SUANFARMA

SUSTAINABILITY REPORT 2023

We are
committed
to excellence

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Letter to stakeholders

Dear Stakeholders,

The year 2023 has once again demonstrated Suanfarma's capacity for progress. It has been a period of challenges, but above all, an opportunity for improvement. Our commitment has been dedicated towards achieving business excellence and upholding social responsibility. As a global pharmaceutical group, we recognize our responsibility to contribute to the Sustainable Development Goals.

This Sustainability Report encapsulates the vision, values, strategic projects, and financial operations that have shaped this year. Ethics and transparency remain the bases of our corporate culture.

At Suanfarma, we are dedicated to fostering respect for ethics, integrity, and human rights among all our workforce. We uphold responsible business practices and principles of conduct to ensure quality and safety throughout our supply chain.

The key to our success, however, lies in our people and their capabilities. Human talent is the foundation upon which our capacity for innovation, the development of new products, and a robust economic performance is built. Therefore, we facilitate the professional growth of our organisation through up-to-date training and continuous development opportunities, while ensuring a proper work-life balance.

Our group's four pillars are people, ethics, careful governance, and involvement in sustainability processes.

Our commitment extends beyond these pillars. The environment is also a strategic stakeholder for us all. Implementing process and product certifications, along with careful monitoring and regular audits, enables the company to be innovative in research and development, competitive in the market, and attentive to reducing environmental impacts.

We have an important path ahead of us. At Suanfarma, we strive to be at the core of a better life, helping people lead healthy lives through our active ingredients, regardless of their personal or social circumstances. By positioning ourselves at the heart of these efforts, we aim to foster healthier lives in a sustainable world.

Francisco Fernández
CEO

Promoting better health, our vision and mission

For 30 years we have been dedicated to the research and development of scientifically proven ingredients for the pharmaceutical and veterinary industries, offering our clients a comprehensive service under the highest quality standards and certifications from the main regulatory agencies in the world.

Our Values

Our values define us. Everything we do is guided by our corporate values, which define the way we work .

COMMITMENT

- Dedication and responsibility to fulfill our goals ans mission.
- Commitment to improving people's health.
- Meeting with appropriate ethical and quality standards and ensure that products are safe and effective.

EXCELLENCE

- Constant pursuit of quality and improvement in all aspects of the company.
- Continuously enhancing customer service and satisfaction through ongoing evaluation and refinement of internal efficiency, work culture and performance.
- A benchmark in the pharmaceutical industry, contributing to the well-being of people and animals.

PASSION

- Dedication and enthusiasm for our work and mission.
- Our colleagues are passionate about enhancing people's lives through an entrepreneurial mindset of innovation and the development of new products and technologies.
- Our employees are passionate about understanding customers' needs and offering tailored solutions that meet specific requirements.

NO LIMITS

- Constantly striving to exceed expectations and achieve new levels of success.
- We are always working to improve our products and processes, and to achieve new goals and targets in drug research and development.
- Continuous improvement is an integral part of scientific progress. We are committed to advancing science and improving people's lives.

WE ARE ONE

- We work together as a team towards a common goal, and each person is valued and respected for their contribution.
- Diversity of viewpoints is encouraged, with inclusive teams that help to come up with ethical and innovative solutions. This is reflected in a collaborative, team-spirited culture, where we work together to make a positive impact on society.
- Open and transparent communication, efficient teamwork and a culture of mutual support.

Suanfarma at a Glance

+310 MM Total

2 Industrial plants

Contract Development
and Manufacturing Organization

595 Employees

12 Branch offices

+70 Countries served

+400 Customers

Industrial capabilities

Fermentation + 2000 m^3
Chemical Synthesis + 800m^3

20.959 Training hours

Suanfarma: our story of growth and development

1993 — SUANFARMA´S FOUNDATION

1994 — REPRESENTATION OF SUANFARMA IN CHINA

1999 — ESTABLISHMENT OF SUANFARMA USA

2008 — ESTABLISHMENT OF SUANFARMA MEXICO

2014 — ESTABLISHMENT OF SUANFARMA BRAZIL

2016

ACQUISITION CIPAN´S MANUFACTURING SITE (PORTUGAL)

ESTABLISHMENT OF SUANFARMA COLOMBIA

2018

ESTABLISHMENT OF SUANFARMA INDIA

2019

ACQUISITION ROVERETO´S MANU-FACTURING SITE (ITALY)

2021

CREATION OF OUR INTERNAL R&D DEPARTMENT FOR PROPRIETARY INTELLECTUAL PROPERTY

2023

FIRST INTERNAL API DEVELOPMENT USING FLOW CHEMISTRY TECHONOLOGY

INSTALLATION OF HPAPI EQUIPMENT FOR R&D

Suanfarma and the Sustainable Development Goals

Following a materiality analysis and a review of the commitments made to all stakeholders, the Sustainable Development Goals (SDGs) that the Group is committed to pursuing have been identified.

The most significant of the SDGs is Goal 3, which concerns "Good Health and Well-being." This goal is of particular importance to Suanfarma, given its specialisation in the production of active pharmaceutical ingredients for the generic medicines industry for the treatment of major diseases.
Generic medicines for human and veterinary use, or equivalents, have a much lower price, which makes them available to a larger number of patients. The active ingredients produced by Sunfarma therefore play an important role in improving the lives of thousands of people around the world, which is a goal that underpins the company's mission.

Furthermore, given the nature of the operations that Suanfarma carries out and their impact on the environment and society, we have identified four key objectives.

QUALITY EDUCATION

through a commitment to training and renewing the skills of employees.

GENDER EQUALITY

for the attention paid to equal opportunities in recruitment and people management policies.

DECENT WORK AND ECONOMIC GROWTH

thanks to the entire system of policies and commitments to issues related to work and people.

INDUSTRY, INNOVATION AND INFRASTRUCTURE

is achieved through the implementation of policies that facilitate constant investment in innovation and technological development.

RESPONSIBLE CONSUMPTION AND PRODUCTION

is attained through the implementation of processes that enhance energy efficiency, promote the conscious use of resources, and advance the vision of the circular economy.

CLIMATE ACTION

is accomplished through commitments to the reduction of greenhouse gases.

PEACE, JUSTICE AND STRONG INSTITUTIONS

is achieved through commitments to ethics and responsibility throughout the supply chain.

01

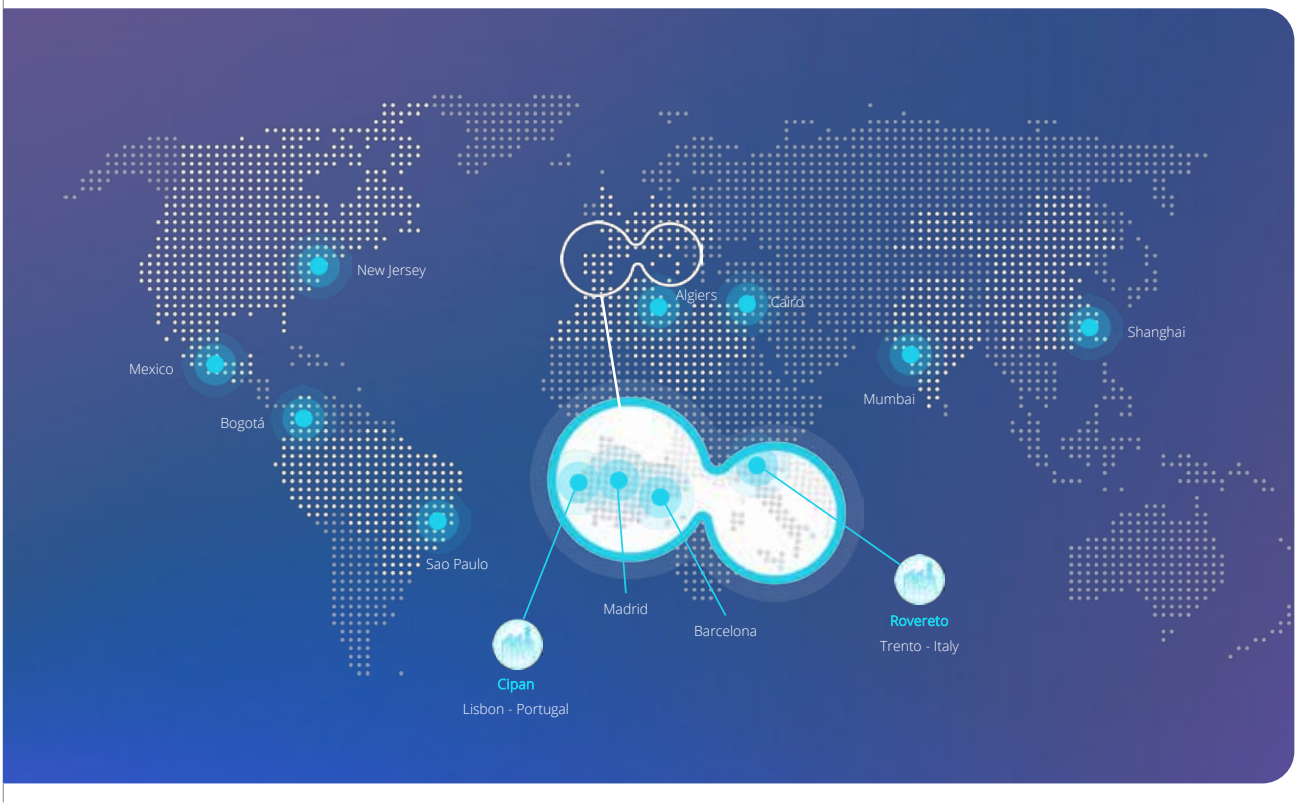
Suanfarma as a Group

Suanfarma as a Group

Suanfarma is a B2B life sciences company specialising in the development, production and commercialization of ingredients for the pharmaceutical, veterinary and nutraceutical industries.

We are recognised for our technical and scientific expertise, with two state-of-the-art production facilities in Italy and Portugal.
We also benefit from a consolidated and strong sales network of 12 local offices strategically located around the world. This enables us to supply our products and services to more than 3,000 active customers in over 70 countries. We have experienced substantial growth in recent years. This has been achieved through the acquisition of companies, the majority of which are located in Spain and Europe. This has significantly increased the company's industrial and development capacity.

We also benefit CDMO (Contract Development and Manufacturing Organization) capacity for fermentation and chemical synthesis projects. We provide a comprehensive "One Stop Shop" service with a proven track record, enabling our clients to successfully develop, scale, manufacture and commercialize their API (Active Pharmaceutical Ingredient) projects, whether innovative (New Chemical Entity, NCE) or generic.



Our commitment to health and progress is fundamental to the business. We are dedicated to the continuous development of processes and innovative technologies, ensuring that we remain at the forefront of the latest market trends and the needs of our customers. From blockbuster molecules with the highest sales volume to more specialised niche therapies, we are committed to offering innovative and effective solutions to improve the quality of life of humanity.

Products and services

At Suanfarma, we adhere to the highest regulatory standards set by the EMA and the FDA. We collaborate closely with customers to develop their final formulations, offering tailored solutions and added value throughout the drug development process. We ensure that our customers are always informed of the latest trends in the sector, enabling them to anticipate market needs and offer products of the highest quality.
At Suanfarma, we are committed to the health and well-being of people and strive to improve the quality of life through our contributions in the field of health.

We are proud to ensure that our factories meet or exceed the highest quality and safety standards in the production of starting materials for the pharmaceutical industry.
We adhere to the current regulations in the sector, based on Good Manufacturing Practices (GMP), and implemented through Standard Operating Procedures (SOP), which guarantees an exceptional level of service and quality. In essence, our overarching objective is to achieve excellence in all aspects of the production process, from the selection of raw materials to the final delivery of the product to our customers.

APIs (Active Pharmaceutical Ingredients)

INTERMEDIATE PRODUCTS
Commercialization of our own intermediates as well as represented intermediates for pharmaceutical products.

VETERINARY APIs
Development, production and commercialization of active ingredients for the global veterinary pharmaceutical industry.

HUMAN APIs
Development, production and commercialization of active pharmaceutical ingredients, used as therapeutic constituents for drugs.

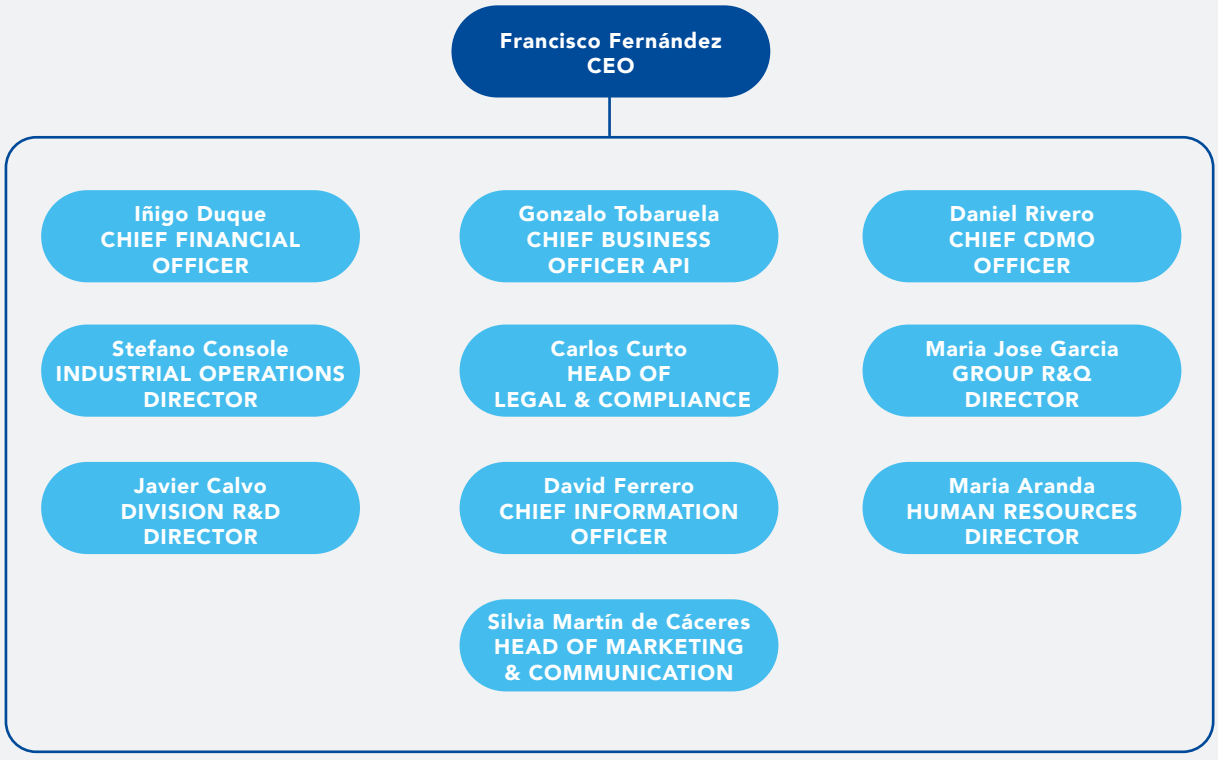
CDMO (Contract Development and Manufacturing Organization)

2 PLANTS
1 in Italy and 1 in Portugal

Governance structure

The governance of Suanfarma is designed to ensure efficient and responsible management of all operations. The approach is based on a robust and transparent organisational system that facilitates effective decision-making and compliance with the highest ethical standards.
Below the organisational chart illustrates the distribution of roles and responsibilities within the company.

ORGANIZATIONAL CHART



Risk management: security and business continuity

Suanfarma's complex industrial activities and interactions necessitate a robust risk management strategy. Risk management encompasses the identification, assessment and control of risks that could impede the our objectives and operations. This process is pivotal to ensuring business continuity, safeguarding resources and enhancing the company's resilience to uncertainties.

In light of this, in February 2022, we defined a risk map valid for 2023. This identifies and analyses the main risks of an economic-financial nature, data management, stakeholder management, environmental, chemical-bacteriological risks as regards products and regulatory compliance. To manage the different types of risks, an articulated system of policies and activities has been set up to mitigate potential negative impacts.

The centrality of ethics and human rights

At Suanfarma we place ethics, respect for human rights and public freedoms at the heart of our vision and way of acting towards all our stakeholders, in accordance with internationally accepted laws and practices.
This approach is embodied in an articulated system of fundamental instruments that establish principles and guidelines for rights and conduct within the group.
The opposite page illustrates the articulated system of principles and regulations that constitute the vision and management of ethics and human rights in Suanfarma.

1. THE CODE OF ETHICS AND CONDUCT

Suanfarma has a Code of Ethics and Conduct, which was implemented in 2018, and which applies to directors and members of the Board of Directors and all employees of Suanfarma, regardless of their hierarchical level and geographical or functional location. The purpose of the Code of Ethics and Conduct is to formalise the principles and values which must guide the conduct of all those who are part of Suanfarma, both in their relations with one another and in their interactions with customers, partners, suppliers and, in general, with all other individuals and entities with whom they interact in the course of their professional activities. This is to be done in a manner that respects human rights.

The core values of the Code of Ethics and Conduct are as follows:

- Combating all types of discrimination
- Guaranteeing the right to strike and any other right recognised by labour legislation and applicable collective agreements
- Guaranteeing a fair professional environment governed by values that respect human dignity, equality, fair treatment and compliance with applicable labour laws, including applicable collective agreements, all of which are expressly recognised in the Code of Ethics and Conduct.

All employees of the company have received training on the content of the Code of Ethics and Conduct. Furthermore, every new employee joining the company receives the Code as part of the 'welcome package'. In addition, the company's new intranet, where the main policies are published, has been operational since the beginning of 2023. The company did not receive any complaints of human rights violations in the years 2022 and 2023.

2. HUMAN RIGHTS POLICY

Suanfarma also has a Human Rights Policy, which reflects the company's commitment to respect human rights throughout the value chain. The policy outlines the following principles:

- Compliance with applicable laws and regulations wherever Suanfarma operates.
- Protection and enforcement of workers' rights.
- Zero tolerance of forced labour and 'modern slavery'.
- Respect for and promotion of diversity and inclusion.
- Identification and management of risks in the supply chain.

In the years 2022 and 2023, the company's activities resulted in the absence of any cases of forced or compulsory labour or child labour.

3. THE WHISTLEBLOWING CHANNEL

Suanfarma has established a whistleblowing channel for all employees, as stipulated in Section 5 of the Code of Ethics and Conduct. Furthermore, in accordance with Directive (EU) 2019/1937 of the European Parliament and Council and in recognition of its commitment to applicable law and the highest ethical and professional standards, Suanfarma approved the Internal Whistleblowing System Policy on 25 July 2023. This policy applies to all companies. The Ethical Whistleblowing Channel has been operational since December 2023 and is visible and accessible to all employees and interested third parties on the websites and corporate intranet.

4. THE ANTI-BRIBERY AND CORRUPTION POLICY

Bribery and corruption are two serious offences that can seriously jeopardise the company's activities and reputation. For this reason, Suanfarma has clearly defined its policy against corruption and bribery in its Code of Ethics and Conduct. The central tenet of this policy is the assertion that Suanfarma disclaims any benefit obtained unlawfully or as a result of failure to comply with any of the ethical standards and commitments set forth in the Code. Consequently, all persons subject to the Code must comply with the rules and procedures set out in it with the utmost rigor.

5. THE CODE OF CONDUCT FOR SUPPLIERS

Suanfarma's commitment to ESG (Environmental, Social and Governance) policies, as well as the Sustainability Policy and the Supplier Code of Conduct approved in 2021, guides the preparations to focus greater attention on the supply chain, which will be the subject of significant due diligence in the coming years. In this regard, suppliers will be obliged to comply with the Supplier Code of Conduct, which covers the following aspects:

- Compliance with all applicable national laws and regulations.
- Adoption of a responsible and ethical approach to business.
- Respect and protection of human and labour rights in their operations and supply chains.
- Management and reduction of the environmental impact of their business and supply chains.
- Identification and management of risks in their supply chains.

02

Innovation and R&D, core to vision

Investment in innovative technologies for a better quality of life

In Suanfarma, innovation is a strategic management approach that is shared within the different plants and business lines. Ensuring business continuity and strengthening interest in its products represents a significant challenge for the company. The current market complexity necessitates the search for new economic development models that aim to enhance the quality of production processes and manufactured products through an integrated and multidisciplinary approach that involves all the necessary skills. In this context, innovation in both technology and skills plays a fundamental role in addressing and responding to social, economic and environmental challenges.
With a systemic approach, the corporate culture has assimilated these two values and understands that innovating means adopting a long-term vision that takes into account the environment in which people work and live, the environmental impact produced, the optimisation of costs and the efficiency of production processes.

The R&D division, led by highly specialised scientists and researchers, was established within the company and represents one of the principal growth drivers. The ongoing research into the development of new technologies for the production of two type of generics: with patent already expired and with patents still in force depending on the territory, has resulted in the implementation of revolutionary processes in several therapeutic areas. In terms of the production process, Suanfarma is vertically integrated, encompassing the design and optimisation of the synthesis route, analytical services, production and drug registration.

The multi-disciplinary R&D team comprises experts in pharmacy, chemistry and engineering, all with extensive experience in developing and transferring technologies that comply with international standards. Collectively, these factors create a rewarding environment that offers attractive opportunities for career advancement.

The strategic lines of R&D development

The strategic lines of R&D development at Suanfarma have focused on three main areas:

A. API ACTIVE PHARMACEUTICAL INGREDIENT DEVELOPMENT:

The objective is to develop alternative, non-infringing multi-step synthesis routes through commercially viable, economical and environmentally friendly processes. Consequently, the company has considerable experience in developing in-house analytical methods and conducting MoA (Method of Analysis) comparisons in accordance with Good Manufacturing Practices (GMP). The company team is highly skilled in regulatory submissions and has extensive experience in the preparation of documentation, including impurity and stability studies.

B. PROJECT MANAGEMENT AND PARTNERSHIP WITH PRODUCTION PLANTS (CDMO – Contract Development & Manufacturing Organisation):

The R&D Division is responsible for identifying, negotiating and entering into agreements for the development of APIs with CDMOs/CMOs. This outsourcing model is supported by the project management and control team, which is responsible for monitoring ongoing projects and ensuring that set targets are met. Submissions and has extensive experience in the preparation of documentation, including impurity and stability studies.

C. PRODUCT PORTFOLIO:

The product portfolio is developed and maintained through a specialised process of new product selection. This approach is also guaranteed by a sophisticated project analysis system based on business intelligence and market analysis studies, which involves a multidisciplinary team of experts from different synergistic areas.

Health is at the heart of product development

The company specializes in the production of pharmaceutical active ingredients for the generic medicines industry for treatment of major diseases. Generic medicinal products for human and veterinary use, or equivalent, have a much lower price, which makes them available to a greater number of patients.
The active ingredients produced by Suanfarma therefore, play an important role in improving the lives of thousands of people around the world, an objective that underpins the company's mission and that aligns with the third objective of the 2030 Agenda "Ensuring health and well-being for everyone of all ages," a further confirmation of the company's willingness to make a tangible contribution, with its products, to the sustainable development of the planet.

The production of active ingredients in bulk for human and veterinary use is then marketed by the Parent Company to companies that deal with the packaging of medicines, ready to be used by the final consumers.

The Human API division of Suanfarma encompasses more than 400 molecules that are utilized for the pharmacological treatment of humans. Our comprehensive coverage encompasses a multitude of diseases and therapeutic areas of interest to the pharmaceutical industry.

The range encompasses the following:

- ANTIBIOTICS
- ANTIVIRALS
- ANTIFUNGALS
- RESPIRATORY
- ONCOLOGICAL
- CARDIOVASCULAR

Suanfarma's ongoing research activity is dedicated to the development of alternative sources for all pharmacological groups.
This commitment positions the company at the vanguard of progress, driven by sound metrics and in-depth market studies.

The product complies with the standards set out in the Good Manufacturing Practices (GMP) guidelines.

THE PATHWAY FROM THE INITIAL INGREDIENT TO THE FINALISED DRUG.

To be placed on the market, each active ingredient must meet a series of regulatory requirements:

1. Must comply with the most updates Pharmacopoeias, a regulatory pharmaceutical code, from the main top markets, which describes the quality requirements and the characteristics that the medicinal products prepared must have, divided into categories;

2. Must be manufactured according to "(Good Manufacturing Practises or GMP)," a set of guidelines that provide the minimum requirements to be met to ensure standard product quality and therefore greater patient safety. The standard quality of an active ingredient means that it is produced in accordance with the procedures established within the company, the international guidelines and the information dossier that concerns it filed with the various National Health Authorities. This means that the product does not present "anomalies," for example impurities present even in minimal quantities, but which could result in side effects in patients;

3. If both the requirements are met, the application for approval of the site as manufacturer of a given active ingredient must be submitted to the Regulatory authorities together with a Drug Master File (DMF) that describes all the activities carried out on-site with regard to each API (e.g. manufacturing process, analytical controls, stability studies). The health authorities shall then authorize the production of the active ingredient.

The objectives for today and tomorrow

1

To establish a trajectory of consistent growth and development in order to secure a leading position in the generic API market upon the expiration of patents on innovative products.

2

To develop the most efficient processes in the laboratory ensuring a very effective scaling up into industrial scale.

3

To develop processes with the latest new technologies with a focus on the use of non-hazardous reagents and solvents and minimising the use of them by technology like flow chemistry.

4

Increase the commitment to green chemistry by designing technologies with a focus on the recovery and reuse of substances such as solvents, reagents and catalysts.

Process and product quality: a lever to compete

The production process in Suanfarma is characterised by an approach to quality that adheres to the most rigorous international standards. For the company, the vision of total quality entails a consistent investment in professional skills, technological and laboratory infrastructures, with the objective of guaranteeing the safety and quality of products and customers. This enables Suanfarma to compete and grow in the market.

A. PRODUCTION PROCESSES

Suanfarma's production plants manufacture products in accordance with Current Good Manufacturing Practice (cGMP) and strict international quality standards. The focus on total quality encompasses every stage of the production process, from the meticulous selection of raw materials to the implementation of comprehensive production and testing procedures.

The pharmaceutical products manufactured by Suanfarma reflect the company's overarching philosophy, which prioritises the health and well-being of individuals, corporate sustainability and the provision of optimal service to customers.

The distribution phase of the products also follows the total quality approach. In fact, products are stored and distributed according to Good Distribution Practices (GDP) in compliance with strict European quality standards. In the production and distribution process, which is characterised by a total quality approach, the entire supply chain is involved, from the selection and purchase of raw materials to the delivery of products to customers. The objective is to provide high-quality pharmaceutical products at affordable prices worldwide, thereby improving people's lives.

B. QUALITY ASSURANCE AND REGULATIONS

All products are accompanied by a Drug Master File (DMF) or a Certificate of Suitability (CEP), depending on the market where the API is commercialised. These processes are managed comprehensively, from dossier creation to any necessary modifications, in response to changes resulting from routine productivity improvements.

A responsible supply chain

Reliability, safety and quality are the three principles underlying the definition of Suanfarma supply chain. In any case, in order to guarantee product quality, the various group companies have established purchasing procedures that must be respected by those involved in the process.

As Suanfarma deals with highly specialised materials and equipment in pharmaceutical processes, on several occasions Suanfarma turns to specialised and sometimes exclusive manufacturers. Regarding the purchase of raw materials, these can basically be divided into two macro-areas:

1. The family of chemically derived products such as acids or basic raw materials;

2. Products that originate from agriculture such as oils, flours and sugars.

For both categories, the company primarily looks for local and/or European suppliers. For the purchase of some specific products, on the other hand, it is necessary to turn to the US market and the Far East due to the lack of an operational contact person in Europe.

For packaging and general services, suppliers close to the territory are preferred in order to support the economy and reduce the negative environmental impacts of transport over a longer distance. Where possible, the company contacts the manufacturer directly, thus testing the sustainability of the supplier more directly. In terms of supply chain management, Suanfarma created and approved the 'Supplier Code of Conduct' in 2021, which expands responsibilities and commitments regarding environmental, social and economic impacts also along the value chain (see page 22 for more details).

The new contract applies to both direct suppliers and subcontractors, such as those managed by distributors, and has implemented specific procedures.

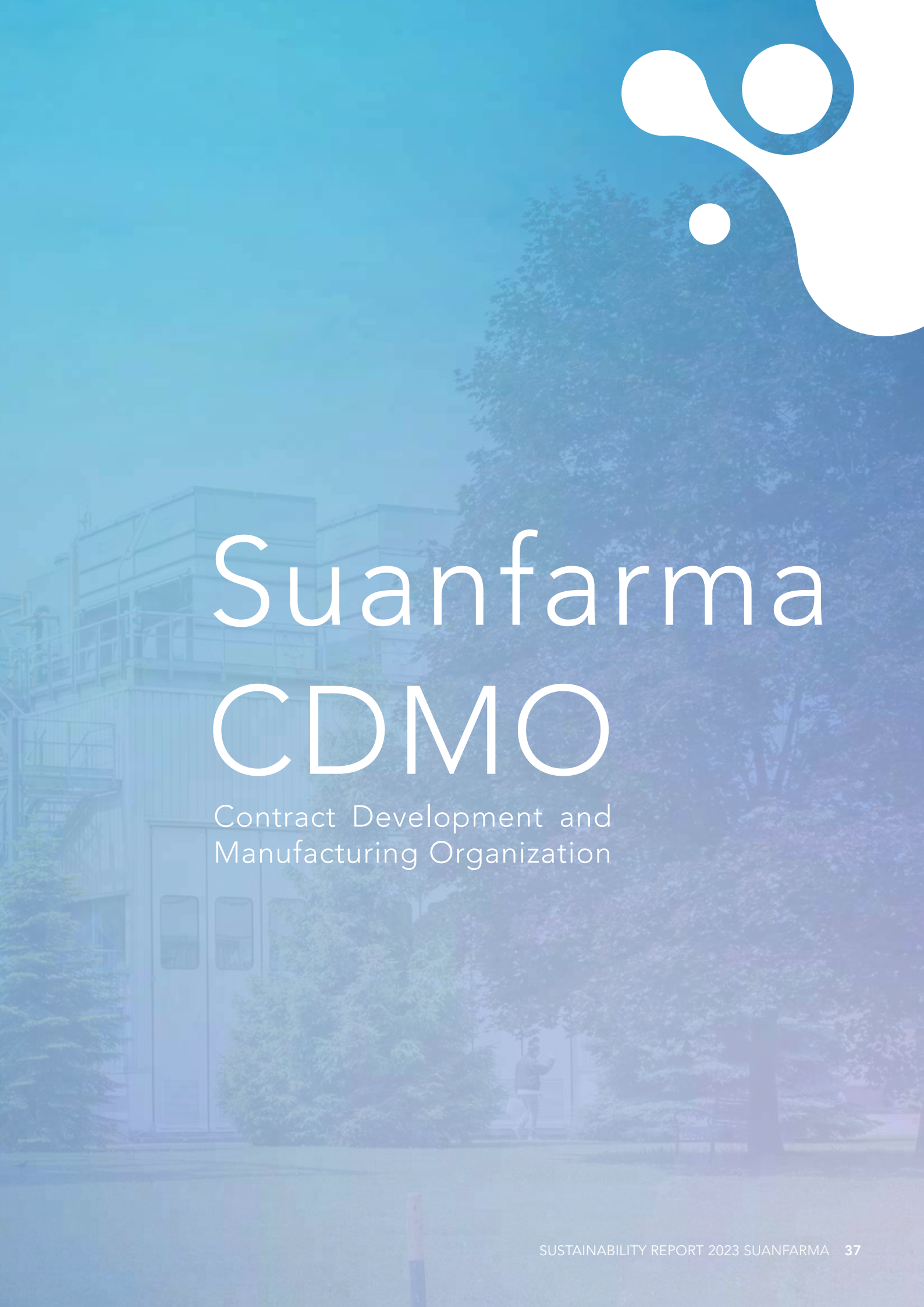
Firstly, the adoption of more stringent contracts for all suppliers, for any type of purchase, in which the supplier is explicitly required to commit to respecting workers' rights, health and safety, ethics and anti-corruption, as well as to read and respect the principles of the Code of Conduct.

Companies carry out regular checks and audits not only on the quality of the products received from suppliers, but also on the quality of the suppliers themselves, based on a previously conducted risk analysis.

Moreover, the second-party audits that are periodically submitted to suppliers, in addition to verifying reliability, quality and safety, aim to activate an important cultural change on sustainability issues, promoting the empowerment of the supply chain on these specific aspects.
A further step in the management of supplier relations concerns the construction of a questionnaire aimed at investigating sustainability practices in the ESG area, which will be used from next year.

During the reporting year, 12 supplier audits were carried out in the industrial division.
All audits performed were successful.

03



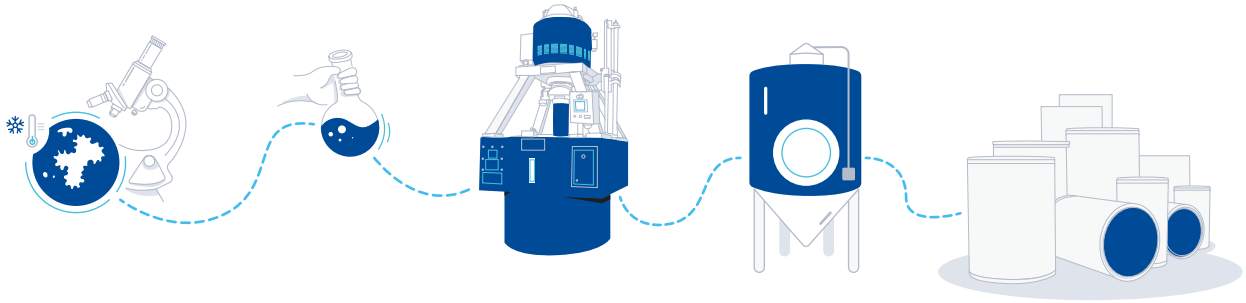
Suanfarma CDMO

Contract Development and Manufacturing Organization

At the core of a better life

Suanfarma CDMO (Contract Development & Manufacturing Organisation) provides integrated end-to-end solutions for the development and commercialisation of intermediate and small molecule drugs, working closely with pharmaceutical, biotechnology and healthcare companies.
The CDMO division comprises two production sites, which have developed industrial, professional and advanced technology skills over the years to compete in the marketplace at very high process and product quality standards.
In the these two sites divisions the staff is able to manage the entire process of development, scaling-up and production of small molecules both by fermentation and chemical synthesis.

DEVELOPMENT → PRE-CLINICAL SUPPLY → CLINICAL SUPPLY → MARKET SUPPLY



- Cell line manufacturing
- Purification chemical synthesis
- Cell banking
- Process/Analytical Development
- Tech transfer Pilot Plant
- Relase Dossier submission
- Scale up & GMP Manufacturing
- Commercial manufacturing

Rovereto's plant

"At Rovereto's plant, our people are our greatest asset. We are all committed to ensuring that our work yields good results by orienting our compass on continuous improvement in the reduction of environmental impact, the efficiency of industrial processes and the professional growth of our people."

Nicola Berti
Managing Director

Our plant in Rovereto is a leading pharmaceutical company specialising in the development, production and distribution of active ingredients for human and animal health. Since its foundation in the late 1960s, the company has been committed to improving people's wellbeing. Its vision is to ensure that high-quality medicines are accessible at affordable prices.

The company's philosophy is based on four key pillars: continuous improvement, a culture of environmental sustainability, a strong focus on innovation and ethics, and the commitment of every single person. The aim is to build an organisation that is attentive to the needs of its various stakeholders, where daily action is focused on the pursuit of quality and sustainability of products and operating processes.

The company has consistently demonstrated its commitment to sustainability, encompassing all aspects of its operations, from industrial activities to the development of human capital, as well as its relationship with the local community. It is the company's belief that only through responsible actions can it continue to fulfil its role.

The pillars of sustainability at Rovereto's plant are:

Process and product innovation

Enhancement of professional skills, taking into account work-life balance

Innovation is the ability to identify and implement changes that allow an organisation to remain competitive while improving its environmental and social impact.
The Board of Directors is always involved and updated on the progress and results achieved in terms of sustainability. The entire company believes in the direct responsibility of each employee in terms of health, environment and safety, with particular emphasis on management, which becomes a protagonist in the development of good practices in its area of competence and an example in their application.

Continuous improvement and research for ever safer production processes

The company's systems, technologies and processes are those common to every facility producing basic pharmaceutical products by fermentation or chemical synthesis. Despite this, the strategy is founded on two fundamental pillars: continuous improvement and a dual focus on the safety of people and the environment. This allows Rovereto's plant to combine elements that can sometimes be considered conflicting, such as production costs, quality, the safety of people and environmental impact. Only by pursuing and improving all these aspects, without neglecting any of them, can the company achieve its objective in its entirety.
The production phase begins in the microbiology laboratory, continues in state-of-the-art industrial fermenters with a total capacity of around 1300 cubic metres, and ends with the extraction of the finished active ingredient.
Only at this point, and after careful quality control, are the products made available in a form suitable for marketing.

The company has:

- 1 new chemical research and development laboratory,
- 1 industrial microbiology laboratory,
- 1 quality control laboratory,
- 5,000 square metres of warehouses, including cold storage at temperatures between 3 and 8°C.

The high degree of automation of the production lines, the company's flagship innovation, guarantees the reliability, reproducibility and traceability of the production processes, which are constantly monitored by a dedicated technical service and suitably trained and qualified personnel. All production phases are therefore regulated by an automated procedural system that allows processes to be standardised. In the event of a system malfunction, human intervention is only permitted.

The development of Rovereto's plant production activity is designed and executed in a manner that aligns with environmental protection principles. Natural resources are used responsibly and impacts are minimised throughout the product's life cycle, including on human health and the surrounding territory. Relations with the local community are collaborative and transparent, in line with Suanfarma.
The Rovereto's plant has always placed great importance on health, safety and environmental issues, complying with all relevant regulatory requirements and integrating the main internationally recognised certification schemes.
In recent years, the company has formalised its approach to sustainability and the environment through an extensive system of certifications.

The principles of this system can be summarised as follows:

- Guarantee of safe and healthy working conditions for all employees and prevention of risks and accidents;
- Minimisation and reduction of environmental impact and minimisation of the organisation's carbon footprint;
- Efficiency in resource and energy consumption;
- Attention to waste management, where possible in line with a circular economy;
- Attention to water management, reduction of consumption and environmental impact in waste water discharges;

CERTIFICATION SCHEMES AND AUTHORISATIONS

INTEGRATED MANAGEMENT SYSTEMS

Compliant with the various standards: UNI ISO 45001 for safety management, UNI EN ISO 14001 for environmental management, EMAS III Regulation, UNI 10617 for major accident risks and, UNI EN ISO 50001 for creating, implementing, maintaining and improving an energy management system (EMS).

EMAS REGISTRATION

(Eco-Management and Audit Scheme)

Indicates the compliance of a company or site according to the provisions of European Regulation no. 1221/2009. To obtain the latter, it is necessary to define a clear environmental policy, develop an Environmental Management System (EMS), and produce an Environmental Declaration validated by an accredited certifier. The company obtained its first certification in 2005

FIRE PREVENTION CERTIFICATE (CPI)

Adocument that certifies the existence of all fire safety requirements, also ensuring de facto compliance with legislation on prevention.

ENVIRONMENTAL IMPACT ASSESSMENT (EIA)

A procedure that aims to ensure that production activity is compatible with the conditions for sustainable development, respecting the regenerative capacity of ecosystems, the protection of biodiversity and a fair distribution of the benefits associated with economic activity.

Structured on the principle of preventive action, it assesses the effects of a production process on environmental factors and human health*. To implement any new production, Rovereto's plant submits this document to the Provincial Environmental Protection Agency (APPA) and, only after its approval, has the possibility to launch production tests

INTEGRATED ENVIRONMENTAL AUTHORISATION AIA – IPPC

Which complies with the principles of "integrated pollution prevention and control" dictated by the European Union since 1996, necessary for the operation of certain particular production facilities. The AIA is connected to the "Environmental Impact Assessment (EIA)" to which our plant Rovereto is subject.

Cipan's plant

"At Cipan, we really believe in the power of continuous improvement. It's a way of making sure we're always doing our best for our customers, our colleagues and our wider community. It's a journey that allows us to grow and create value for everyone we work with."

Rui Teixeira
Managing Director

Cipan is a production plant of Suanfarma, based in Lisbon, Portugal. It specialises in the development, production and commercialization of ingredients for the pharmaceutical, veterinary and nutritional sectors. Cipan's plant was founded in 1960 and has invested its industrial commitment in the health and well-being of people and animals over the years. Its in-depth knowledge extends to:

1. Fermentation processes, utilising a diverse range of microorganisms.
2. Downstream processing and purification techniques.
3. Chemical synthesis processes for the production of a comprehensive range of molecules, including anti-infectives, psychotropics, cannabinoid derivatives, and anticancer agents.

The plant specialises in the chemistry of complex molecules, including the tetracyclines developed in the past, as well as any type of CDMO project for the production of small molecules for pharmaceuticals, biotechnology and healthcare industries. This expertise provides a solid and flexible technological platform for different customers' projects, enhancing their competitiveness in the market.

Cipan's plant an differentiation factors that make it a unique company

- APIs cross-sectional capacity of production, at lab-, pilot- and industrial-scale
- Fermentation (USP/DSP) and Organic Chemistry Synthesis flexible manufacturing
- Quality and Safety Compliance, with the regulatory authority's approval: FDA, EMA/ Infarmed, CFDA as well as ISO14001 certification
- Service Quality
- Quality Assurance Department that combines knowledge of the drug whole life cycle, from the development to the regulatory
- Team specialized in Research and Development
- APIs world market knowledge
- Quick prototyping of industrial processes

Our main goal is to make sure that our products are safe for humans and the environment

Our plant Cipan develops and manufactures active pharmaceutical ingredients (APIs) in accordance with cGMP (current Good Manufacturing Practices) and rigorous international quality and safety standards. All aspects of production, from the selection of raw materials to manufacturing and shipping, are subject to rigorous control. All life cycle activities comply with the legal requirements of the most demanding regulatory agencies, such as the FDA and EMA/INFARMED.
Cipan's regulations and processes are regularly audited by customers and international authorities.

The quality assurance system follows each stage:

1. Development of analytical methods
2. Production process control
3. Shipping process.

Similarly, the quality control team works from the inspection of the receipt of materials (raw materials) to the release of finished products and continuous stability tests, via the control of intermediate products. To this end, Cipan's plant has duly equipped quality control laboratories.

The Cipan Quality Assurance team and in-house Regulatory Department represent the company's strengths.
These professionals, who are highly qualified and experienced, are responsible for ensuring quality management and the preparation of records and dossiers for the most demanding regulated markets. Consequently, the company offers its customers a comprehensive service, which includes the production of dossiers that track the APIs produced on their behalf. All products manufactured and shipped by us are provided with a DMF (Drug Master File) or CEP (Certificate of Conformity) in accordance with the destination market. Such dossiers are prepared by our team.
Cipan's plant has implemented a Quality, Safety and Environment Management System (QSE) that formalises the commitment to reconcile pollution prevention with an overall improvement in environmental performance and efficient management of energy and natural resources. Cipan's environmental performance is the result of the involvement of the entire organisation. Employee participation is a crucial commitment in maintaining high and constant standards.

Another central pillar of Cipan's plant work is its focus on the people who work within the company. Employees are a strategic resource, guaranteeing the company's daily routine and contributing to the realisation of its growth strategy. They are necessary for business continuity and the creation of value in the present and future. The human resources development strategy aims at attracting, motivating and retaining talent suitable for the company's development.

The focuses of the human resources development strategy are:

1. Training
2. Career management
3. Loyalty programmes and accountability

The main areas of focus for Cipan's plant are health and safety, team welfare, training and skills development. These areas contribute to the attraction and retention of talent.
Given the nature of the business, health and safety in the workplace is a priority. Compliance with performance standards is ensured through a policy consisting of training, procedures and internal audits. In this vision, people are of paramount importance. Indeed, each employee is responsible for implementing the health and safety procedures set out in the company's policy.

04

Our commitment to the environment

Our commitment to the environment

Suanfarma places great importance on minimising the environmental impact of its production processes. It is committed to operating in a sustainable manner, through the responsible management of natural resources and environmental protection.
Suanfarma develops, implements and pursues environmentally responsible policies. In addition, the company is committed to the precautionary principle and guarantees derived from the environmental liability law through corporate environmental liability insurance.

The expected results of the environmental management system include:

- Continuous improvement of the environmental management system;
- Fulfilment of compliance obligations;
- Achievement of environmental objectives.

Suanfarma has a Sustainability Policy, approved in November 2020 by the Board of Directors. The Sustainability Policy refers to responsibility towards society, the environment, its investors, its subsidiaries, its suppliers, its staff, and the communities in which it operates. The dissemination of this Policy, and the definition of the respective objectives, is a commitment of the entire Organisation, as well as the sense of shared responsibility and monitoring by all, ensuring that they adhere to the strategy and internalise it.

These are the objectives :

- Ensure compliance with all applicable environmental legislation in each country.
- Minimise and become more efficient in the consumption of non-renewable resources.
- Reduce carbon footprint.
- Reduce energy consumption in operations by adopting energy-saving measures and implementing energy-efficient equipment.
- Minimise the use of non-renewable resources, and use low-impact and sustainably sourced products and materials in facilities.
- Efficiently manage and recycle waste in line with the circular economy approach.
- Making the use of water resources more efficient, reducing consumption and the environmental impacts of wastewater discharges.
- Promote low-impact transport measures for the daily use of employees.

Pollution

Suanfarma's emissions are mainly produced within its production plants and are mainly due to the combustion of natural gas and VOCs from solvents used in production processes[1].
To reduce this impact, Suanfarma has implemented several measures in recent years and is working on a medium- and long-term strategy to reduce greenhouse gas emissions. The company also intends to conduct an analysis of greenhouse gas emissions by 2024, which will set medium-term reduction targets.

Cipan's plant has initiated a project to implement gas emission treatment systems in accordance with the requirements of the environmental licence. In the other site, Rovereto, an odour emission monitoring plan has been implemented with measures taken inside and outside the plant.

1 - Only the data from the plants are reported, as the environmental impact of the distributors is not considered material as it is only 1% of the total impact

Waste and circular economy

One of the key objectives of the Sustainability Policy is the efficient management of waste and the appointment of managers who can guarantee greater recovery of waste in accordance with the circular economy approach.
The waste generated by Suanfarma as a result of its business activities is primarily industrial waste from the manufacture of pharmaceutical products.
A significant proportion of this waste is sludge from the wastewater treatment plant and liquid waste from the production process, including spent solvents and water contaminated with solvents. However, before the water is discharged, it is distilled in order to recover and rectify the solvents from these wastes and thus contribute to the circular economy.
The final management of the waste generated is incineration, as recovery operations are not possible due to its nature. Non-hazardous waste is deposited in specific containers.
All waste containers are duly and unequivocally identified, whether they are intermediate containers (distributed in different parts of the facilities) or final containers.

In order to reduce the volume of waste produced, Suanfarma has implemented projects to reduce the use of raw materials. In line with the latest regulations on the use of recycled and reused packaging, our factories have implemented procedures for cleaning and reusing packaging materials, thus avoiding the need to purchase new packaging.

At Cipan's plant, there is an ongoing project to reuse methanol in the Lymecycline process, a waste treatment process designed to promote financial added-value (distillery) and improvements in production processes (waste reduction).
Waste management in Rovereto's plant is based on a procedure that implements the principle of the Waste Hierarchy.
This establishes the preferred priorities of the programme, which are as follows: prevention or minimisation, reuse, recycling, energy recovery and disposal. With regard to hazardous waste, the primary objective is to achieve "Zero hazardous waste from process to landfill."

WASTE (IN TONNES) [2]	2023	2022
Hazardous waste	6.915	6.254
Non-hazardous waste	3.197	3.859

2 - Only the data from the plants are reported, as the environmental impact of the distributors is not considered material as it is only 1% of the total impact.

All environmental impacts are carefully assessed by Suanfarma and, although it is true that Suanfarma's activities are not carried out in protected areas and the impact on biodiversity is considered non-material, investment has been made, as mentioned above, in wastewater treatment to protect fauna and flora at both plants.

Sustainable use of resources

Suanfarma is aware of the need to minimise the use of natural resources in its operations, as set out in its Supply Policy. The certifications in environmental and energy management demonstrate the ongoing commitment of the various plants to reduce water, raw material and electricity consumption.

Water consumption

The water supply is guaranteed by municipal networks and groundwater collection through wells, which is used in manufacturing, irrigation, cooling systems, etc.
Suanfarma guarantees that the water used is not a source of contamination and that the water used, prior to discharge, is pre-treated to comply with the minimum discharge values.

WATER CONSUMPTION (m^3)	2023	2022
Municipal water supply	3.894.389	2.312.377
Alternative sources of water supply - Ground water	2.374.418	3.300.150

In 2022, our site Cipan implemented more efficient equipment washing processes (reduction of water consumption) and a project to install an osmosis system in the cooling tower water (reduction of purge water). The maximum volume of water captured and the maximum volume of treated industrial water discharged to the municipality (environmental permit requirement) have been exceeded. In 2023, two closed-loop vacuum pump cooling systems were constructed and closed-loop vacuum pumps were installed at Chemical Synthesis. These measures contributed to water savings.

It is worth noting the work of Rovereto's plant, which in 2019 adopted a trigeneration plant capable of using natural gas to produce electricity, steam and chilled water. This has resulted in a reduction in water use from approximately 7 million m^3 to 5.5 million m^3. Conversely, Rovereto's plant has implemented improvements to the cooling efficiency of the fermenters, both at the plant and process levels. This has involved the installation of heat exchangers, optimising fermentation temperature and extending cooling duration.

Raw materials

In terms of raw material consumption, Suanfarma has consumed a total of:

CONSUMPTION OF RAW MATERIALS (TONS)	2023	2022
Consumption of raw materials	27.697	37.157

Suanfarma has a Research and Development Department which works hard to improve industrial processes and reduce the use of certain raw materials. In this regard, the following studies were initiated during the financial year 2021-2022 and are still ongoing in 2023:

- Optimisation of intermediate reprocessing processes to reduce the number of rejected batches to be destroyed;
- Optimisation of experimental conditions to avoid losses and degradations during the process (ie: more product from the same raw materials);
- Development of processes for the reuse of catalysts;
- A process change study that has the objective to identify ways to reduce the use of solvents in extractions and industrial chromatography, while increasing the yield.

In 2022, Rovereto's plant also implemented the installation of a new ethanol distillation and recovery plant, which will reduce the consumption of 90% of the ethanol purchased by recovering 800 kg/batch.

Energy consumption

The main energy inputs for the different plants are electricity, natural gas, and steam from the district heating network, with the majority of this steam sourced from renewable sources.
Energy efficiency is a key concern for Suanfarma, particularly in terms of sustainability. The company's commitment to energy efficiency is also reflected in its corporate policy.

In Rovereto's plant, the key objectives for the management of energy and energy efficiency issues are as follows:

- Energy management system certified according to ISO 50001 in order to maintain a process of continuous improvement in the energy sector
- Other several energy saving projects are also being implemented, including the trigeneration plant, which generates most of the site's electricity demand and also provides steam and cooling energy to the plant.
- Additionally, a renewable energy plant is in operation, producing electricity from biogas recovered from the waste of the production process.

On the other hand, Cipan carried out an energy audit that served as the basis for the development of an energy rationalisation plan (PREN), which includes minimum energy efficiency targets.

The main measures implemented in 2021-2022 and applicable in 2023 to reduce energy consumption were:

- Ongoing project to install solar panels.
- Replacement of the cover of the utility centre, with the use of natural light, due to the translucent tile
- Energy reduction by installing a smaller capacity boiler
- Ongoing project to recover condensate and prevent steam leaks
- Replacement of the low air plant heat exchanger
- Replacement of 40 air filters sucked in from outside into the central air underneath
- Replacement of half of the lighting in the distillery area with LED lamps
- Installation of presence sensors to switch on the lights in the electrical workshop.

ENERGY CONSUMPTION[3]		2023	2022
Energy consumption (Mwh)	From non-renewable sources	75.446	66.842
	From renewable sources	27.631	32.073
Gas Consumption (m^3)		25.859.531	24.463.837

3 - Only the data from the plants are reported, as the environmental impact of the distribution companies is not considered material, as it is 1% of the total impact in 2023. Consumption in 2022 has been reclassified with respect to last year's report. The increase in the consumption of electricity and gas is due to the increase in production.

Climate change

Suanfarma is a company aware of climate change and has established numerous measures, as set out in this Environment section, in order to reduce greenhouse gas emissions at its plants.
During 2022 and 2023 Rovereto's plant approach to emissions is detailed in:

- Long-term strategy to reduce greenhouse gas emissions
- Thermal energy efficiency projects
- Energy saving projects have also been carried out with an impact on the reduction of steam consumption
- 0 Scope 2 emissions because purchased energy comes from a renewable source with a guarantee of origin

Likewise, the following measures were taken at Cipan during 2022 to prevent and reduce emissions of pollutants into the atmosphere and remain in force in 2023:

- Installation of condensers to condense VOCs from solvents
- Gases used in HVAC (Heating, Ventilation, and Air Conditioning) systems in accordance with the law to comply with the reduction of greenhouse gas emissions
- Project for the implementation of gaseous emissions treatment systems based on the requirements of the environmental licence (ie: inertisation of tanks to reduce diffuse emissions, new equipment to operate in a closed circuit, improvements in gas scrubbing columns and installation of condensers).

EMISSIONS[4]	2023	2022
Direct Emissions (Scope 1) tO2 eq	52.147	48.735
Indirect Emissions (Scope 2) tO2 eq	2.594	2.057

4 - Only the data from the plants are reported, as the environmental impact of the distributors is not considered material as it is only 1% of the total impact. The increase in CO_2 emissions is due to increased energy, which in turn is due to increased production.

05

The commitment to people and community

The value of human capital

As of 31 December 2023, Suanfarma is a multicultural company, with a total workforce of 595 people, spread across different locations.

People are a strategic value in achieving the company's results and their contribution, commitment, professionalism and talent are essential to the group's growth.

All workers are covered by an employment contract, which must contain the following information:

- The aspects of the position and the tasks to be performed,
- The regulatory and salary elements in accordance with the collective agreement,
- The rules and procedures to be adopted to avoid possible work-related health risks.

Below are comparative employee figures as at 31 December 2023, broken down by gender and age.

	EMPLOYEES		AGE DISTRIBUTION			TOTAL
YEAR	♀	♂	<30 years	30-50 years	>50 years	
2023	198	397	100	359	136	595
2022	184	395	100	348	131	579

EMPLOYEES BROKEN DOWN BY COUNTRY

2023

- Spain 127
- Italy 165
- Portugal 241
- Commercial Branches 62

2022

- Spain 117
- Italy 161
- Portugal 232
- Commercial Branches 69

The personnel data show that:

- The company is committed to employment stability, as more than 91% of jobs are permanent, even in factories where the general trend is towards a large number of temporary jobs for production workers.
- The number of women has grown proportionally more in the group than the number of men, especially among Researchers and Head of area.
- The majority of employees are in the 30-50 age bracket, demonstrating that Suanfarma is committed to building professional career paths, remaining attractive to mature professionals.

In 2023, the employee exit rate increased to 3.5%, substantially as a result of the People Review and Performance Evaluation procedures carried out within the framework of employee development and management by objectives.

	2023 ♀	2023 ♂	2022 ♀	2022 ♂
Administrative	73	31	72	28
Commercial	14	22	15	21
Area Directorate	10	23	12	24
Management	0	3	0	4
Researcher	60	140	51	147
Head of area	28	58	21	56
Operator	13	120	13	114
TOTAL EMPLOYEES	**595**		**579**	

	2023	2022
Indefinite	544	530
Temporary	51	49
Part-Time	12	13
Full-Time	583	565
TOTAL EMPLOYEES	**595**	**579**

The importance of inclusion and equity for workers' well-being

Suanfarma's organisational culture encourages and promotes a balance between the personal and working lives of its employees, so that all employees can develop their talents in the work environment, in a way that is fully compatible with the rest of their personal development.
Due to the diversified activities and presence in different countries around the world, it is not possible to define a uniform policy for the whole group. However, in addition to complying with the legal requirements in force in different countries, Suanfarma offers employees flexibility measures that promote work, personal and family reconciliation, such as flexible working hours or remote working.
Suanfarma also recognises and supports the different measures of joint parental responsibility that exist in the legislation in each of the countries, such as paternal leave, shared maternity leave or reduced working hours for childcare for both parents.
Moreover, on the benefits side, many companies have health insurance for their employees and family members.

Diversity and equality

Suanfarma's values are based on respect, equal opportunities and non-discrimination, as stated in the Code of Ethics approved by the Board of Directors and which applies to all employees. The company's Diversity and Equality Policy defines the general principles of action and commitments of the different companies in this area:

- Promote relations based on respect, dignity and fairness at all professional levels, fostering a respectful working environment, in order to achieve an appropriate working climate;
- Ensure that there is no discrimination based on gender or sexual orientation, race, religion, origin, marital status or social status in all areas of the organisation.

Suanfarma is committed to implementing a Plan for Equality in all group companies, in accordance with the legal requirements existing in each country. For this reason, an equality diagnosis process was conducted for Suan Farma S.A. in 2022. and Suan Farma Holding, S.L. and an Equality Committee was established in both companies.

In 2023 this plan was approved and registered according to the legislation in force in Spain. In this sense, Suanfarma's policy aligns perfectly with Goal 5 'Gender Equality' of the UN Agenda 2030 for Sustainable Development, which defines gender equality as not only a fundamental human right, but the necessary basis for achieving a peaceful, prosperous and sustainable society. The principle of equal opportunities between people in the group must be a mark of identity in all human resources management processes:

RECRUITMENT

PROMOTION

COMPENSATION POLICIES

TRAINING

WORKING CONDITIONS AND EMPLOYMENT

OCCUPATIONAL HEALTH

ORGANISATION OF WORKING TIME

RECONCILIATION

ORGANISATIONAL CULTURE AND COMMUNICATION

HR personnel are adequately trained to act objectively in actions and decisions, as also defined in the Code of Conduct. The objective of this policy is to attract, select and retain the best talent in order to incorporate professionals with the skills, knowledge, abilities and behaviours in line with the group's values and thus meet current and future business needs. This is reflected in a collaborative culture based on team spirit, open and transparent communication and a culture of mutual support.

All Suanfarma employees are required to be vigilant to ensure that situations of discrimination do not occur and to inform Human Resources immediately if they see situations of discrimination, as also indicated in the Code of Conduct. For these reasons and to demonstrate the company's commitment to the well-being of its employees, Suanfarma has implemented a comprehensive harassment protocol by 2023.

The commitment of non-discrimination also applies to the containment of the gender gap for the salary assets of different categories of workers and management figures in different countries. The gap, however, does not stem from a gender issue, but from having companies in different countries, where the cost of living is significantly different, and salaries are aligned with this factor.

Suanfarma personnel who also hold a position as a member of the Board of Directors receive no remuneration for participating in Board activities. In contrast, directors who are not members of Suanfarma's staff receive remuneration for participation on the Board.

In the two years of reporting Suanfarma employed 4 persons with disabilities.

WORKERS' WELL-BEING

Suanfarma, in its constant focus on fostering the well-being of its employees, launched an employee satisfaction survey for the first time in 2022 and repeated in 2023. Employee participation was satisfactory, 75.52% in 2022 and 66.33% in 2023. The results of the survey were communicated to all employees and company-specific action plans were drawn up based on the results.
The variables taken into consideration are:

- GENERAL SATISFACTION
- DAILY WORK
- COOPERATION
- DIRECT MANAGER
- DEVELOPMENT
- GROUP MANAGEMENT
- COMPENSATION
- COMMUNICATION
- SUANFARMA GROUP PROJECT
- COMMITMENT
- ENPS (Employees Net Promoter Score)

Training, a lever for growing together

Suanfarma is aware that training contributes to the development of knowledge sharing, a factor that can positively influence the corporate climate, strengthening the sense of belonging. The investment in training for 2023 saw a significant increase in the number of hours allocated to this activity, as can be seen in the comparative table 2022 vs. 2023.
The heterogeneity and multiculturalism of human resources call for different training needs, related to the needs arising from each task. It is difficult to categorise them, with the exception of what is a top priority for Suanfarma, training on Risk Prevention. The usual training proposal process involves the employee submitting their training needs to his or her team leader, who communicates them to the HR Department. It is the HRD that takes the necessary actions to offer the optimal training solution for each case. In general, the detection of individual and group needs can be obtained:

» At the request of the hierarchical superior,
» At performance review sessions,
» For specific needs detected in the company.

To develop a good working environment, many Suanfarma companies organise annual team building, to enhance social relations and to improve performance in a team-based environment.
With regard to improving social relations, there are also employee breakfasts with the CEO, where employees, in small groups, have the opportunity to talk to the board and express their concerns. The same type of activity is also carried out by the various Human Resources Departments with employees.
There are also:

» 2 annual virtual Town Halls and 2 meetings in each of the factories where the CEO informs all employees about company achievements, initiatives, projects;
» 2 annual virtual reviews for all employees.

	2023	2022
Administrative	2.181	646
Commercial	1.262	94
Area Directorate	1.232	29
Management	90	18
Researcher	9.014	1.185
Head of area	3.098	566
Operator	4.083	382
TOTAL	**20.959**	**2.918**

Health and Safety, two strategic pillars

At Suanfarma, the commitment to occupational health and risk prevention goes further than current legislation, because preserving the health and safety of its workers is fundamental to the company. This attention is reflected in the Code of Ethics which clearly expresses the will to guarantee by all necessary means the best possible conditions for all workers, in strict compliance with the regulations on the prevention of occupational risks. In fact, all companies have a low number of accidents at work and no occupational diseases.

With its international presence, Suanfarma applies the laws of the different countries in which the companies are based. For example, in Spain there is a defined prevention plan, as well as in Portugal, Italy and Colombia, where there is also an occupational health and safety policy and industrial hygiene and safety standards. In the United States, the employee handbook specifies that general conditions such as safety, cleanliness and employee accommodations should be evaluated periodically to improve good industry practices.
Management meets monthly with team leaders to discuss suggested improvements in working conditions.

	2023			2022		
	♀	♂	TOTAL	♀	♂	TOTAL
Number of accidents [1]	0	13	**15**	3	17	**20**
Frequency index	0	15,5	**10,4**	8,8	20,8	**17,3**
Severity index	0	0,4	**0,3**	0,1	0,5	**0,4**
No. of hours of absence			**24.176**			**29.978**

[1] The formulae for calculating accident rates are as follows: Frequency rate = no. of accidents with sick leave / total no. of hours worked x 1.000.000
Severity rate = no. of days off work / total no. of hours worked x 1,000

INDUSTRIAL RELATIONS

There is only one works council in Rovereto's plant for meetings required by law. In this committee, HSE meetings are held, at which the HSE Manager, the HR Manager and the Plant Manager are present. The non-existence of several works councils in the different workplaces of the group is the result of the will of the employees.
Agreements, local labour laws, internal rules as at 31 December 2023:

Spain

Collective agreement for wholesalers and importers of industrial chemical products and drug-store, perfumery and perfumery products.

Workers' Statute

Portugal

Collective agreement between APEQ - Associação Portuguesa das Empresas Químicas e outras e a Federação de Sindicatos da Indústria, Energia e Transportes - COFESINT e others

Italy

Collective Agreement of the Italian Chemical Industry

Mexico

Federal Labour Law

Colombia

Substantive Labour Code of Colombia

Internal regulations of Comercializadora Disándalo.

USA

Handbook Suanfarma Inc

Commitment to society and sustainable development

Suanfarma companies are headquartered in Spain, have plants in Portugal and Italy and offices in 12 other countries. The different companies contribute to local development by creating and maintaining stable quality employment and paying taxes.

It is worth mentioning that Suanfarma is committed to talented young graduates or recent graduates who enter a scholarship/internship programme and build a career within the company. In 2020, a new programme called 'Talent School' was launched in which we are looking for young graduates to pursue a career in the commercial area of our company. The programme is still running in 2023 and has so far contributed to the recruitment of two resources.

Suanfarma is aware of the importance of corporate social responsibility, which is why it founded and is a patron of the Arraigo Foundation. The Foundation was established with the objective of assisting migrants in Spain by providing them with basic training and other resources necessary to access the labour market and facilitate their integration in the host country.

Suanfarma demonstrates its commitment to corporate social responsibility and society through collaboration and associative actions. One of these is our active participation as a patron and regular collaborator of the Arraigo Foundation since 2016.

The Foundation was established with the aim of assisting migrants in Spain by providing them with adequate basic training and other necessary resources to access the labour market and facilitate their integration into the host country.

Furthermore, Suanfarma collaborated with Children's Vaccination Alliance through a donation for the purchase and distribution of vaccines against pneumonia in Mozambique and Ethiopia, where this disease is the main cause of infant mortality. This collaboration strengthens the company's goal of contributing to the health and well-being of children through the promotion and support of vaccination programs.

With these actions, Suanfarma maintains its determination and willingness to collaborate with organizations and projects that seek to have a positive impact on society, bringing experience and resources to help those who need it most.

Communication, a strategic tool for stakeholder engagement

The importance of communication through social media in stakeholder engagement has grown significantly in recent years. It allows for reaching a wider audience, fosters interaction and involvement, provides useful data for the analysis and adaptation of strategies, allows timely and responsive communication and exploits the viral potential to increase the visibility and reputation of the organization. It is an essential tool for building effective relations with stakeholders in the digital context in which we live, especially for a complex business such as Suanfarma whose direct impacts, especially in the environmental field, are significantly perceived by the community.

For this reason, effective communication is of the utmost importance. The company utilises both the website and institutional LinkedIn profiles, one corporate and one for Suanfarma CDMO.

In 2023, Suanfarma reached 24,899 followers with 132 posts dedicated to the topics of scientific research, process innovation, renewal of expertise, and climate change. The posts also gave voice to the professional experiences of the different teams.

For in-depth news and information
Website: https://www.suanfarma.com/

https://www.linkedin.com/company/suanfarma/
https://www.linkedin.com/company/suanfarma-cdmo/

132	24,899	9551	300,360	17,684
POST POSTED	FOLLOWERS	REACTIONS	IMPRESSIONS	VIDEO VIEWS

06

Materiality Analysis

Methodological note and materialitity analisys

Suanfarma Sustainability Report presents the data collected within the Non-Financial Statement. The information included in this Statement of Non-Financial Information (hereinafter, "NFI") is that which, in the opinion of the directors, is relevant to the company, the activity carried out, its structure and its presentation in compliance with Law 11/2018, of 28 December 2018. 8. The revised text of the Capital Companies Act, approved by Royal Legislative Decree 1/2010, of 2 July, and Law 22/2015, of 20 July, on Auditing of Accounts, in relation to non-financial information and diversity, was amended by the Commercial Code.

The Statement provides an overview of the Group's business model, outlining its short, medium and long-term risks. It also includes information on environmental, social, personnel, anti-corruption, anti-bribery and human rights issues. The year ended 31 December 2023 was referenced using the international framework of the GRI Sustainability Standards Reporting in its Essential version, which is a reporting framework recommended by the Non-Financial Reporting Act 11/2018. Furthermore, the report has been subjected to external verification by the independent auditing firm PwC, which also audits the financial statements.

In order to design the contents of this report and select the aspects that are relevant, Suan Farma Holding, S.L. (hereinafter Suanfarma Holding, Suanfarma Group, Suanfarma or the Group) has carried out a materiality analysis. This analysis enabled to identify the most relevant aspects on which to inform its stakeholders and to respond to the requirements of non-financial information based on the regulations in force.

The materiality analisys

The prioritisation of these aspects of an economic, environmental or social nature is contingent upon their repercussions for the business and the expectations of the company's key stakeholders. In this regard, it is important to consider the representativeness of these aspects for some of the main prescribers in the field of sustainability and corporate social responsibility, such as the Global Reporting Initiative (GRI) or the Sustainability Accounting Standard Board (SASB).

Suanfarma's primary stakeholders include customers, shareholders, suppliers, employees, and society at large. Based on this materiality analysis, the indicators and information to be reported externally have been defined in accordance with the provisions of Law 11/2018 of 28 December on non-financial information and diversity.

The following aspects, which are required by law to be considered non-material, have not been reported with additional data:

- It has not been deemed pertinent to cite actions aimed at reducing food waste, given that Suanfarma is not directly affected by such initiatives in the context of its business operations.
- With regard to light and noise pollution, it is not considered a significant issue, given the nature of the activities and the fact that these activities take place in industrial areas.
- With regard to biodiversity protection, it should be noted that Suanfarma's activities do not take place in protected areas. Consequently, the measures taken to preserve or restore biodiversity and the impacts caused are not included in this analysis.

SCOPE	ASPECT
Environment	Sourcing of materials (collection of wild plant populations and species)
	Procurement of materials
	Biodiversity protection
	Bio-waste management
Social	Working conditions, human rights and community relations
	Occupational health and safety (hazardous materials)
	Occupational health and safety (chemical, biological, physical hazards)
	Access to and affordability of medicines
	Biosafety and laboratory biosafety
	Safety of biotech products
	Clinical trials (trial participant consents)
	Safety of medical products
	Labelling of medicines and medicines
	Patient privacy
	Client welfare
	Product design
	Selling practices and product labelling
	Recalls of pharmaceutical products
Human Capital	Employee engagement, diversity and inclusion
Business model and innovation	Supply chain management
Other	Business strategy
	Production risks
	Animal welfare
	Crisis management
	Medical innovation
	Social Responsibility
	Ethical and safety standards
	Procurement strategy and policies

RELEVANCE			STAKEHOLDERS
SUANFARMA	GRI TOPICS	SASB	
	✓		
✓	✓		Suppliers, Customers, Shareholders and Society
	✓		
	✓		
✓	✓		Employees, Shareholders and Society
✓	✓		Employees, Shareholders and Society
	✓		
	✓	✓	
	✓		
	✓		
	✓		
✓	✓		Suppliers, Customers, Shareholders and society
	✓		
	✓		
		✓	
	✓	✓	
		✓	
	✓		
✓			Employees and Society
✓		✓	Suppliers
✓	✓		Shareholders
	✓		
	✓		
	✓		
✓	✓		Shareholders, Customers and Society
✓	✓		Shareholders and Society
✓	✓		Suppliers, Customers, Shareholders and Society
✓	✓		Shareholders and Society

Group companies

This sustainability report presents data from the companies included in the consolidated accounts and listed below.
It should be noted that the environmental data included in this sustanaibility report do not include the data of the distributors Suan Farma S.A., Suan Farma Inc, Suanfarma Mexico, Suanfarma Colombia, S.A.S., Suan Farma UK Limited, SF Distribution Italia S.R.L., Monteloeder, S.L. and Productos Químicos Gonmisol, S.A., as the environmental impact of these companies is not considered material as it amounts to 1.12% of the total impact.

Spain

Suan Farma S.A.U.	Commercialization of pharmaceutical products
InnovasuanS.L.	Development of active ingredients
Productos Químicos Gonmisol, S.A.U.	Distribution of ingredients for the food industry, food supplements, dietary supplements and supplements
Monteloeder, S.L.	Production and distribution of ingredients for the food industry, food supplements, dietary supplements and supplements

Argentina

Suan Farma Argentina, S.A.	Commercialization of pharmaceutical and nutritional products

Portugal

Companhia Industrial Produtora de Antibióticos S.A. (CIPAN)	Manufacture, commercialization and distribution of pharmaceutical products

Italy

Suan Farma Italia, S.p.A.	Manufacture, commercialization and distribution of pharmaceutical products
SF Distribution Italia S.R.L.	Commercialization of pharmaceutical products

UK

Suan Farma UK Limited	Distribution of ingredients for the food industry, food supplements, dietary supplements and supplements

Colombia

Suanfarma Colombia S.A.S.	Commercialization of pharmaceutical and nutritional products

USA

Suan Farma, Inc.	Commercialization of pharmaceutical and nutritional products
SuanNutra, Inc.	Distribution of ingredients for the food, food supplements, dietary supplements and supplements industry

Mexico

Suan Farma México, S.A. de C.V.	Commercialization of pharmaceutical, nutritional and cosmetic products
Services Girosuan S.R.L. de C.V.	Personal recruitment, purchase and sale of assets

India

Indisuan Pharmaceuticals Private Limited	Commercialization of pharmaceutical and nutritional products

ANNEX 1

Table of contents according to the requirements of law 11/2018 regarding non-financial information and diversity and according to GRI[1]

FIELDS	CONTENTS	MATERIAL ISSUE (YES/NO)	ASSOCIATED GRI INDICATOR	CHAPTER AND PARAGRAPH OF THE DOCUMENT	PAG
BUSINESS MODEL	Brief description of the group's business model, including: - its organisation and structure - the markets in which it operates - its objectives and strategies - the main factors and trends likely to affect its future development.	Yes	2-1 2-6	Suanfarma as a Group	17
POLICIES	A description of the group's policies with respect to such issues, including: - the due diligence procedures applied for the identification, assessment, prevention and mitigation of significant risks and impacts - the verification and control procedures, including what measures have been taken.	Yes	3-3	Indicator reported under the different headings where specific aspects are discussed according to the subject to be dealt with	
RISKS TO CP, MP AND LP	The main risks related to these issues associated with the group's activities, including, where relevant and proportionate, its business relationships, products or services that may have an adverse effect on these areas, and * how the group manages these risks, * explaining the procedures used to identify and assess them in accordance with the relevant national, European or international frameworks for each area. * Information on the impacts identified should be included, including a breakdown of the impacts, in particular the main short, medium and long-term risks.	Yes	3-3	Risks Management: security and business continuity	22

1 - This document was created based on the Non-Financial Declaration (NFD). To enhance its usability for all stakeholders, some content has been rearranged and the chapter and paragraph titles have been modified.

FIELDS	CONTENTS	MATERIAL ISSUE (YES/NO)	ASSOCIATED GRI INDICATOR	CHAPTER AND PARAGRAPH OF THE DOCUMENT	PAG
ENVIRONMENTAL ISSUES	GLOBAL ENVIRONMENT				
	Detailed information on the current and foreseeable effects of the company's activities on the environment and, where appropriate, on health and safety, environmental assessment or certification procedures; - The resources devoted to the prevention of environmental risks; - The application of the precautionary principle, the amount of provisions and guarantees for environmental risks (e.g. derived from the environmental liability law).	Yes	3-3 2-23	Our commitment to the environment	47
	POLLUTION				
	Measures to prevent, reduce or remediate carbon emissions that seriously affect the environment; taking into account any form of activity-specific air pollution, including noise and light pollution.	Yes	3-3	Pollution	49
	CIRCULAR ECONOMY AND WASTE PREVENTION AND MANAGEMENT				
	Circular economy Waste: Prevention measures, recycling, reuse, other forms of recovery and disposal of waste;	Yes	3-3 306-3	Waste and circular economy	50
	Actions to combat food waste.	No	3-3		
	SUSTAINABLE USE OF RESOURCES				
	Water consumption and water supply according to local constraints';	Yes	3-3 303-5	Sustainable use of resources	51
	Consumption of raw materials and measures taken to improve the efficiency of their use;	Yes	3-3 301-1	Sustainable use of resources	51
	Direct and indirect energy consumption, measures taken to improve energy efficiency and the use of renewable energies.	Yes	3-3 302-1	Sustainable use of resources	51
	CLIMATE CHANGE				
	The significant elements of greenhouse gas emissions generated as a result of the company's activities, including the use of the goods and services it produces; The measures taken to adapt to the consequences of climate change; The reduction targets voluntarily set in the medium and long term to reduce greenhouse gas emissions and the means implemented to this end.	Yes	3-3 305-1 305-2	Sustainable use of resources	51
	BIODIVERSITY PROTECTION				
	Measures taken to preserve or restore biodiversity;	No	3-3		
	Impacts caused by activities or operations in protected areas.	No	3-3		

FIELDS	CONTENTS	MATERIAL ISSUE (YES/NO)	ASSOCIATED GRI INDICATOR	CHAPTER AND PARAGRAPH OF THE DOCUMENT	PAG
SOCIAL AND STAFF ISSUES	EMPLOYMENT				
	Total number and distribution of employees by gender, age, country and occupational classification;	Yes	2-7 3-3 405-1	The value of human capital	58
	Total number and distribution of types of employment contracts,	Yes	2-7	The value of human capital	58
	Average annual number of permanent contracts, temporary contracts and part-time contracts by gender, age and occupational classification,	Yes	2-7 405-1	The value of human capital	58
	Number of dismissals by sex, age and occupational classification;	Yes	401-1	The value of human capital	58
	Average salaries and their evolution disaggregated by sex, age and professional classification or equal value;	Yes	3-3 405-2	The importance of inclusion and equity for workers' well-being	60
	Wage gap, the pay for equal or average jobs in society,	Yes	3-3 405-2	The importance of inclusion and equity for workers' well-being	60
	The average remuneration of directors and executives, including variable remuneration, allowances, indemnities, payments to long-term savings schemes and any other payments broken down by gender,	Yes	3-3	The importance of inclusion and equity for workers' well-being	60
	Implementation of work disengagement policies,	Yes	3-3	The importance of inclusion and equity for workers' well-being	60
	Employees with disabilities.	Yes	405-1	The importance of inclusion and equity for workers' well-being	60
	WORK ORGANISATION				
	Organisation of working time	Yes	3-3	The importance of inclusion and equity for workers' well-being	60
	Number of absence hours	Yes	403-9 403-10	Health and Safety, two strategic pillars	64
	Measures aimed at facilitating the enjoyment of work-life balance and encouraging the co-responsible exercise of work-life balance by both parents.	Yes	3-3	The importance of inclusion and equity for workers' well-being	60
	HEALTH AND SAFETY				
	Health and safety conditions at work;	Yes	03-mar	Health and Safety, two strategic pillars	64
	Accidents at work, in particular their frequency and severity, Occupational diseases, disaggregated by sex.	Yes	403-9 403-10	Health and Safety, two strategic pillars	64

FIELDS	CONTENTS	MATERIAL ISSUE (YES/NO)	ASSOCIATED GRI INDICATOR	CHAPTER AND PARAGRAPH OF THE DOCUMENT	PAG
SOCIAL AND STAFF ISSUES	SOCIAL RELATIONS				
	Organisation of social dialogue, including procedures for informing, consulting and negotiating with staff;	Yes	3-3	The centrality of ethics and human rights Industrial relations	22 65
	Percentage of employees covered by collective bargaining agreements by country;	Yes	2-30	Industrial relations	65
	The balance of collective agreements, particularly in the field of health and safety at work.	Yes	403-4	Health and Safety, two strategic pillars	64
	Mechanisms and procedures that the company has in place to promote the involvement of workers in the management of the company, in terms of information, consultation and participation.	Yes	3-3	The centrality of ethics and human rights Industrial relations	22 65
	TRAINING				
	Policies implemented in the field of training;	Yes	3-3	Training, a lever for growing together	63
	The total number of training hours per professional category.	Yes	404-1	Training, a lever for growing together	63
	Universal accessibility for people with disabilities	Yes	3-3	The importance of inclusion and equity for workers' well-being	60
SOCIAL AND STAFF ISSUES	EQUALITY				
	Measures taken to promote equal treatment and opportunities for women and men;	Yes	3-3	The importance of inclusion and equity for workers' well-being	60
	Equality plans (Chapter III of Organic Law 3/2007, of 22 March, for the effective equality of women and men), measures adopted to promote employment, protocols against sexual and gender-based harassment, integration and universal accessibility for people with disabilities;	Yes	3-3	The centrality of ethics and human rights	22
	The policy against all forms of discrimination and, where appropriate, diversity management.	Yes	3-3	The centrality of ethics and human rights	22

FIELDS	CONTENTS	MATERIAL ISSUE (YES/NO)	ASSOCIATED GRI INDICATOR	CHAPTER AND PARAGRAPH OF THE DOCUMENT	PAG
HUMAN RIGHTS	Implementation of human rights due diligence procedures	Yes	3-3	The centrality of ethics and human rights	22
	Prevention of risks of human rights abuses and, where appropriate, measures to mitigate, manage and redress potential abuses;	Yes	2-23	The centrality of ethics and human rights	22
		Yes	2-26	The centrality of ethics and human rights	22
	Complaints of human rights violations;	Yes	406-1	The centrality of ethics and human rights	22
	Promotion and enforcement of the provisions of the International Labour Organisation's core conventions related to respect for freedom of association and the right to collective bargaining;	Yes	407-1	The centrality of ethics and human rights	22
	The elimination of discrimination in employment and occupation;	Yes	3-3 406-1	The centrality of ethics and human rights	22
	The elimination of forced or compulsory labour;	Yes	409-1	The centrality of ethics and human rights	22
	The effective abolition of child labour.	Yes	408-1	The centrality of ethics and human rights	22
CORRUPTION AND BRIBERY	Measures taken to prevent corruption and bribery;	Yes	3-3 2-23 205-3	The centrality of ethics and human rights	22
	Contributions to foundations and non-profit organisations.	Yes	413-1	Commitment to society and sustainable development	66
SOCIETY	COMPANY COMMITMENTS TO SUSTAINABLE DEVELOPMENT				
	The impact of the company's activity on employment and local development; The impact of the company's activity on local populations and the territory;	Yes	3-3 203-1 413-1	Commitment to society and sustainable development	66
	The relations maintained with local community actors and the modalities of dialogue with them;	Yes	2-29	Commitment to society and sustainable development	66
	Partnership or sponsorship actions.	Yes	2-28	Commitment to society and sustainable development	66
	SUBCONTRACTING AND SUPPLIERS				
	Inclusion of social, gender equality and environmental issues in the procurement policy; Consideration in relations with suppliers and subcontractors of their social and environmental responsibility; Monitoring and auditing systems and results of audits.	Yes	2-6 3-3	The centrality of ethics and human rights A responsible supply chain	22 35
	CONSUMERS				
	Consumer health and safety measures;	No	3-3	The centrality of ethics and human rights	22
	Complaint systems, complaints received and resolution of complaints.	No	No	See the NFD document	
	TAX INFORMATION				
	Profits earned on a country-by-country basis Taxes on profits paid	Yes	3-3	See the NFD document	
	Public subsidies received	Yes	201-4	See the NFD document	

For any information relating to this Report contact:
Silvia Martín de Cáceres
Head of Marketing & Communications
comunicacion@suanfarma.com
tel: + 34 91 344 68 90

Realisation and graphic design:

ICDLAB
SOSTENIBILITÀ E COMUNICAZIONE

We would like to extend our gratitude to all members of Suanfarma for their contribution to this Report.

SUANFARMA

C. de Einstein, 8
28108 Alcobendas
Madrid – (Spain)

T +34 91 344 68 90

info@suanfarma.com
PEC: suanfarma.com