustainability targets and KPIs. This work is building on our established global network with EHS representatives from all sites, which communicates and shares good practice.

SUSTAINABILITY FOCUS AREAS

Focus areas	Sustainability topics	Related SDGs
Enabling good health	Product quality and safety Support access to medicines and vaccines	3 GOOD HEALTH AND WELL BEING
Fair and equal workplace	Employee health & safety Business ethics and governance Supply chain management	8 DECENT WORK AND ECONOMIC GROWTH
Ensure resource efficiency	Waste management Water management	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Reduce climate impact	Renewable energy Greenhouse gas emissions	13 CLIMATE ACTION

Our Sustainability Focus Areas are described in the next sections of this report where we summarise our approach, our progress in 2021 and our work going forward for each. We are in the process of setting goals for our sustainability topics. These goals will ensure we have a holistic approach to sustainability that transcends our entire business with goals at Group and facility level.

ENABLING GOOD HEALTH

Enabling good health

As a leading CDMO, we provide high-quality and safe medicines and vaccines to people all around the world.

PRODUCT QUALITY AND SAFETY

Our approach

We operate in a strictly regulated market, where all our products and services are subject to regulation and requirements regarding ingredients, preparation and quality control. Our well-developed and state-of-the-art processes ensure we meet all necessary regulatory standards related to quality and safety. Our sites hold the required Good Manufacturing Practice (GMP) certificates.

Progress in 2021

During the year, we launched new product quality KPIs. Product Quality is important from a sustainability perspective as it was one of the aspects identified as material in our materiality assessment.

In 2021, our new leadership made our quality organisation global to ensure we have the same level of quality throughout the Group.

Our work in 2022 and beyond

In 2022, we will continue to improve how we work with quality throughout our business globally.

SUPPORT ACCESS TO MEDICINES AND VACCINES

Our approach

We provide developing, emerging and industrial countries with over 680 medicinal products to support patients all around the world. We are also proud to be part of the AMR Industry Alliance fighting to reduce the risk of antimicrobial resistance from manufacturing sites. Through a collaboration with the kingdom of Morocco, Recipharm is developing vaccine capacity in Morocco and Africa.

Progress in 2021

During the year, we were proud to manufacture one of the Covid-19 vaccines. This essential project was implemented rapidly to meet high demand from society. In 2021, we were also involved in the SENSYO Pharmatech facility, which will promote vaccine independence in Morocco and provide other African countries with affordable vaccines (see the Case Story on page 10).

Our work in 2022 and beyond

We will continue to work in this area. This may involve new acquisitions to broaden our customer offering in new therapeutic areas.

Case story

Recipharm invests in African vaccine production through a collaboration with the kingdom of Morocco

Recipharm is involved in a collaboration with the kingdom of Morocco to construct the largest fill and finish platform in Africa.

The SENSYO Pharmatech facility will manufacture vaccines and biotherapeutics – to promote vaccine independence in Morocco and supply other African countries with affordable vaccines. The facility will position Morocco as a key biotechnology hub by integrating research, clinical development, manufacturing and the marketing of pharmaceutical products.

Drive towards African vaccine sovereignty

The facility will focus on the fill and finish of vaccines and will feature three industrial lines that are forecast to produce more than 100 million doses in 2024. These lines will be dedicated to producing vials and vaccines in syringes. SENSYO is being constructed on a 30-hectare greenfield site and is expected to be operational by 2023.

"We are proud to be involved as the CDMO of choice in this fantastic step forward for Morocco and Africa," said Marc Funk, CEO of Recipharm, "Breaking ground on a facility of this magnitude is a significant milestone and reflects the depth of our joint commitment to meeting Morocco's long-term healthcare needs."

Fair and equal workplace

FAIR AND EQUAL WORKPLACE

We promote responsible production by prioritising employee health and safety, business ethics and governance, and supply chain management throughout our business.

As Recipharm's pharmaceutical development and manufacturing services can affect people's lives and health, we must not only comply with laws and regulations, but also work to ensure responsible and ethical behaviour throughout our value chain.

EMPLOYEE HEALTH & SAFETY

Our approach

Recipharm aims to provide safe and engaging workplaces that protect labour rights and promote both the physical and mental health of our employees. We implement EHS management systems across our network and we aim to certify all our sites according to the ISO 45001 occupational health and safety standard.

All our companies have detailed employee health and safety manuals to ensure compliance with the relevant requirements. These are locally adapted to ensure they meet the relevant local legislation. Health and safety initiatives are part of the daily continuous improvement work throughout our operating companies.

Progress in 2021

At year end, 14 (12) manufacturing operations out of 29 (25), representing 48 (48) per cent of Recipharm had an ISO 45001 health and safety system in place.

During the year, a total of 156 (235) work-related accidents were reported. Most involved minor injuries among manufacturing facility employees. The accident rate (number of accidents per number of scheduled working hours per 500 employees) in 2021 was 1.06 (1.92). Our rate of occupational health and safety incidents is low compared with the industry average.

All Recipharm sites continued to manage the potential impacts of the Covid-19 pandemic in 2021 – to both promote employee safety and maintain our manufacturing operations.

All employees have the right to join trade unions, and we work actively with unions on health and safety issues where they are active.

Our work in 2022 and beyond

We will continue to certify our sites to the ISO 45001 occupational health and safety standard in 2022. This includes our Queenborough site and four Bespak sites in the UK that were certified to ISO 45001 in early 2022. We will also set the target to conduct Supplier Code of Conduct audits for all our on-site audits, which include health and safety criteria.

BUSINESS ETHICS AND GOVERNANCE

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. Sustainability is embedded into our EHS work at all our sites as we aim to ensure we operate responsibly.

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

The United Nations Global Compact (UNGC) has inspired our sustainability work since its launch in 2000, and we have been a signatory 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.

Progress in 2021

Our Code of Conduct training for all employees started in 2021 and around half our workforce completed the training during the year. We will continue this work during 2022. During the year, we began developing a Group process for supplier evaluation, which combines quality, procurement, and sustainability requirements that will be completed and launched in 2022. In 2021, we also hired a Head of Sustainability and Head of Procurement. The evaluation will ensure we have a consistent approach to our suppliers no matter where they are located around the world.

In 2021, around 30 per cent of our sites received an EcoVadis rating, with most scoring Silver, for their work with corporate social responsibility and sustainable procurement. Some sites are aiming to achieve a Gold EcoVadis rating in 2022.

Our work in 2022 and beyond

In 2022, under the leadership of a new Chief Compliance Officer, we will continue to strengthen our corporate compliance programme and promote our Code of Conduct training, as well as initiate the roll-out of other policies and trainings. We will also evaluate our suppliers with updated evaluation processes.

SUPPLY CHAIN MANAGEMENT

Our approach

Our Supplier Code of Conduct covers business ethics, labour practices, anti-corruption, human rights and environmental management. We strive to ensure that suppliers understand and comply with the requirements of our Supplier Code of Conduct.

Through our Supplier Code of Conduct, we require suppliers to provide safe working environments, including any company-provided living quarters, and protect employees from overexposure to chemical, biological and physical hazards. The Supplier Code of Conduct also requires suppliers to have programmes in place to prevent or mitigate excessive discharges of chemicals and other identified relevant risks.

Progress in 2021

In 2021, we continued to provide our Supplier Code of Conduct to suppliers, and the majority of them have adopted it. The rest complied with their own equivalent compliance standards.

A limited number of Supplier Code of Conduct audits were conducted by auditors in 2021 due to Covid-19 restrictions. During the year, 40 supplier audits were conducted by our internal auditors, with satisfactory results.

Our work in 2022 and beyond

The focus for our work with suppliers going forward is to ramp up on-site audits again following the easing of Covid-19 restrictions. Our aim is to communicate our Supplier Code of Conduct in a consistent way throughout our supply chain, and follow-up on this when we conduct on-site audits at supplier facilities.

We are also working to establish a centralised process for supplier evaluation that combines quality, sustainability and supply chain financial requirements, including corporate compliance aspects, such as trade sanctions. This is planned to be rolled out during 2022.

8,800
Total number of employees (8,666)

60%
Men (61%)

40%
Women (39%)

Number of employees

The new centralised governance model combined with local HR-systems has made it difficult to report centrally on the number of employees divided by gender and region. The number of employees by permanent and temporary contract as well as by full time and part time contract have also been difficult to obtain and consolidate. On an overall level, most Recipharm employees are full time employees with permanent contracts. A minority of our employees work part-time. In most cases, part time working is voluntary and is related to parental leave. In the coming years, Recipharm will fine-tune and better consolidate the Group's HR reporting.

Number of employees	2021
Total number of employees	8,800
FTE equivalents	7,732
Proportion of women (%)	40

ISO Certification at sites (%)	2021
14001	90
45001	48

WORK-RELATED INJURIES

	2021	2020	2019
Recordable work-related injuries	156	235	169
Rate of recordable work-related injuries	7.91	17.34	15.50
High-consequence work-related injuries	21	26	18
Rate of high-consequence work-related injuries	1.06	1.92	1.65
Fatalities as a result of work-related injury	0	0	0
Rate of fatalities as a result of work-related injury	0	0	0

The table shows the rate of recordable work-related injuries, and high-consequence work related injuries for our own employees. High-consequence work-related injuries are defined according to local legislation. There were no work-related fatalities in the reporting period. Information is not available on independent contractors. The rate has been calculated based on 1,000,000 hours worked. The total number of working hours for Recipharm was 19,973,695.

Responsible resource management

RESPONSIBLE RESOURCE MANAGEMENT

We have identified waste and water as key resources that we need to protect in our operations. We work with responsible resource management in a structured manner at all our sites around the world.

Recipharm implements EHS management systems across its network, such as the ISO 14001 environmental management standard to make sure waste and water issues are managed in an efficient and proper manner. We compile waste and water data for all our manufacturing and development facilities.

WASTE MANAGEMENT

Our approach

Our sites sort waste into various fractions, including pharma waste and hazardous waste. We aim to send zero waste to landfill although two of our sites still send waste to landfill. All hazardous waste is managed according to regulations.

Progress in 2021

Several of our sites are working to improve how waste such as plastics, carton and paper can be sorted and sent for recycling, while complying with the strict GMP requirements on how all waste from manufacturing pharmaceuticals should be handled.

For the sites that still send waste to landfill, an initiative is working to explore new alternatives for managing waste and reducing costs.

Our work in 2022 and beyond

Our focus going forward is to reduce, reuse and recycle waste – towards our local site-level waste objectives. We also plan to begin a global waste initiative and better map local initiatives.

–8 %
Reduction in waste 2021 compared to 2020

–33 %
Reduction in Hazardous waste 2021 compared to 2020

WASTE

	2021	2020	2019
Waste, tonnes	18,729	20,344	9,852
Of which hazardous waste, tonnes	7,444	11,081	5,539

The table shows the total amount of waste generated and waste defined as hazardous.

WATER MANAGEMENT

Our approach

We focus on minimising our total water consumption and abiding by all local regulations on water use. Our process wastewater is predominantly produced from the cleaning of equipment but also some of our manufactured products that contain water. The quantity of drug residues in our wastewater is small and most Recipharm facilities are authorised to release wastewater into normal sewage systems for processing in treatment plants. Some sites operate their own local water treatment plants, before sending wastewater to the municipal water treatment. Our site in Bengaluru, India, recirculates purified wastewater for irrigation.

The availability of fresh water is generally good in the locations where Recipharm operates. The exception again is India, where the availability of fresh water varies from year to year. In India, Recipharm uses groundwater from wells that is pre-treated at our facilities before it is used in manufacturing to minimise the burden on municipal fresh water supplies.

A major problem with antimicrobial resistance (AMR) is that residues from the pharmaceutical industry can end up in the environment and introduce resistant microbials – "superbugs". We do our utmost to prevent this and to avoid pollution to air or water caused by any other harmful substances from our operations. The ten Recipharm sites that produce at least one product on the AMR Industry Alliance's product list have all conducted a risk assessment and a mass balance assessment to identify if any activities are needed to further minimise antibiotic product concentrations in wastewater.

Progress in 2021

We established good local initiatives on water management at sites such as Queenborough in the UK and Lisbon in Portugal.

Our work in 2022 and beyond

We are planning to continue our AMR project to ensure low levels of antimicrobial products in wastewater. In response to increasing stakeholder interest in pharmaceuticals in the environment, we will further step up our work with AMR and pharmaceutical residuals in wastewater in general on a Group level to coordinate our work globally.

WATER

	2021	2020	2019
Water, m^3	2,249,101	2,342,961	1,972,639
Of which municipal, m^3	940,696	970,278	625,264
Of which own sources, m^3	1,308,405	1,372,683	1,347,375

We use municipal water and groundwater from our own sources.

REDUCE CLIMATE IMPACT

Reduce climate impact

We are proactively working to reduce our climate impact by increasing the amount of renewable energy we use and by decreasing the greenhouse gas emissions produced by our operations.

RENEWABLE ENERGY

Our approach

Our procurement team works actively to secure renewable energy agreements when our existing agreements are to be renewed. Several of our sites, equivalent to around 50 per cent of our total electricity consumption, have sourced renewable energy for several years.

We encourage our sites to investigate projects for renewable electricity, such as photovoltaic solar panels to generate their own on-site energy.

Progress in 2021

In 2021, we signed a new renewable energy contract for all our Swedish sites, which was implemented from 1 January 2022. We also procured Energy Attribute Certificates (EACs) to offset the electricity that was not covered by certified renewable energy agreements. EACs are third-party certificates to verify the sourcing of renewable energy and covered 100 per cent of our energy in 2021.

Our work in 2022 and beyond

We are investigating how we can best contribute to the Paris climate agreement by reducing our climate impact throughout the value chain. Our target is to source 85 per cent of our electricity from certified renewable sources by 2023.

In 2022, a photovoltaic solar system will be installed at our Holmes Chapel site in the UK.

Our King's Lynn site in the UK is also investigating the potential to connect to a solar farm that is being developed nearby.

GREENHOUSE GAS (GHG) EMISSIONS

Our approach

GHG emissions are monitored as part of our local ISO 14001 environmental management and reported in accordance with the Global Reporting Initiative (GRI) and through the non-profit CDP. We use the Greenhouse Gas Protocol to calculate our emissions.

Our direct emissions (scope 1) are primarily a result of the consumption of oil and gas used in our operations and facilities, fuels for company owned cars, and refrigerants. Our indirect (scope 2) emissions result from electricity consumption in our manufacturing and development facilities as well as district heating and district cooling. Transport emissions related to our supply chain are part of scope 3.

We measure the following categories of scope 3 emissions:

- Active ingredients, excipients and packaging material
- Waste from products manufactured at our sites
- Gases from inhalators manufactured at our sites

Progress in 2021

In 2021, our direct and indirect carbon emissions amounted to 61,577 (83,328) tonnes CO_2. This was equivalent to 7.0 (9.6) tonnes CO_2 per employee, or a decrease of 26 per cent compared with the previous year. This corresponds to 5.7 (7.5) tonnes CO_2 per SEK million sales.

We conducted a Greenhouse Gas Inventory Management Plan to define and formalise a greenhouse gas accountancy and reporting methodology. The plan involved gathering processes and data for measuring Recipharm's carbon footprint.

During 2021, we conducted climate emission calculations aligned to the GHG Protocol Reporting Guidelines for our scope 1, 2, and 3 emissions. Going forward, we will use our climate footprint data for 2021 as a baseline to set targets and measure our progress in the years ahead. We're now investigating how we could align with the Science Based Targets initiative (SBTi).

Various investments in energy efficiency were made on a site level in 2021. Examples included investments in more energy efficient LED lighting and chillers, and optimising ventilation.

Our work in 2022 and beyond

In 2022, we will kick off an energy efficiency project to identify and initiate energy saving measures around the Group. We will also start looking into how we can align with the SBTi.

The Greenhouse Gas Inventory Management Plan will be reviewed and updated in 2022 if necessary, for example following acquisitions and divestments. The plan will provide the basis for the reduction of greenhouse gases going forward.

Case story

Bespak launches BZero Climate Neutrality Roadmap 2030

In 2021, Bespak launched a Climate Neutrality Roadmap for its four UK sites that aims to make the organisation net zero by 2030.

"During the year, the roadmap involved quantifying our climate footprint, setting targets and engaging with our functions and workforce about what becoming climate neutral will mean for them," says Jo Ward, Head of EHS & Business Continuity at Bespak by Recipharm. "We investigated and identified actions that will get us to climate neutrality in the next eight years, from more straightforward opportunities such as switching to LED lighting and the replacement of gas boilers – to more challenging opportunities including sustainable material usage within our product offering."

Climate action plans were agreed with some core functions that were tailored to their contribution to the overall climate goals. Each plan includes key projects, accountabilities and responsibilities, as well as specific goals and KPIs that are relevant to the functional impacts. The plans will be reviewed and refined every three years to ensure they remain relevant.

New initiative

Future proofing inhaler propellants

Recipharm helps customers to develop alternative inhaler propellants with lower Global Warming Potential (GWP) to reduce climate impact and costs.

The hydrofluoroalkane (HFA) propellants used in pressurised metered-dose inhalers (pMDIs) have a GWP several times higher than carbon dioxide. The Kigali Amendment to the Montreal Protocol was signed in 2016, committing to reduce global HFA consumption by 80–85 per cent by 2047.

Alternative propellants can reduce cost and climate impact

With millions of pMDIs used around the world each day, alternative propellants are clearly needed – not just from an environmental perspective but to also avoid greater HFA costs in the coming years.

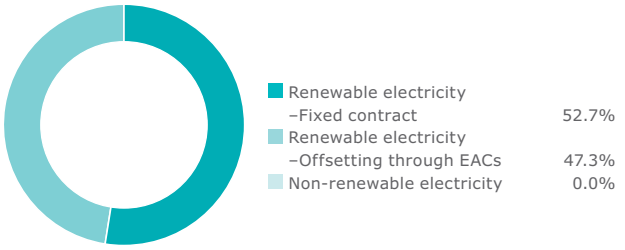
Recipharm offers an integrated service that encompasses valves and support for alternative pMDI formulation, clinical manufacture and scale-up for commercial supply. This service allows pharmaceutical companies to continue supplying patients with pMDIs without the risk of supply chain disruption, while also reducing the climate impact of their products.

GREENHOUSE GAS EMISSIONS (market based approach)*

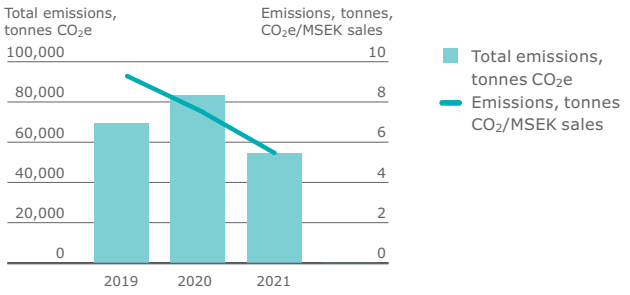
	2021	2020	2019
Scope 1 (use of natural gas and oil in premises, and fuel in company vehicles), tonnes	36,229	32,962	22,461
Scope 2 (electricity**, district heating, cooling and steam), tonnes	25,297	48,042	43,616
Scope 3 (business travel by train and airplane), tonnes	51	305	1,178
Total	**61,576**	**83,328**	**69,274**

* We have updated our emission calculations during 2021, and historical numbers have been adjusted accordingly in order to ensure comparability.
** Before offsetting through EACs.

100 PER CENT RENEWABLE ENERGY



TOTAL GHG EMISSIONS, EMISSIONS PER MSEK SALES*



SUSTAINABILITY GOVERNANCE

Recipharm began its journey back in 1995 with the management buyout of a solid dose facility in Stockholm including a portfolio of around 20 well-known pharmaceutical products.

Over the years, Recipharm has continued to grow organically and through the acquisition of 30+ facilities to become among the top five largest global CDMO.

In March 2021, Recipharm AB was delisted from the stock exchange and became a private company owned by private equity firm EQT. Following the acquisition a transformation project was commenced to centralise several functions earlier decentralised. With this followed new lines of responsibility.

The Board of Directors have the overall responsibility for Recipharm's sustainability agenda. Sustainability issues are regularly included in the agenda of the Board of Directors' meetings. Recipharm's CEO has the ultimate responsibility for sustainability topics within the company. However, the management of the day-to-day sustainability work has been delegated to the Head of each site. The annual Sustainability Report is approved by the Group Management Team.

Sustainability Management

Recipharm has developed governing documents, such as its Code of Conduct and steering documents related to each sites' respective ISO 14001 and ISO 45001 systems. Auditing and monitoring are achieved through third-party auditing bodies and through self-assessments. Self-assements include the monitoring of local companies' compliance with Recipharm's Code of Conduct, and other rules and guidelines.

Targets are monitored and followed up regularly, and Recipharm's Operating Companies are responsible for their implementation and management. Overall control is carried out at Group level with feedback to the CEO and the Board.

The Director of Global Sustainability sets policies, guidelines and monitors the overall company performance, and report to external initiatives. To support this work, during 2020, the company-wide sustainability network was more formalised with the aim of sharing knowledge and best practice and to promote cooperation throughout the Group. There are established networks in areas such as Operational Excellence and lean manufacturing. Procurement and HR are now central functions, with site representatives reporting to a global organisation.

Internal and external rules and guidelines

Until the end of 2021, our Global Policy set out the management model and guidelines for Operating Companies and included Recipharm's vision, mission and long-term objectives, as well as the governing principles for Operating Companies. From 2022, there is a new governance model and the top document is the Policy on Approvals and Signing Authority. Adding to this is several Group Policies like the Environmental Policy, Data Protection Policy, Financial Policy, Code of Conduct, which are all listed on the intranet and accessible for all employees.

Recipharm has been a signatory of the United Nations Global Compact (UNGC) since 2016. We take responsibility for the UNGC's ten principles on human rights, labour, environment and anti-corruption. Our commitment also includes support for all internationally recognised principles on human rights, the ILO core conventions, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption. Based on these international guidelines, our Code of Conduct regulates our approach to business ethics and applies to all employees. The Code of Conduct covers all aspects of business ethics and relations with employees, customers, authorities, competitors and other stakeholders. Our Supplier Code of Conduct covers the expectations we have on our suppliers.

Recipharm applies the ISO 14001 environmental management system and the ISO 45001 Occupational Health and Safety management system, across the majority of its Operating Companies. The Global Policy internal governance document was introduced in 2005, which was complemented in 2008 with our Code of Conduct. Recipharm is taking the precautionary approach into account in the company's risk management processes. Work methods and processes are constantly adapted to external expectations, requirements and legislation relevant to Recipharm.

Recipharm is a member of the AMR (antimicrobial resistance) Industry Alliance in order to improve its work on 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.

Stakeholder dialogue

Recipharm has identified employees, customers, owners, and suppliers as key stakeholders. The company is introducing a more ongoing and structured dialogue with all relevant stakeholders regarding important business topics, including sustainability. During 2021, as part of preparing its priorities and reporting, Recipharm carried out a materiality assessment with employees, suppliers and customers and conducted two workshops within the Group Management Team. There is also ongoing dialogue regarding the ESG requirements from our owners and how Recipharm performs according to these.

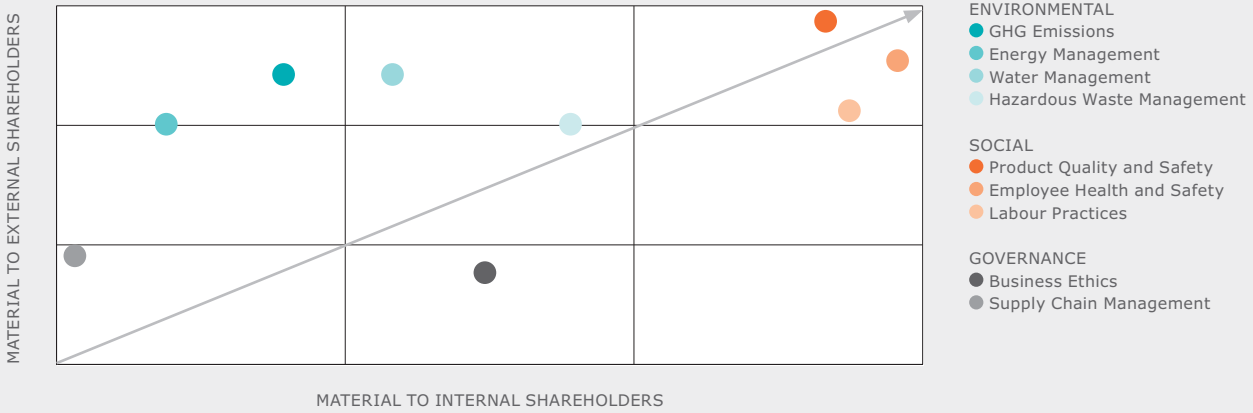
Recipharm's key stakeholders	Forum for dialogue	Key topics and Recipharm's response
Owners	• Regular meetings • Ongoing contact	• Scope and objectives • Prioritised areas • Current performance • Planned activities
Employees	• Regular dialogue • Performance reviews • Conferences • Wider input survey open for all employees	• Performance reviews • Personal and team contribution to sustainability
Customers	• Ongoing contact • Responding to several customers' sustainability surveys	• Customer meetings addressing sustainability • Customers' sustainability requirements • Recipharm's performance regarding sustainability
Suppliers	• Procurement requirements • Ongoing contact • Supplier audits	• Sustainability assessments included in supplier quality audits
Government agencies	• Ongoing contact	

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

Materiality analysis

Recipharm conducted a new materiality analysis during 2021. The analysis was based on Recipharm's strategy, sustainability context and stakeholder expectations. Recipharm's management team made the prioritisation of the most material sustainability topics. The graph to the right lists the sustainability topics that have been defined as the most material to Recipharm and forms the basis for Recipharm's four Sustainability Focus Areas developed during the year.

MATERIALITY ANALYSIS 2021



SUSTAINABILITY RISKS

ENVIRONMENTAL AND SAFETY RISKS

Risks associated with business ethics are identified in the risk analysis. The management of human rights and anti-corruption risks is continuously developed in accordance with new regulations. Risks regarding business ethics are addressed through adequate routines for communication, follow-up and control to ensure the correct implementation of, and compliance with, the company's Code of Conduct and Supplier Code of Conduct.

BUSINESS ETHICS

Most risks are believed to be in the manufacture and supply of products, 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. Suppliers are managed within the framework of the Supplier Code of Conduct and quality audits. The scope of these reviews is continuously developed.

SUPPLY CHAIN AND REPUTATIONAL RISK

Manufacturing and development operations are associated with environmental impact and risks associated with accidents. Recipharm's management of environmental risk is continuously developed in accordance with new regulations on sustainability reporting. Risks related to the environment and work safety are addressed within the ISO 14001 and ISO 45001 systems.

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 conditions are required for development laboratories depending on the extent of the development work being carried out. The operations also require local environmental, and/or health and safety permits – the extent of these varies depending on the business and legislation in each country.

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), our customer, is primarily responsible for this but Recipharm must comply with the relevant terms of the registrations. Recipharm actively works with its customers and the quality systems within the framework of GMP and maintains environmental and health and safety management systems at its facilities.

ABOUT THE SUSTAINABILITY REPORT

Recipharm's separate annual Sustainability Report 2021 has been prepared in accordance with the GRI Standards: Core option. Additionally, the report serves as Recipharm's Communication on Progress (CoP) Report to the UN Global Compact.

The Sustainability Report 2021 covers the reporting period 1 January 2021 to 31 December 2021. The previous report was published in March 2021. No third party has audited the Sustainability Report and we will evaluate the need for external review. For our externally reviewed carbon emissions see our CDP reporting for 2021.

Contact

With queries regarding our Sustainability Report, please contact Åsa Bergström, Director Global Sustainability, asa.bergstrom@recipharm.com.

Scope of the Sustainability Report

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

Boundaries

Recipharm's Sustainability Report covers all subsidiaries in the Group, unless otherwise stated. The material sustainability 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 continuously describe the impact of each sustainability topic, both within and outside the company.

Background data for GHG calculations

All GHG calculations are made according to the Greenhouse Gas (GHG) Protocol. Direct GHG emissions in Scope 1 include the combustion of natural gas and oil for our factories and premises and fuel for company vehicles. Indirect GHG emissions in Scope 2 include the consumption of electricity, district heating, cooling and steam. Emissions of other indirect GHGs in Scope 3 include business travel by rail and air.

Scope 2 data for 2019 has been corrected in 2021. For Research Triangle Park and Ness Ziona, 2019 data has been used also for 2020 since data was missing for that year. 20 per cent of 2019 data used for unit Ashton since it was closed during 2020. 2020 business travel data is excluding Bespak since data was missing.

Calculation of GHG emissions	Source of data
Combustion of natural gas and oil	Conversion factor for natural gas and oil from Greenhouse Gas Protocol.
Fuel from business travel in company vehicles	Statistics on fuel consumed or distance travelled gathered from employee expenses. Assumptions on vehicle fuel efficiency when data is unknown and conversion factors from Greenhouse gas protocol.
Electricity	Country by country data for conversion factors from "Reliable Disclosure Systems for Europe – Phase II" (RE-DISSII) project, which was supported by the European Commission through the Intelligent Energy Europe (IEE). When specific agreement for 100 per cent renewable energy, zero emissions assumed.
District heating, cooling and steam	Statistics from suppliers.
Business travel	Data on emissions from travel agencies when possible, conversion factors from Greenhouse gas protocol when only distance travelled is known.

GRI INDEX

The following list references the GRI indicators that Recipharm has decided to report on.

GENERAL DISCLOSURES

GRI 102: 2016	Description	Page/Comment
102-1	Name of the organisation	22
102-2	Activities, brands, products, and services	2, 4–5
102-3	Location of headquarters	22
102-4	Location of operations	6
102-5	Ownership and legal form	Annual Report 2022
102-6	Markets served	Annual Report 2022
102-7	Scale of the organisation	Annual Report 2022
102-8	Information on employees and other workers	11–12
102-9	Supply chain	5, 6
102-10	Significant changes to the organisation and its supply chain	8
102-11	Precautionary Principle or approach	17
102-12	External initiatives	7
102-13	Membership of associations	17
102-14	Statement from senior decision-maker	3
102-16	Values, principles, standards, and norms of behavior	7–8, 11–12
102-18	Governance structure	Annual Report 2022
102-40	List of stakeholder groups	17
102-41	Collective bargaining agreements	11
102-42	Identifying and selecting stakeholders	17
102-43	Approach to stakeholder engagement	17
102-44	Key topics and concerns raised	17
102-45	Entities included in the consolidated financial statement	Annual Report 2022
102-46	Defining report content and topic Boundaries	19
102-47	List of material topics	18
102-48	Restatements of information	19
102-49	Changes in reporting	19
102-50	Reporting period	17
102-51	Date of most recent report	17
102-52	Reporting cycle	17
102-53	Contact point for questions regarding the report	19
102-54	Claims of reporting in accordance with the GRI Standards	17
102-55	GRI content index	20
102-56	External assurance	17

SPECIFIC DISCLOSURES

GRI 205; 206: 2016	Anti-corruption and anti-competitive behaviour	Page/Comment
205-2	Communication and training about anti-corruption policies and procedures	11, 17
205-3	Confirmed incidents of corruption and actions taken	No incidents for 2021.
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	No incidents for 2021.

GRI 302; 303; 306: 2016	Energy, water and waste	
302-1	Energy consumption within the organisation	16
303-5	Water consumption	14
306-3	Waste generated	13

GRI 305: 2016	Emissions	Page/Comment
103-1,2,3	Management approach	7–8, 17–18
305-1	Direct (Scope 1) GHG emissions	16
305-2	Indirect (Scope 2) GHG emissions	16
305-3	Other indirect (Scope 3) GHG emissions	16
305-5	Reduction of GHG emissions	15

GRI 308: 2016	Supplier Environmental Assessment	Page/Comment
103-1,2,3	Management approach	7-8, 17-18
308-1	New suppliers that were screened using environmental criteria	12 40 supplier audits were conducted in 2021.
308-2	Negative environmental impacts in the supply chain and actions taken	11–12

GRI 403: 2018	Occupational Health and Safety	Page/Comment
103-1,2,3	Management approach	7–8, 17–18
403-1	Occupational health and safety management system	11–12
403-2	Hazard identification, risk assessment, and incident investigation	11–12
403-3	Occupational health services	11–12
403-4	Worker participation, consultation, and communication on occupational health and safety	11–12
403-5	Worker training on occupational health and safety	11–12
403-6	Promotion of worker health	11–12
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	11–12
403-8	Workers covered by an occupational health and safety management system	11–12 48 per cent of our sites are covered, corresponding to approximately half of our employees.
403-9	Work-related injuries	12

GRI 405; 406: 2016	Diversity, equal opportunities and non-discrimination	Page/Comment
405-1	Diversity of governance bodies and employees	12 We only report the total gender distribution.
406-1	Incidents of discrimination and corrective actions taken	No incidents for 2021.

GRI 414: 2016	Supplier Social Assessment	Page/Comment
103-1,2,3	Management approach	7–8, 17–18
414-1	New suppliers that were screened using social criteria	12 40 supplier audits were conducted in 2021.
414-2	Negative social impacts in the supply chain and actions taken	11–12

BOARD OF DIRECTORS/GROUP MANAGEMENT

BOARD OF DIRECTORS

Richard Ridinger
Chairman of the Board

Steven Klosk
Board member

Christiane Hanke-Harloff
ESG-representative, Board member

Mark Keatley
Board member

Erika Henriksson
Board member

Henrik Giver
Board member

GROUP MANAGEMENT

Marc Funk
Chief Executive Officer

Luc Burgard
Chief Operating Officer

Daniela Roxin
Chief Financial Officer

Ulrike Lemke
Head of Transformation

Simon Bulling
Head of New Markets Development

Frank Ternes
Head of Business Unit Sterile Fill & Finish

Gregor Kawaletz
Head of Business Unit Oral Solid Dosages

Jean-François Hilaire
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